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RURAL COMPETITIVENESS ACTIVITY

SECOND ANNUAL REPORT

OCTOBER 1, 2005 – SEPTEMBER 30, 2006

October 31, 2006

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ACRONYMS

ACEB	Specialty Coffee Association of Bolivia
AD	Alternative development
AMVI	Road Maintenance Association
ARCo	Rural Competitiveness Activity
BLT	Bolivia Land Titling project
BOLFOR	Bolivia Sustainable Forest Management project
BTBC	Bolivia Trade and Business Competitiveness project
CCVV	Rural Roads or Caminos Vecinales
CHF	Cooperative Housing Foundation
CLIN	Contract Line Item Number
CONCADE	Consolidation of Alternative Development Efforts
CO	Contracts Office
COP	Chief of Party, occasionally referred to as ARCo Director
CTO	Cognizant Technical Officer
DCA	Development Credit Authority
DCOP	Deputy Chief of Party, occasionally referred to as Component Director
EA	Environmental Assessments
ESC	Economic Service Center
FARA	Fixed Amount Reimbursement Agreement
FDTA/TH	Agricultural Technology Development Foundation for Humid Tropics
GIS	Geographic Information Systems
GOB	Government of Bolivia
IT	Information Technology
MAPA	Market Access and Poverty Alleviation project
M&E	Monitoring and Evaluation
NGO	Nongovernmental organization
PBD	Policy and Business Development Component
PDAR	Regional Alternative Development Program
PMIS	Performance Monitoring Information System
PMM	Project Management and Monitoring component
PMU	Project Management Unit
PRA	Poverty Reduction and Alleviation Project
SENASAG	Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimentaria
SIBTA	Bolivian System for Agricultural Technology
SME	Small and Medium Enterprise
SO	Strategic Objective
SOT	Strategic Objective Team
TA	Technical Assistance
TCN	Third Country National
USG	United States Government
VDA	Viceministry of Alternative Development

EXECUTIVE SUMMARY

The Rural Competitiveness Project is pleased to present its Second Annual Report for the period October 1, 2005 – September 30, 2006.

Performance Indicators: Results per quarter and accumulated as of September 2006. Cochabamba Tropics and Yungas of La Paz

Performance Indicator	2005	2006			Cumulative results as of September 2006	Results Benchmark for 2006	% of Benchmark	Target for 2009	% of Target
	QR4	QR1	QR2	QR3					
1. Total New Sales * (In millions of US\$)	3.1	1.1	2.5	2.1	8.8	14.5	61%	66.1	13%
Client Sales (in million of US\$)	1.3	0.3	1.0	1.0	3.5	9.7	36%	45.0	8%
Sector Sales (in millions of US\$)	1.8	0.8	1.5	1.1	5.2	4.7	110%	21.1	25%
2. New Private Investment (In millions of US\$)	0.0	0.02	0.01	0.04	0.08	1.3	6%	5.4	1.4%
Client Contributions (in millions of US\$)	0.2	0.2	0.2	0.7	1.3	6.9	19%	28.2	5%
3. Employment (In 1000s of workdays)	93	45	100	122	361	723	50%	3,307	11%
Client employment (In 1000s of workdays)	31	18	43	85	176	486	36%	2,250	8%
Sector employment (In 1000s of workdays)	63	28	57	37	185	237	78%	1,057	17%
4. Successful Businesses (In number of businesses)	0	2	2	3	7	10	70%	120	6%
5. Ratio Subsidies to Sales (Ratio as percentage)	NA	NA	NA	NA	33%	118%	---	44%	---
6. Policies accepted (Number of Policies)	4	1	2	2	9	4	225%	10	90%

*Total new sales include sales achieved through the project's clients and sales resulting from sectoral interventions (Pineapple and banana).

Key Results: October 2005 – September 2006

With Economic Service Centers operating in the Yungas and Cochabamba Tropics the project now has 39 active clients and more than 50 additional signed letters to begin assistance in the coming months. The project is successfully expanding the benefits of the Integrated Development program to new producer groups and has shifted the development paradigm from subsidy dependence to sustainable economic growth.

Key results for the project during the past year include:

- New sales generated by clients of \$3.5 million.
- A highly effective allocation of project resources as demonstrated by the 1:3 ratio subsidies to client sales. Every \$1.00 spent by the project in support of clients has generated \$3.00 in new sales.
- Growth in key project supported export sectors (banana and pineapple) of \$5.2 million.
- Counterpart contributions from project clients of \$1.3 million.
- Generation of 361,000 workdays of new employment by project clients.
- More than \$500,000 in sales of specialty coffee to international buyers generated through the Cup of Excellence competition.
- Successful completion of first shipment of bananas from Bolivia to Europe
- Successful completion of first shipments of tropical flowers from Bolivia to Argentina.
- Implementation of reforms to phytosanitary inspection system improving the flow of exports to Argentina.
- Development of nine new policy initiatives to support economic growth in the target regions.

As the table above shows, project indicators, most notably client sales, lag behind in terms of reaching 2006 targets. With 75% of the year completed, the project has only reach 36% of its 2006 target for client sales. Although the results are not what we had hoped, we do not feel that this is cause for alarm. In the last two quarters alone (March – September), the project has doubled the number of clients. As these clients increase sales with ARCo assistance, the project should be able to catch up to its indicator targets. Furthermore, products such as banana and pineapple are just now entering into their peak production period. Thanks to ARCo assistance to improve packing plants, harvest and post-harvest handling, clients in these sectors should see significant increased sales in the next few months. For the coming reporting period, the project expects sales, employment, and investment to increase dramatically for each of the three ESCs as the centers complete planned activities with existing clients and assistance is provided to new clients. Adjustments to be made in the Yungas region, to be described below, should also boost results for all three indicators in that region.

Report Structure

This report is divided into five sections describing the project's activities and achievements. Section I describes challenges and lessons learned during the reporting period. Section II provides detailed information on the activities of the Economic Service Centers. Section III provides information on activities in key sectors in the Cochabamba Tropics and Yungas of La Paz. Section IV describes the activities of complimentary units such as policy, rural finance, social capital, and environment. Finally, Section V reports progress to date of the road maintenance associations (AMVIs).

Additional information on indicators, including details regarding the methodology for calculating results as well as regional development data and local development variables, can be found in the Annexes.

SECTION ONE

Challenges, Opportunities, and Lessons Learned

As of the end of this reporting period, the Rural Competitiveness Activity has been in operation for just over one and a half years. During this time frame we have made strategic and structural adjustments that have enabled the project to achieve results in spite of a turbulent political and economic operating environment. With a renewed focus on supporting small producers, we have involved new actors in the Integrated Alternative Development program and have earned an unprecedented level of social legitimacy while at the same time reducing the levels of subsidies and shifting to a business focus. In this section we describe the operating context and the challenges and opportunities that this environment has created for the project.

A. Operating Environment

A.1. Conflictive Environment in Caranavi

The Project was faced with an increasingly challenging environment marked by social conflict in the Yungas. The Copacabana Coffee plant in Caranavi was threatened, closed down and then threatened again. Rumors of a possible takeover of the tea plant forced the Caranavi Economic Service Center to close the office, remove equipment and temporarily relocate to a hotel. The offices of a USAID funded health center were taken over by local syndicates.

In April 2006, USAID determined that levels of physical security and enforcement of the rule of law were not adequate to protect staff and USAID investments in the Municipality of Caranavi. As such, ARCo closed its Economic Service Center in Caranavi and consolidated the two centers in the Yungas into one center based in Coroico. Because of the withdrawal of USAID support from Caranavi, the Yungas center has had to suspend activities with a number of clients. Similarly, letters of intent developed prior to the suspension have been put on hold. These changes significantly exacerbate the challenges of operating in the Yungas and negatively affect our ability to reach established performance targets, as Caranavi, the economic hub of the region, accounts for the vast majority of coffee production and are home to most of the better organized cooperatives and associations.

A.2. Opportunities

Despite these challenges, certain elements of the political context have proven beneficial to the Project's ability to operate. First and foremost, the Cochabamba Tropics, with the exception of the areas bordering the Carrasco Park, are in a state of unprecedented social peace. The years of conflict over coca seem like a distant memory.

The project is also enjoying a very positive level of collaboration with various levels of government including the municipal governments as well the Vice-ministry of Coca and Integrated Development (VCDI). The VCDI provides no-objection for all of the project's grant agreements and has proven to be a responsive implementing partner. There has also been close collaboration with the president of the senate who is working to develop a national economic development law based on the project's Economic Corridors model. Even prior to this close collaboration, the model was being embraced by the new government with the National

Development Plan making specific reference to the idea of supporting rural producers through the financing of their business plans.

B. The Paradigm Shift

As stated in the ARCo contract, the Integrated Development program in Bolivia has evolved from an early phase in which farmers were compensated for voluntary coca eradication and crop substitution services (planting materials, inputs, extension) were provided. More recently, USAID-funded interventions have included cableways, packing sheds, processing, transport, and storage facilities. Underlying these nascent “phases” of alternative development was the belief that a flow of subsidized resources to farmers was required to help reduce dependency on coca. Ironically, an undesirable effect has been to create dependency on resource flows from AD programs. Developing a truly sustainable economy in the ex-coca growing areas now requires a focus on competitive rural enterprise growth.

To carry out this mindset change, the ARCo approach has been to motivate farmers to look at what they are going to sell and how much they can earn from what they sell rather than think about what they can receive from donors. During the initial months of implementation, there was a great deal of concern as to whether farmers would accept this change in focus and the project anticipated that catalyzing this transition would not be easy. While initially it proved somewhat difficult to convince some actors, surprisingly it has not been difficult to convince the majority of farmers. Farmers have embraced the approach and moreover they have proven willing to provide the significant counterpart contributions required by the project. To date the project has generated \$1.3 million in counterpart contributions from clients and has not had a single substantive conflict with any farmer group or farmer leader in either region. Because of the sense of ownership and empowerment that the paradigm shift provides to farmers, the Economic Service Centers are functioning with a great deal of legitimacy and social acceptance.

It should be noted, however, that this gain of social acceptance comes at something of a cost. We gained this acceptance by making a conscious decision to work directly with small farmers and farmer groups to help them organize their production to satisfy existing market demand. There are already established buyers for products like banana, palm heart, pineapple, coffee, cocoa, and others like achiote and tea. What is lacking for these products is to expand the productive base even further. However, by limiting our support to farmer organizations, we are missing an opportunity to work in unison with the buyer and the farmer groups together or even work through the buyer to organize the production of various farmer groups. A key function of the Economic Service Centers, in theory, is to act as an honest broker and to help overcome the suspicions between buyers and producers. Unfortunately the political and social situation in Bolivia does not always allow us to freely operate with businesses enterprises and farmer groups together, and we are often forced to work with them separately. This is a weaker approach and one which we must overcome as this method of operation undermines the honest broker role of the ESCs and their ability to develop commercial relationships that will last beyond the life of the project.

B.1. Cochabamba Tropics

The project anticipated that, because of the engrained culture of subsidy dependence created by years of Alternative Development programs, it would be most difficult to carry out the paradigm

SECTION TWO

Economic Service Centers – Client Results

The Economic Service Centers (ESCs) are the primary mechanism through which ARCo seeks to strengthen the production chains in the economic corridors. The ESCs operate in the intermediate cities located in the corridors of the Cochabamba Tropics (Villa Tunari and Ivirgarzama) and the Yungas (Coroico). Their work consists of: (i) helping local products and services meet market requirements, i.e. requirements of customers or buyers within and outside the country; (ii) improving the efficiency of productive and commercial processes, and (iii) supporting producers to organize supply in the context of production chains. The fundamental objective of the ESCs is to promote economic development in the corridors based on generating sales, stimulating investment, and creating jobs. To this end, the success and impact of the ESCs is measured by three indicators: sales generated, new private investment, and new employment.

The ESCs began operations in October of 2005 after an extensive and competitive application process. After initially selecting four center operators, the project now operates three ESCs, two in the Cochabamba Tropics and one in the Yungas of La Paz. This is due to changes in the Yungas region, specifically the suspension of all USAID programs in Caranavi.

Tables 2.1, 2.2, and 2.3 show cumulative new sales, private investment, and employment generated by ESC clients in the two regions.

Table 2.1: Total incremental sales for ESC Clients (in millions of US\$)

Region	2005	2006			Total as of Sept 2006	Benchmark for 2006	% of Advance	Target 2009	% of Advance
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	0.3	0.1	0.7	0.7	1.8	4.6	40%	22.8	8%
Yungas of La Paz	1.0	0.1	0.3	0.3	1.7	5.1	33%	22.2	8%
Total	1.3	0.3	1.0	1.0	3.5	9.7	36%	45.0	8%

Source: ESCs

Prepared by: M&E Unit, ARCo. September 2006

Table 2.2: Total New Private Investment from ESC Clients (in US\$)

Region	2005	2006			Total as of Sept 2006	Benchmark for 2006	% of Advance	Target 2009	% of Advance
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	400	24,126	11,512	26,746	62,784	500,000	13%	2,400,000	1.6%
Yungas of La Paz	0	0	600	11,961	12,561	800,000	2%	3,000,000	0.9%
Total	400	24,126	12,112	38,707	75,345	1,300,000	6%	5,400,000	1.4%

Source: ESCs

Prepared by: M&E Unit, ARCo. September 2006

Table 2.3: Total New Employment Generated from ESC Clients (in thousands of workdays)

Region	2005	2006			Total as of Sept 2006	Benchmark for 2006	% of Advance	Target 2009	% of Advance
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	85	43	81	104	312	468	67%	2,197	14%
Yungas of La Paz	9	2	20	18	49	255	19%	1,110	4%
Total	93	45	100	122	361	723	50%	3,307	11%

Source: ESCs

Prepared by: M&E Unit, ARCo. September 2006

As the tables above show, the ESCs are making progress towards achieving the 2009 benchmarks for sales, investment, and employment; however, incremental sales generated in both regions continue to lag behind targets. We expect these values to increase in final quarter of 2006 and they should approach the 2006 benchmark.

In the Cochabamba Tropics, Palm heart sales accounted for the highest percentage of the total new sales generated by ESC clients in the region (37%) followed by banana and pineapple (23% each). Sales for banana should increase significantly in the coming months as the peak production period is from November – February. Pineapple is currently at peak production and the next few months should continue to see high levels of pineapple sales. Investment in the palm heart sector accounted for the bulk of private investment as producers work to increase their production to keep up with the booming demand from the processors in the region and in Santa Cruz. Similarly, palm hearts accounted for the majority of the new employment generated by clients followed by banana and pineapple.

In the Yungas region sales have been limited by the withdrawal from Caranavi (the province accounts for 50% of the total gross value of licit production in all of the Yungas) and the project's subsequent strategic adjustments. Furthermore, the restructuring of the Economic Service Centers in the Yungas took place just before the peak harvest periods for two key crops in the region, Coffee and Cacao, limiting the ability of the project to develop and implement assistance packages for clients in these two sectors. We intend to establish a new ESC in Palos Blancos, while strengthening the Coroico ESC to include a greater emphasis on marketing and tourism.

The project has begun to generate new private investment in the Yungas region. The investments during the period July – September were almost exclusively in the tea sector as Chaimate has begun efforts to increase tea cultivation in Mapiri. It continues to be difficult to generate private investment in the Yungas due to the limited resources of producer groups in the region and the general level of disorganization of the productive base. For this reason, the project has not been able to generate the same level of counterpart contributions from Yungas clients as from the clients in the Cochabamba Tropics. As shown in Table 2.4 below, the project has provided a higher level of subsidy to clients in the Yungas than it has to firms in the Cochabamba Tropics. Private investment is also limited by the social and political instability in

the region as there are very few entrepreneurs in or outside of the region that are willing to make significant investments in the Yungas.

Nonetheless, the ratio of subsidies to sales generated in both regions has far exceeded the target for the year. In the Cochabamba Tropics, our initial target for 2006 was to generate \$1.00 in new sales for every \$1.26 invested by the project, with sales increasing in the later years of the project so that the overall ratio would be \$2.77 in new sales for every \$1.00 invested by the project. Currently, every dollar of assistance provided to clients in the Cochabamba Tropics generates more than \$6.00 in new sales. In the Yungas, the ratio is approximately \$2.00 in new sales for every dollar provided to clients, exceeding the target set for 2009.

Table 2.5: Ratio of Subsidies/Sales for ESC clients (in %)

Region	Total as of Sept 2006	Benchmark for 2006	Target 2009
Cochabamba Tropics	16%	126%	36%
Yungas of La Paz	47%	112%	52%
Total	33%	118%	44%

For the coming reporting period, the project expects sales, employment, and investment to increase dramatically for each of the three ESCs as the centers complete planned activities with existing clients and assistance is provided to new clients. Adjustments to be made in the Yungas region, to be described below, should also boost results for all three indicators in that region.

A. Cochabamba Tropics

USAID efforts have helped transform the Cochabamba Tropics from a coca producing region into an increasingly licit economy. During the period 1986-2003, the area under coca cultivation has decreased by approximately 85% and the area under licit production has increased from approximately 40,000 hectares to more than 135,000 hectares. The region is now characterized by promising value chains connected to national and international markets that generate important sources of income and employment. Key value chains include banana, pineapple, hearts of palm, passion-fruit, spices, citrus, certified wood, short-cycle crops, wood and other non-timber forest products. The Cochabamba Tropics has become a key economic and export engine for the country supplying agricultural products to national markets as well as to neighboring countries such as Argentina, Chile, and Peru and to Europe and the United States.

The region benefits from one of the best rural roads systems in the country (if not in all of South America) and is located in the fastest growing region of the country between Cochabamba and Santa Cruz. As described in the previous section, years of Alternative Development assistance have left in place a well organized productive base and significant productive infrastructure with established markets for key products. Sectors such as banana, pineapple, milk, and palm hearts have established collection and packing facilities. The banana sector benefits from a large network of cable-ways and packing sheds. These conditions are significant advantages for the two Economic Service Centers in the region. As a result the ESCs have been able to effectively and quickly identify business opportunities and provide technical assistance to resolve specific bottle necks.

In the Cochabamba Tropics the Centers began by working primarily with organizations that had previously benefited from the alternative development program, specifically the UNAs or Unions of Associations. Although working with many of the same products that previous AD programs have worked with, the two TC Centers have effectively involved new actors in the program.

A.1. Ivirgarzama

Agricultural production in the area covered by the ESC Ivirgarzama is focused primarily on palm-heart, banana, pineapple, citrus, cattle and camu-camu and to a lesser degree passion-fruit, black pepper, achiote, and coffee. One of the principal problems for producers in the region is the relatively low yield per hectare due to low planting densities and the limited use of agriculture inputs such as fertilizers. This problem is particularly acute for those products that have managed to achieve a commercial scale such as palm heart and banana. These low yields limit the growth and competitiveness of processors and commercializers operating in the region and represent a lost opportunity for producers to generate higher incomes.

Table 2.5: Incremental Sales for ESC Clients by product - Ivirgarzama (in \$US)

Product	2005	2006			Accumulated Incremental Sales as of September 2006
	QR4 Oct-Dec	QR1 Jan-Mar	QR2 Apr-Jun	QR3 Jul-Sep	
Banana	121,718	62,859	115,552	79,993	380,122
Cacao	NA	NA	402	1,586	1,988
Coffee	NA	NA	3,036	7,713	10,749
Camu camu	NA	NA	887	4,042	4,929
Cattle	NA	NA	NA	668	668
Agricultural Inputs	NA	NA	NA	7,717	7,717
Milk	NA	427	89,775	3,642	93,844
Passion fruit	NA	NA	476	2,648	3,124
Fish	NA	NA	3,098	7,813	10,911
Palm heart	42,728	55,234	396,804	188,862	683,628
Pineapple	72,031	12,797	57,025	54,186	196,039
Palm seedlings	30,642	1,104	13,136	33,719	78,601
Germinated palm seed	NA	NA	NA	5,038	5,038
Total Ivirgarzama	267,119	132,421	680,191	397,627	1,477,357

**Table 3.1: Summary of Incremental Sales from the Export of Pineapple and Banana
(In millions of US\$)**

	2004 Baseline Sales	Incremental Sales		Accumulated as of September 2006	Benchmark for 2006	% of advance	Target for 2009	% of advance
		2005	2006					
Banana	5.5	1.8	3.3	5.1	4.1	124%	16.5	31%
Pineapple	0.3	0.2	0.2	0.4	0.6	61%	4.7	8%
Total	5.8	2.0	3.5	5.5	4.7	116%	21.2	26%

Source: CAMEX, M&E Unit ARCo

A.1. Reform of Phytosanitary Inspection System in the Cochabamba Tropics

In the past five years banana exports have increased 800% (from 292,941 boxes/year to 2,339,795 boxes/year) and pineapple exports have increased by more than 2700% (from 4,677 boxes to 132,154 boxes/year). This accelerated growth in exports from the Chapare has overwhelmed the existing inspection and customs systems both on the Bolivian side and at the Argentine border in Yacuiba. With lines and day long waits at the Yacuiba/Pocitos border even under ideal conditions, in January two massive seizures of cocaine by Argentine authorities only made matters worse, causing the border crossing to essentially shut down.

Argentine authorities ordered detailed inspections of all trucks crossing from Yacuiba causing trucks full of Chapare bananas to sit for as long as two weeks at the border. Approximately two trucks per-day were able to get through the border. As the bananas began to ripen in the hot sun exporters were forced to dump the produce that was no longer suitable for market. Even those trucks that managed to get to the inspection point had their boxes torn open and the produce damaged. It is estimated that in an eight week period exporters lost 60,000 22-kg banana boxes worth approximately \$360,000.

To address these problems, ARCo helped to arrange meetings between agricultural services, customs agencies, police, exporters and importers on both sides of the border. Improved coordination began in late February 2006, including joint inspections by Bolivian and Argentine authorities in Pocitos. The lines disappeared and trucks were once again able to pass through the border. But the situation remained tenuous. Another drug seizure could again cause the system to collapse.

To this end the Project is working with SENASAG, NAS, customs authorities and police. With participation from the producers and municipal governments a new inspection system was developed and agreed upon. With financing from the British Embassy and USAID, construction began on a phytosanitary inspection center in the municipality of Entre Rios. The Center, modeled after state of the art inspection centers in Chile, centralizes the operations for SENASAG, the FELCN (narcotics police), and customs authorities. Exporters will have 24 hour access to a one-stop-shop for obtaining the certificates of origin necessary for entry into Argentina. The center is expected to be complete in early November of 2006.

Chile, the Bolivian pineapple producers met with buyers in the northern part of the country around Arica and were able to negotiate a price of \$6.50 per box, more than \$2.50 higher per box than they had been receiving previously from intermediaries. With only two trucks per month, at four thousand boxes per truck, this would translate into additional revenues of \$120,000 for the producers. The group also traveled to Santiago, where they met with buyers. The Santiago metropolitan area has a population of more than six million people and represents a largely untapped market for Bolivian produce. Bolivian exporters had been selling only to importers in the northern part of the country. The opening of the Santiago market will provide the opportunity for additional sales and increased incomes for farmer families.

A.2.2 Export standards for pineapple

The Standard for the Production and Phytosanitary Control for Pineapple for Export was completed and approved by the pineapple committee and formally submitted to SENASAG for review. An Administrative Resolution approving the standard is still pending. This administrative resolution will require the application of the standards for all pineapple exports.

A.3 New Sectors – Tropical Flowers

Working with the organization Tropiflor, ARCo has organized a series of trial shipments of tropical flowers to Argentina. Tropiflor is a group of 252 women who produce flowers in the Cochabamba Tropics. The organization was formed in 2000 with the support of the USAID Jatun Sach'a project. During its first years of existence the group focused exclusively on the internal market with sales of 600 dozen per week in the cities of Cochabamba, Santa Cruz, and La Paz.

With the productive base established, ARCo saw the opportunity to earn better prices and increased incomes exporting to Argentina. Argentina is the country with the highest per capita consumption of flowers in South America. With ARCo support 25 members of Tropiflor have made the necessary adjustments, improved post-harvest handling and systematization of their crops in order to be able to export.

The project has already carried out three initial shipments of seven different varieties. The shipments were well received with only a 10 percent rejection, an acceptable level. The goal is that a contract can be developed guaranteeing a shipment of 40 boxes every ten days. The project also hopes to be able to generate stable sales throughout the year as opposed to only in the 4 peak days each year (such as Mother's Day, Valentine's Day, etc.). The project is also implementing trial shipments to buyers in New York.

ARCo's intervention with Tropiflor aims to increase earnings of the producers. Previously the women earned approximately 3 Bolivianos per dozen. With this initiative, Tropiflor pays each woman approximately 6 Bolivianos per dozen, a 200% increase that translates into significant additional incomes for the producers.

B. Yungas of La Paz

As in the Cochabamba Tropics, ARCo's sectoral interventions in the Yungas focus on transitioning those sectors that have received support from the Integrated Development Program in the past so that they can operate competitively and sustainably. Sectoral interventions in tea

and cacao are being implemented through the Yungas ESC and are described above in Section II. As such only specialty coffee and tourism are addressed in this section.

B.1 Specialty Coffee

Coffee is the most important non-coca crop in the Yungas region; however, many regard it as a sector in decline. National production levels have decreased over the last 20 years as well as the total value of production. This trend could be reversed through a focus on specialty coffee production. The suspension of USAID activities in Caranavi, however, constrains ARCo's work in the coffee sector. Caranavi is the principal area of specialty coffee production and activities to support the sector must inevitably focus on Caranavi. ARCo is providing assistance through the Yungas ESC to a limited number of coffee producing organizations based in Coroico, but a broader impact is difficult without the ability to implement in the key coffee producing region.

B.1.1 Cup of Excellence

In October of 2005, ARCo supported the Specialty Coffee Association of Bolivia (ACEB) in carrying out the Cup of Excellence competition. The Cup of Excellence competition, an internationally prestigious competition, created by the Alliance for Coffee Excellence, directly benefits more than 1700 coffee producers (individual producers and members of participating cooperatives) but also strengthens the entire Bolivian coffee sector, transforming the image of Bolivian coffee. An international jury comprised of twenty-two coffee buyers and experts from the U.S., Europe, Japan, and Australia, recognized nineteen Bolivian coffees with the prestigious "Cup of Excellence" award, and an unprecedented six entries earned the Presidential Award for truly outstanding coffees. The nineteen winning coffees were sold through an internet auction for a total of more than \$240,000. The winning coffee, grown by Juan de Dios Blanco from Calama, sold at a price of \$12.25 per pound for a total of nearly \$31,000. By comparison, the average price for Bolivian coffee usually ranges \$0.60-\$0.90 per pound.

This year's competition was quite successful despite a low harvest and conflicts in the region that limited the number of entries. Eighty-seven samples were originally submitted, compared with 138 in the previous year.

The COE auction has a ripple effect in both the short and long-term. In the short-term, because the lots sold in the COE auction are relatively small, the international buyers of the winning coffees buy coffee from other farms so they ship at least a full container. This year buyers bought an additional \$200,000 of coffee. In addition other coffees that entered the competition, but didn't make the cut off for the internet auction were purchased by both national and international buyers, generating an additional \$84,000 in sales. In the medium-to-long-term, the obvious benefit is the dramatically increased international demand for Bolivian specialty coffees.

ACEB, had hoped to launch the Cup of Excellence 2006 and a productivity competition in April. However, the conflictive situation in Caranavi and USAID's subsequent withdrawal has prevented the implementation of these activities. Based on discussions with the Alliance for Coffee Excellence, the organization that runs the Cup of Excellence, the decision was made to postpone the Cup of Excellence competition until 2007.

B.1.2 Coordination with FECAFEB

In order to include new actors in assistance activities to the coffee sector, ARCo has worked to develop a closer relationship with the Federation of Coffee Producers, FECAFEB. FECAFEB is the largest coffee organization and includes almost all of the actors operating in the sector. In turn, FECAFEB has issued a resolution requesting that assistance be provided to the sector based on business plans following the ARCo model.

In September, FECAFEB carried out its own cupping competition for fair trade clients. The event was quite successful, with coffees receiving high marks and a favorable response from international buyers. ARCo provided minimal support for the program's activities in Coroico. The competition demonstrated that FECAFEB can be an effective partner for carrying out the Cup of Excellence competition in coming years while expanding the event to include new participants.

B.2. Tourism

Despite the importance of tourism to the economy in Coroico and the pride the municipality demonstrates in being the "1st Tourism Municipality in Bolivia", the Yungas ESC has struggled to generate clients and business opportunities in the sector. Approximately 34,000 tourists visit Coroico each year, some by way of the Choro trail and the majority by bicycle along the famed "World's Most Dangerous Road." However, few visitors stay for more than a day and even fewer for an extended period of time. Beds at hotels and hostals have an abysmal 35% occupancy rate.

In order to identify business opportunities in the sector, ARCo has contracted a consultant through the Yungas ESC to develop letters of intent with tourism operators. The consultant has identified a number of bottle necks to the growth of the sector in the region. Principal among these constraints is the limited capability of actors in the sector to develop products based on the requirements of the market. This includes infrastructure as well as services. The sector also lacks a structured offering that involves multiple tourist products and services. As a result, tourists that arrive by bicycle leave almost immediately rather than take advantage of the other offerings in the region: nature hikes, white water rafting, etc.

With the restructuring of the ESCs in the Yungas, ARCo will place increased focus on generating business opportunities in tourism. The project's strategy will focus on supporting existing businesses as well as identifying new tourist attractions. Technical assistance will most likely focus on marketing and commercializing attractions and on improving services and infrastructure.

SECTION FOUR

Results and Activities of Complimentary Units

In order to foster the economic growth of the Yungas and the Cochabamba Tropics, ARCo works in a number of areas that compliment interventions with individual clients and sectors. These activities help to identify new business opportunities, strengthen the policy and regulatory framework, improve access to capital and financial services, ensure environmental sustainability, create opportunities for both men and women, and communicate Project results. These complimentary efforts are driven by the specific problems and opportunities encountered in the course of our work with clients and sectors. Activities below are described by Unit, Work Area, and Product as set forth in the Project's Annual Operating Plan for 2006.

A. Policy and Regulatory Framework

The Policy Unit follows the demand-driven approach of ARCo's other activities, working from the bottom-up to identify and address regulatory and institutional bottlenecks to business growth and to foster an environment that stimulates investment. Currently, the unit is working in the following main areas:

- Shared agenda with the Government of Bolivia
- Logistics and organization to support exports
- Development and implementation of policies that stimulate production and exports
- Support for projects that compliment the productive chains

To date the project has supported nine policy initiatives that have been remitted for revision, analysis, study and discussion accepted by USAID and the Bolivian Government. These policy initiatives are described in detail below.

Table 4.1: Accepted policies supported by the Rural Competitive Activity (In number of policies)

	2005	2006			Cumulative Results to Sep 2006	Benchmark Results 2006	Progress %	Target 2009	Progress %
	QR4 Oct-Dec	QR1 Jan-Mar	QR2 Apr-Jun	QR3 Jul-Sep					
Policies	4	1	2	2	9	4	225%	10	90%

- 1. Article 20 of SD 28124:** The Forestry Superintendent's Office, in application of SD 28124 dated May 17, 2005, does not demand the Forestry Certificate of Origin (CFO) for exports of hearts of palm from plantations in the Cochabamba Tropics. The Forestry Superintendent's Office emitted the corresponding operative resolution in October 2005.
- 2. Standards and Definitions for Tropical Fruit Juices:** The National Standards Council approved the General Standard for Definition of Juices, Nectars and Drinks prepared with fruits. This standard establishes minimum levels of actual fruit that must be used in the production of various fruit based beverages. The standard was developed in coordination with SENASAG, IBNORCA, the Bolivian Internal Taxation Service and representatives of the National Beverage Industry.

norms were presented to the Ministry of Production and Microenterprise on September 13, 2006 for approval by Regulatory Decree. Although the ministry had no technical observations regarding the proposed regulations, the Minister insisted that the Federation of Cocaleros of the Cochabamba Tropics, UAPRAMTROC, and Indigenous groups be explicitly mentioned as part of the committee to review contracts. The National Economic Policy Council submitted the proposed regulations to the President of the Republic with the recommendation that they be approved.

- 9. Analysis and development of Economic Corridors Law Proposal:** With ARCo support, the President of the Senate has submitted a draft proposal for an Economic Corridors Law to the Ministries involved in formulating economic policy. The ARCo policy unit also developed a comparative analysis of the Economic Corridors Law and the National Development Plan demonstrating that the proposed law directly supports the government's development plan.

A.1. Shared agenda with the Government of Bolivia

A.1.1 Shared agenda with the VCDI and PDAR

ARCo is currently awaiting instructions from USAID for resumption of the coordination process with VCDI. In the meantime, ARCo coordinates closely with VCDI in the grant agreement review and approval process. The Vice-Ministry has proved to be an effective and responsive partner in this process and has only raised serious concerns about one grant agreement with ACEB as described above.

A.1.2 Shared agenda with the President of the Bolivian Senate

Within the framework of a shared agenda with USAID concurrence, ARCo has initiated a policy dialogue with the Office of the President of the Senate to develop a proposal for a law of Economic Corridors. The law would be used as a means to encourage links between rural and urban areas to stimulate development and also provide a mechanism through which local and national government actors could address bottle-necks using a problem solving approach.

To support the law ARCo organized a series of visits by members of congress to project sites in the Cochabamba Tropics. The representatives were able to observe how the program has been successful in creating a climate that stimulates entrepreneurial initiatives led by, and for the benefit of, small-producers. The visits also served to change the image that the congressmen had of the Cochabamba Tropics as a purely cocalero region. Upon their return to La Paz, the representatives shared their experiences with their colleagues, stimulating interest in additional visits to the Cochabamba Tropics. The visits helped show MAS congressmen how a targeted market-driven approach to rural development can have broad economic and social impacts.

These efforts have resulted in the development of a proposed Economic Corridors Law as well as documentation to justify the law within the framework of the National Development Plan. The President of the Senate is now in process of presenting the law to civil society organizations to build consensus in support of the law. ARCo plans to continue support of this effort until the law is formalized by the Bolivian congress.

A.1.3 Analysis of the National Development Plan

The Policy Unit carried out a rigorous analysis of the new national government plan as developed by the Morales administration. The purpose of this analysis is to identify elements in the Government's plan that complement the philosophy, strategies, and activities of the Rural Competitiveness Activity.

The results of this analysis are as follows:

1. The national development plan places importance on the development of laws and regulations that provide solutions to the structural economic, political, social, and cultural problems that affect the majority of the population with the objection of building a dignified, sovereign, production, and democratic Bolivia.
2. In this context the development plan prioritizes rural development, given that underdevelopment and poverty are concentrated in rural areas. This vision of rural development assumes that agricultural, forestry, and land reform are complementary activities that should be supported by the State.
3. The Productive Policy will be inclusive but will provide incentives for business oriented associations and organizations of diverse forms that favor vertical and horizontal integration focused on satisfying the demand of export and national markets.

Within this context the project sees three key policy interventions that support this national development plan in addition to the Economic Corridors Law:

- The law for fruit juice standards
- A law for seeds
- A forestry law

A.2. Identification of Industrial Initiatives to Expand Markets

In coordination with the Business Opportunities Unit, the policy team has identified business initiatives related to the manufacturing of orange juice concentrates. There is real demand by processors for orange juice concentrates and fresh fruit that comply with good harvest, post-harvest, selection, and packing processes. Specifically ARCo has identified initiatives with INAL and DELIZIA related to the establishment of a processing plant for orange and other citrus juices and the purchasing of high quality fresh fruits by the National Juice Industry.

B. Financial Services

The Financial Services Unit (USF) is faced with the difficult task of developing sustainable credit and financial services in the context of a culture of non-repayment. The unit's strategy has two focuses: (i) stimulating the financial sector to expand its supply of products and services for the rural sector, and (ii) helping future clients define their financial and credit needs.

Financial institutions were selected for developing and implementing purchase-order financial services to address unmet needs in the Cochabamba Tropics and Yungas of La Paz. Thirteen financial institutions were invited to participate based on visits and evaluations prior to the solicitation. Three institutions ultimately responded to the RFP; two were selected, ECOFUTURO and FIE. These selections were based on the quality of their governance. Both of the selected institutions are regulated entities and are subject to oversight by the Superintendent of Banks. ECOFUTURO ultimately decided not to continue with the activity, in

part based on the fact that Caranavi would not be included. A Memoranda of Understanding has been negotiated with FIE and workshops were held in August and September to tailor the technical assistance and training that each will receive as well as to refine the pilot programs.

It is important to note that FIE will be using its own funds for the implementation of the pilot programs. ARCo will not provide any funds for on-lending or financing of the portfolio. Our interventions will be limited to technical assistance and training. Also, because FIE is able to mobilize savings, it will be able to provide a much broader range of financial services beyond those envisioned in the pilot programs.

The basic elements of the program are as follows:

- Evaluation and diagnosis (needs assessment) of institutional requirements in the areas of product development, structuring and marketing of working capital financial products, particularly of purchase order financing (POF) for value chain financing. The results of this assessment will define the details of the scope of work for FIE.
- Review of credit policies and procedures in order to identify real and potential obstacles for introducing working capital products on a commercial scale. If necessary, proposals for modification of current policies and procedures will be developed to build capacity for offering working capital products on a commercial scale.
- Design of systems for credit evaluation, risk analysis, approval and follow-up of working capital operations. The system will be designed with the active participation of executives of the selected financial institutions, both at headquarters offices and branches.
- Formal and on-the-job-training to managers and credit officers will be offered on topics related to structuring, analysis, approval, monitoring and evaluation of purchase order finance products and services.
- Support for credit officers will be provided to educate prospective clients on purchase order financing.
- Training will also be provided in advanced financing techniques based on cash flow analysis, development of new financial products, financial variations to purchase-order financing, and other advanced techniques related to working capital portfolio administration and financing of suppliers.
- Assistance in the design, development and utilization of promotional and marketing materials for financial products presented during the course of the Program.

As a result of the workshop held with FIE, the organization has committed to establish operations in Yungas and Chapare, offering the full range of their services. Moreover, they have committed to generate a portfolio of clients valued at \$2,000,000, using their own resources.

resources and to build the capacity of the municipal governments to support local economic development with a focus on investments rather than costs.

D.3. Maintain up-to-date information on groups and individuals in both regions

The social capital unit carried out a study of producer groups in both regions to identify potential project beneficiaries. The study is a critical tool for the project to be able to direct resources and efforts to those areas and groups where we can have the biggest impact both economically and socially. The study, which has been completed in the Cochabamba Tropics but is still in progress in the Yungas, classifies producer groups into three categories: A, B, and C. Type A producers have access to roads, electricity, and for the most part have received significant support from previous programs. Type C producers are generally in isolated areas without any productive infrastructure. They are dedicated either to subsistence farming or coca production. The Type B producers are of primary interest to the project. These producers are in areas with economic potential, close to roads and with electricity, but generally lacking productive infrastructure having never previously received assistance from development programs. The study will be extremely useful to the Economic Service Centers in generating new clients and in implementing the project's strategy of expanding the benefits of the Integrated Development program to new groups.

D.4. Gender Initiatives

ARCo aims to incorporate a gender focus into all of its activities. In general, however, the participation of women in business and business opportunities is quite different from that of men. ARCo seeks specific policies related to the issue of gender to guide program activities to ensure that women have equal access to economic activities. To this end, the social capital unit and the gender specialist developed guidelines and carried out workshops with the ESCs to generate further recommendations. Specific actions taken to encourage greater participation by women in the business opportunities include the following:

- Inclusion of at least one item regarding the participation of women in the letters of intent.
- Greater flexibility in determining the ratios of co-investment for business opportunities that have a high participation of women or that will promote more equitable gender participation.
- Development of case studies on the participation of women for crops such as cacao, citrus, banana, and others.

D.4.1 Visit of Congresswomen to Cochabamba Tropics

As part of the activities with the President of the Senate to support the development of the Economic Corridors Law, the Project organized a visit by the Association of Congresswomen to the Cochabamba Tropics. The objective of the visit was the same as with previous visits, but with an added focus on mechanisms to generate additional economic opportunities for women. The congresswomen visited a banana packing plant, palm heart producers, and the group of women involved in the export of flowers. As with the other visits, the opportunity to see first-hand the changes brought by alternative development and the benefits it has created for residents of the region, and particularly women producers, helps change the pre-conceived notions of the region and the Integrated Development program.

D.5. Coroico Guest House for Rural Residents

On June 9, the Mayor of Coroico together with the U.S. ambassador, representatives of the Vice-ministry of Coca and Integrated and the Prefecture of La Paz, Inaugurated the Coroico guest house for rural residents or “Albergue Campesino”. The Albergue was built in response to a request from the Coroico Municipal Government and the Central Agraria Campesina to provide a place for meetings between producers and merchants from different parts of the municipality and region where they can make contacts and gain access to market opportunities.

The Albergue also plays an important role in strengthening the social fabric of the municipality, providing a space to develop services and activities in coordination with the municipal government, the Central Agraria, NGOs, and other public and private sector actors. These activities include health programs, basic education, and other trainings that will meet the needs and strengthen the capabilities of the rural residents.

E. Entrepreneurial Development

A necessary step in strengthening competitiveness and ensuring the growth of a licit economy in the coca-growing regions of Bolivia is to foment the development of an entrepreneurial culture and to build the capacity of local producers to capitalize on business opportunities. Because Bolivian culture does not, for the most part, highly value entrepreneurship, ARCo needs to model and promote innovation, risk-taking, high-value niche markets, improving business attitudes, business skills development, etc.

To this end, the project developed a survey instrument to assess the potential for developing entrepreneurs in the Chapare and Yungas regions of Bolivia, and conducted an analysis of the current needs of entrepreneurs in those regions. The consulting team spent three weeks interviewing entrepreneurship support organizations in La Paz, Cochabamba, Santa Cruz as well as entrepreneurs in the Cochabamba Tropics and Yungas.

The survey data provide useful insights for identifying skills needed by entrepreneurs as well as key barriers to entrepreneurial growth. In particular, entrepreneurs cited the need for improved market research, business administration skills, and English language skills, while entrepreneurship support organizations cited business planning, access to capital, networking, goal setting and quality control concepts as the most needed skills. Entrepreneurs in Yungas rate themselves as having much greater need than their Chapare counterparts in terms of developing key business and personal skills but there was a general agreement as to the need to acquire more sophisticated business skills to deal with the complexities of growing businesses.

A corollary benefit of the survey process was to identify a core set of successful Bolivian entrepreneurs as well as a network of business support organizations that could help implement a training, networking and skills development program to spur the development of growth-oriented businesses.

F. Financial Supervision of Bolivian Government Entities

ARCo continues to carry out the financial oversight activities for Caminos Vecinales and the Regional Alternative Development Program (PDAR). These activities are designed to ensure that these entities are in full compliance with all USAID and GOB regulations related to the use and accountability of funds.

G. Information Systems

G.1. PMIS

One of the principal tasks for the ARCo information technology (IT) unit has been to reduce the operational costs of the PMIS and to simplify its use. The original PMIS as operated under CONCADE had a monthly operating cost of approximately \$210,000, including salaries, software licenses and equipment maintenance. That value does not include the significant costs for the purchase of equipment and communications infrastructure. In accordance with the strategy established with USAID and PDAR in the first six months of project operation, the modules have been broken out, simplified and turned over to the Government of Bolivia (PDAR) for their operation at substantially reduced costs. Current costs for operating the system are approximately \$3,900 per month, consisting primarily of the salaries for the specialists who continue to maintain the system. The total savings of alternative development funds in the ten months since the system was officially turned over to the PDAR are estimated at approximately \$2 million.

The project has concluded its assistance to PDAR and CCVV for the implementation of the OPTIMIX component of the PMIS. ARCo provided assistance with the correction of more than three hundred historical problems in the system and trained technical and administrative staff in the use of the system.

G.2 ARCo Virtual Office

A virtual office has been launched for use by ARCo staff and USAID personnel. The website, accessible at www.arcobol.net, includes the historic data from the PMIS as well as documents and reports produced by ARCo. The purpose of the virtual web is to facilitate communications and exchange of information between ARCo's three offices and three ESCs.

G.3 Publication of Maps

In coordination with USAID and other ARCo units, the IT Unit designed and published a map of the Cochabamba Tropics which includes information relevant to tourism and economic development as well as other services available in each of the municipalities of the region.

SECTION FIVE

Roads Infrastructure

The primary activity of the Productive Infrastructure Unit (UIP) is to revise the operating plans – through year 2010 – of the institutions that carry out road improvement and maintenance work in the Cochabamba Tropics and the Yungas of La Paz (Caminos Vecinales, AMVI and AMVI II). This activity is conducted in coordination with the other ARCo units, in particular with the Social Capital unit.

ARCo continues to support the Road Maintenance Associations (AMVI and AMVI II) in carrying out road maintenance activities such as road leveling and compacting, bridge construction and paving. Each AMVI has proven able to maintain approximately three hundred kilometers of roads per year, at costs half those of state institutions while involving the communities in the planning process and in covering the costs of the work. Municipalities and beneficiary communities cover approximately thirty percent of the road maintenance costs. AMVI budgets are included in the POA of the municipal governments they serve.

A. AMVI Results

AMVI activities are divided into five categories for reporting purposes:

- **Mechanized maintenance:** Involves heavy maintenance activities such as leveling and compacting and repositioning of dirt and gravel and utilizes heavy machinery.
- **Manual maintenance:** Involves filling-in pot holes and utilizes unskilled labor from the community or area.
- **Construction and installation of drains**
- **Construction of mixed bridges:** Construction of bridges less than fifteen meters in length, generally constructed from reinforced concrete and metal girders.
- **Replacement of stone paving:** Involves reinstallation of stones that have loosened as a result of heavy traffic.

**Table 5.1: Works completed by AMVI per year and quarter
2002 through 3rd quarter 2006**

Activity	Unit	2002	2003	2004	2005	Jan-Sep 2006
Mechanized Maintenance	Km	169.90	288.30	525.20	401.06	220.43
Manual Maintenance	Km		80.00	295.40	302.24	
Construction of Drains	m	500.00	716.00	779.20	524.08	190.00
Construction of Mixed Bridges	bridge	2.00		6.00	5.00	3.00
Replacement of Stone Paving	Km		8.00	90.50	6.60	5.00

Source: AMVI

**Table 5.2: Works completed by AMVI by quarter
Fiscal Year 2005-2006**

Activity	Unit	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
		Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Mechanized Maintenance	Km	111.81	74.30	65.00	81.13	332.24
Manual Maintenance	Km	302.24				302.24
Construction of Drains	m	44.00	42.00	148.00	347.00	581.00
Construction of Mixed Bridges	bridge		1.00	2.00		3.00
Replacement of Stone Paving	Km		5.00			5.00

Source: AMVI

**Table 5.3: Works completed by AMVI II per year and quarter
2002 through 3rd quarter 2006**

Activity	Unit	2002	2003	2004	2005	Jan-Sep 2006
Mechanized Maintenance	Km			42.10	155.45	191.35
Manual Maintenance	Km					9.27
Construction of Drains	m			204.00	686.00	555.00
Construction of Mixed Bridges	Bridge.				5.00	2.00
Replacement of Stone Paving	km				2.00	

Source: AMVI

**Table 5.4: Works completed by AMVI II by quarter
Fiscal Year 2006**

Activity	Unit	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
		Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Mechanized Maintenance	Km	51.30	20.30	35.97	135.08	242.65
Manual Maintenance	Km			9.27		9.27
Construction of Drains	m	120.00	27.00	78.00	450.00	675.00
Construction of Mixed Bridges	bridge	4.00	1.00		1.00	6.00
Replacement of Stone Paving	km					

Source: AMVI

B. Yapacani Road Maintenance

ARCo's Roads Infrastructure Unit and Social Capital Advisors, in coordination with Caminos Vecinales, are providing support to the municipality of Yapacani to develop a rural road maintenance plan and to establish an "empresa mixta" for road maintenance activities in region. The "empresa mixta" is being proposed as a means to ensure community participation in road maintenance. Similar to an AMVI the "empresa mixta" would be a democratic and participatory organization which would be responsible for repairs and maintenance of the rural roads. The plan calls for the maintenance and improvement of 600 km of road. USAID has made clear that no funds are forthcoming to support the creation or development of this "empresa mixta." The municipality and the federations in Yapacani are responsible, with ARCo assistance, for developing a sustainability plan for generating revenues to support the organization. Results to date have been frustrating, primarily because the municipal officials and the federation leadership have had a conflictive relationship with poor coordination. We continue our efforts to facilitate this relationship in the form of assistance with the legal constitution of this "empresa mixta" and development of a maintenance and sustainability plan for the heavy equipment provided by USAID.

ANNEX A

Detail of Performance Indicator Results

A.1 Sales

ARCo sales are generated by two sources: sectoral interventions (Banana and Pineapple) and incremental sales from ESC clients.

A.1.1 Sectoral Information (Banana and Pineapple)

Because of the multiple interventions that ARCo carries out in support of the Banana and Pineapple sectors to maintain and increase exports, the project attributes 100% of the increase in exports of these products towards its performance indicators. As of Sept 2006 \$5.2 million of exports can be attributed to ARCo activities. (The total increase in exports for these sectors was equal to \$5.5 million; however, some of these sales are attributable to ARCo clients and so are not included here to avoid double counting).

This value refers to the increase in exports as compared to the baseline value established as the level of exports for 2004. Table A.1 below shows incremental sales (exports) for banana and pineapple as of June 30, 2006.

Table A.1: Incremental Sales (Exports) of Banana and Pineapple (in millions of US\$)

	2004 Baseline Sales	Incremental Sales		Accumulated as of September 2006	Benchmark for 2006	% of advance	Target for 2009	% of advance
		2005	2006					
Banana	5.5	1.8	3.3	5.1	4.1	124%	16.5	31%
Pineapple	0.3	0.2	0.2	0.4	0.6	61%	4.7	8%
Total	5.8	2.0	3.5	5.5	4.7	116%	21.2	26%

SOURCE: CAMEX, Monitoring and Evaluation Unit, ARCo
PREPARED BY: Monitoring and Evaluation Unit ARCo, July 2006

Growth in the banana sector has been strong and as such the benchmark for 2006 has been exceeded less than a full year. Pineapple sales have surpassed 60% of the benchmark and strong sales are expected to continue as the peak production period runs through December.

A.1.2 Client Sales

The value of incremental sales of the ESC clients is measured as the difference between the total sales reported by the client during the reporting period and the client's sales from the same period of the client's baseline year (the year prior to receiving project assistance).

Results:

Table A.2 shows the number of clients (those with approved co-investment agreements) and pre-clients (with signed letters of intent but without an approved co-investment agreement) captured by the Economic Service Centers in the Yungas and Cochabamba Tropics.

The project has signed 89 letters of intent with organizations in the two regions. The project currently has 43 active clients all of whom have signed co-investment agreements and with whom ARCo has initiated assistance activities.

Table A.2: Number of ARCo Clients by ESC

Situation	Cochabamba Tropics		Yungas	Total As of Sept 2006
	Villa Tunari	Ivirgarzama		
With Letter of Intent Signed	17	17	4	38
With Letter of Intent and Co-Investment Agreement Signed	4	18	2	24
With Letter of Intent and Co-Investment Agreement Signed plus Disbursement	5	8	14	27
Total	26	43	20	89
Active Clients	12	16	15	43

It should be noted that activities with five clients were suspended due to the withdrawal of USAID assistance from the municipality of Caranavi.

Table A.3: Summary of Active Clients by Quarter and ESC

No	ESC	2005	2006		
		QR 4 Oct-Dic	QR 1 Jan-Mar	QR 2 Apr-Jun	QR 3 Jul-Sep
1	Villa Tunari	2	2	8	12
2	Ivirgarzama	4	5	11	16
3	Yungas	13	12	13	15
Total		19	19	32	43

The tables below show additional sales generated by the ESCs' clients since project assistance was initiated. The incremental sales shown are the difference between total sales reported and the client's baseline. For example, if a client reported total sales of \$299,167 for the period October – December, 2005 and the same client had reported sales of \$105,418 for the same period in 2004 then the incremental sales for October – December, 2005 which are attributable to ARCo assistance would be \$193,749.

ESC	2005	2006			Accumulated incremental sales as of Sept. 2006
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Ivirgarzama	267,119	132,421	680,191	397,627	1,477,357
Villa Tunari	51,459	1,618	8,571	303,069	364,717
Sub Total TC	318,578	134,039	688,761	700,696	1,842,074
Yungas (Coroico)	953,236	131,418	313,019	286,255	1,683,927
Total YLP y TC	1,271,814	265,456	1,001,780	986,951	3,526,001

Source: ESCs

For each client, the Project establishes a baseline to be used in measuring new additional sales attributable to the project's assistance. The baseline is measured as the 12 month period prior to the start of ARCo assistance activities.

ESC	Client	2004	2005		
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Sub Total Ivirgarzama		127,698	99,846	311,345	273,779
Sub Total Villa Tunari		133,000	3,667	32,080	306,423
Total TC		260,698	103,513	343,425	580,202

Source: ESCs

ESC	Client	2004	2005		
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Total YLP		348,482	224,832	248,374	559,543

SOURCE: ESCs

Table A.7 below shows the disaggregation of total sales by clients in Cochabamba Tropics by product destination: export or local markets. This disaggregation is done to avoid double counting client sales in the total sales for the banana and pineapple sectors.

In the Yungas of La Paz the project is recently initiating sectoral interventions in Cacao and Coffee. As such it is not yet necessary to make any adjustments.

Table A.7: Exports of banana and pineapple by ARCo clients in the TC (in millions of \$US)

Product	2005	2006			Total as of September 2006
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Piña	0.18	0.01	0.03	0.09	0.30

Source: ESCs

Tables A.8 and A.9 show total sales by product in each Economic Service Center.

Table A.8: Accumulated sales by product and ESC, Cochabamba Tropics (In \$US)

ESC	Product	2005	2006			Total Oct 2005-Sep 2006
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Ivirgarzama	Banana	121,718	62,859	115,552	79,993	380,122
	Cacao	NA	NA	402	1,586	1,988
	Coffee	NA	NA	3,036	7,713	10,749
	Camu camu	NA	NA	887	4,042	4,929
	Cattle	NA	NA	NA	668	668
	Ag. Inputs	NA	NA	NA	7,717	7,717
	Milk	NA	427	89,775	3,642	93,844
	Passion Fruit	NA	NA	476	2,648	3,124
	Fish	NA	NA	3,098	7,813	10,911
	Palm Hearts	42,728	55,234	396,804	188,862	683,628
	Pineapple	72,031	12,797	57,025	54,186	196,039
	Palm Seedlings	30,642	1,104	13,136	33,719	78,601
	Germinated Palm Seeds	NA	NA	NA	5,038	5,038
Total ESC Ivirgarzama		267,119	132,421	680,191	397,627	1,477,357
Villa Tunari	Banana	NA	NA	77	43,643	43,720
	Turmeric	NA	NA	155	998	1,153
	Ginger	NA	NA	496	NA	496
	Tangerine	NA	NA	NA	2,159	2,159
	Honey and derivatives	NA	NA	665	982	1,647
	Orange	NA	NA	4,881	516	5,397
	Palm Hearts	NA	NA	0	1,861	1,861
	Pineapple	51,459	1,618	1,316	182,399	236,792
	Ag. Services	NA	NA	981	896	1,877
	Tomato	NA	NA	NA	69,615	69,615
Total ESC Villa Tunari		51,459	1,618	8,571	303,069	364,717
Total TC		318,578	134,039	688,761	700,696	1,842,074

**Table A.9: Accumulated sales by product and ESC, Yungas of La Paz
(In \$US)**

ESC	Product	2005	2006			Total Oct 2005- Sep 2006
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Yungas	Achiote	NA	NA	20,643	7,653	28,296
	Banana	75,086	60,047	124,782	93,835	353,750
	Coffee	614,978	1,793	1,801	19,742	638,314
	Tangerine	NA	NA	NA	3,066	3,066
	Tea	28,837	3,818	3,564	6,253	42,472
	Cacao	234,335	65,760	162,228	155,706	618,030
Total YLP		953,236	131,418	313,019	286,255	1,683,927

**Table A.10: Summary of accumulated sales by product and region
(in \$US)**

Region	2005	2006			Total as of September 2006	Benchmark for 2006	% Advance	Target 2009	% Advance
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Trópico de Cochabamba	0.3	0.1	0.7	0.7	1.8	4.6	40%	22.8	8%
Yungas de La Paz	1.0	0.1	0.3	0.3	1.7	5.1	33%	22.2	8%
Total	1.3	0.3	1.0	1.0	3.5	9.7	36%	45.0	8%

A.1.3 Total Sales Attributable to ARCo

**Table A.11: Performance Indicator: Total Value of New Sales by Clients and Sectors
(in million of \$US)**

	2005	2006			Results Accumulated to September 2006	Benchmark Results 2006	Progress%	Target 2009	Progress %
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Clients TC	0.3	0.1	0.7	0.7	1.8	4.6	40%	22.8	8%
Banana Sector TC	1.8	0.8	1.5	1.0	5.1	4.1	124%	16.5	31%
Pineapple Sector TC	0.0	0.0	0.0	0.1	0.1	0.6	18%	4.7	2%
Clients Yungas	1.0	0.1	0.3	0.3	1.7	5.1	33%	22.2	8%
Total	3.1	1.1	2.5	2.1	8.8	14.5	61%	66.2	13%

**Table A.12: Performance Indicator: Total Value of New Sales by Region
(in million of \$US)**

Region	2005	2006			Results Accumulated to September 2006	Benchmark Results 2006	Progress %	Target 2009	Progress %
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	2.1	0.9	2.2	1.8	7.1	9.4	76%	44.0	16%
Yungas of La Paz	1.0	0.1	0.3	0.3	1.7	5.1	33%	22.2	8%
Total	3.1	1.1	2.5	2.1	8.8	14.5	61%	66.2	13%

A.2 Value of Private Investment by Project Clients

Description:

Total value of new private investment in US\$ in new equity stock for the Cochabamba Tropics and Yungas regions: Investments include new hectares of land, engineering works, machinery, equipment, vehicles, cattle and other fixed assets. They do not include a) subsidies financed by USAID; and b) investment in logs and wood products not certified by the Forestry Superintendency.

Frequency: Annual

Results:

TABLE A.13: Performance Indicator: Private Investment, Cochabamba Tropics and Yungas (In US\$ millions)

Region	2005	2006			Results Accumulated as of September 2006	Benchmark Results 2006	Progress%	Target 2009	Progress %
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	0.0	0.0	0.0	0.0	0.1	0.5	12%	2.41	3%
Yungas of La Paz	0.0	0.0	0.0	0.0	0.0	0.8	2%	3.02	0%
Total	0.0	0.0	0.0	0.0	0.1	1.3	6%	5.43	1%

The quantification of new investments by clients through the first half of 2006 still reflect small figures both in the Cochabamba Tropics as well as in Yungas. It is expected that levels private investments will be relatively low during the first two years of implementation as there are fewer clients. In the third and fourth year, these investments are expected to increase.

Nonetheless, the resources provided by clients as counterpart contributions for ARCo support is significant as shown in Table A.14.

Table A.14: Counterpart contributions of ARCo clients in the Cochabamba Tropics and Yungas (in million of \$US)

Region	2005	2006			Results Accumulated as of September 2006	Benchmark Results 2006	Progress%	Target 2009	Progress %
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	0.2	0.1	0.1	0.6	1.1	2.3	47%	10.5	10%
Yungas of La Paz	0.0	0.0	0.1	0.1	0.2	4.6	5%	17.6	1%
Total	0.2	0.2	0.2	0.7	1.3	6.9	19%	28.2	5%

Table A.15 shows investment by clients in the Cochabamba Tropics, disaggregated by product.

Table A.15 Client Investment in the Cochabamba Tropics by product (in millions of \$US)						
ESC	Product	2005	2006			Total Oct 2005- Sep 2006
		Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep	
Ivirgarzama	Banana	0	0	0	775	775
	Cacao	NA	NA	0	2,578	2,578
	Coffee	NA	NA	0	0	0
	Camu camu	NA	NA	0	0	0
	Cattle	NA	NA	NA	0	0
	Ag. Inputs	NA	NA	NA	0	0
	Milk	NA	0	0	0	0
	Passion Fruit	NA	NA	0	0	0
	Fish	NA	NA	0	0	0
	Palm Hearts	400	21,785	6,958	11,165	40,308
	Pineapple	0	0	0	1,974	1,974
	Palm Seedlings	0	0	0	6,456	6,456
	Germinated Palm Seeds	NA	NA	NA	0	0
Total ESC Ivirgarzama		400	21,785	6,958	22,948	52,091
Villa Tunari	Banana	NA	NA	0	868	868
	Turmeric	NA	NA	0	372	372
	Ginger	NA	NA	0	0	0
	Tangerine	NA	NA	NA	0	0
	Honey and derivatives	NA	NA	0	380	380
	Orange	NA	NA	0	0	0
	Palm Hearts	NA	NA	0	421	421
	Pineapple	0	2,341	4,554	1,005	7,900
	Ag. Services	NA	NA	0	0	0
	Tomato	NA	NA	NA	752	752
Total ESC Villa Tunari		0	2,341	4,554	3,798	10,693
Total		400	24,126	11,512	26,746	62,784

Source: ESCs

Prepared by: M&E Unit, ARCo. October 2006

**Table A.16 Client Investment in the Yungas, by product
(in millions of \$US)**

ESC	Product	2005	2006			Total Oct 2005- Sep 2006
		Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep	
Yungas	Achiote	NA	NA	0	0	0
	Banana	0	0	600	0	600
	Coffee	0	0	0	0	0
	Tangerine	NA	NA	NA	0	0
	Tea	0	0	0	11,961	11,961
Total YLP		0	0	600	11,961	12,561

Source: ESCs

**Table A.17: Summary of private investment by clients
(In \$US)**

Product	2005	2006			Total Oct 2005- Sep 2006
	Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep	
Ivirgarzama	400	21,785	6,958	22,948	52,091
Villa Tunari	0	2,341	4,554	3,798	10,693
Sub Total TC	400	24,126	11,512	26,746	62,784
Yungas (Coroico)	0	0	600	11,961	12,561
Total YLP y TC	400	24,126	12,112	38,707	75,345

**Table A.18: Client counterpart contributions by product and region
(in \$US)**

Region	ESC	Product	2005	2006			Total Oct 2005-Sep 2006	
			Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep		
TC	Ivirgarzama	Banana	30,390	16,764	19,449	22,874	89,476	
		Cacao			94	549	643	
		Coffee			437	5,899	6,336	
		Milk		0	349	366	715	
		Passion-Fruit			292	245	537	
		Palm hearts	96,208	117,441	113,182	410,676	737,508	
		Pineapple	22,890	3,473	10,619	28,411	65,394	
	Total ESC Ivirgarzama			149,488	137,679	144,421	469,021	900,609
	Villa Tunari	Banana			0	40,617	40,617	
		Turmeric			734	172	906	
		Ginger			587		587	
		Tangerine				483	483	
		Orange			515	118	633	
		Palm hearts			0	4,343	4,343	
		Pineapple	14,718	182	1,695	70,805	87,398	
Tomato					30,808	30,808		
Total ESC Villa Tunari			14,718	182	3,530	147,346	165,775	
Total TC			164,205	137,860	147,951	616,367	1,066,384	
YLP	Yungas	Achiote			9,399	8,351	17,750	
		Banana	18,057	12,653	92,049	65,681	188,439	
		Coffee	18,136	9	9	239	18,393	
		Tangerine				619	619	
		Tea	4,068	0	85	803	4,956	
	Yungas Total			40,261	12,662	101,542	75,692	230,157
Total YLP			40,261	12,662	101,542	75,692	230,157	
Total YLP y TC			204,466	150,522	249,494	692,059	1,296,541	

Source: ESCs

Table A.19: Summary of Client Counterpart Contributions (in \$US)

Product	2005	2006			Total Oct 2005- Sep 2006
	Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep	
Ivirgarzama	149,488	137,679	144,421	469,021	900,609
Villa Tunari	14,718	182	3,530	147,346	165,775
Sub Total TC	164,205	137,860	147,951	616,367	1,066,384
Yungas (Coroico)	40,261	12,662	101,542	75,692	230,157
Total YLP y TC	204,466	150,522	249,494	692,059	1,296,541

A.3 Employment Generated by Clients

Description:

Annual employment generated by ARCo clients due to ARCo's intervention in agricultural, agro-industrial, forestry, industrial and service activities, (agricultural projects, tourism and construction). The estimate is based on a labor factor multiplied by the quantity sold of a given product/service.

Frequency: Quarterly

Results:

TABLE A.20: Performance Indicator: Incremental Employment Cochabamba Tropics and Yungas (In Thousands of Workdays)

	2005	2006			Results Accumulated as of September 2006	Benchmark Results 2006	Progress%	Target 2009	Progress %
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Clients TC	22	15	23	66	127	231	55%	1,140	11%
Banana Sector	63	28	57	37	184	207	89%	823	22%
Pineapple Sector	0	0	0	0	0	30	1%	234	0%
Clients YLP	9	2	20	18	49	255	19%	1,110	4%
Total	93	45	100	122	361	723	50%	3,307	11%

TABLE A.21: Performance Indicator: Incremental Employment Cochabamba Tropics and Yungas, by region (In Thousands of Workdays)

Region	2005	2006			Results Accumulated as of September 2006	Benchmark Results 2006	Progress%	Target 2009	Progress %
	Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep					
Trópico de Cochabamba	85	43	81	104	312	468	67%	2,197	14%
Trópico de La Paz	9	2	20	18	49	255	19%	1,110	4%
Total	93	45	100	122	361	723	50%	3,307	11%

Incremental Employment generation by clients in the Cochabamba Tropics as well as in Yungas presents a positive scenario as it has reached 63 percent of the benchmark.

As described above, employment is calculated based on the total volume produced and a the labor factor required to produce a given quantity. The tables below present the volumes of product produced as reported by ESC clients and labor factors for each product.

Table A.22: Increased production volume and quantities sold, by region, ESC, and product

Region	ESC	Product	Unit	2005	2006			Total Oct 2005- Sep 2006
				Oct- Dec	Jan- Mar	Apr- Jun	Jul- Sep	
TC	Ivirgarzama	Banana	Tons	769.4	424.4	492.4	579.1	2,265.2
		Cacao	Tons	NA	NA	0.1	0.8	1.0
		Coffee	Tons	NA	NA	3.0	41.0	44.0
		Camu camu	Tons	NA	NA	1.1	9.8	10.9
		Milk	1000s of liters	NA	0.0	17.1	18.0	35.0
		Passion-fruit	Tons	NA	NA	3.2	2.7	5.9
		Fish	Tons	NA	NA	0.6	0.6	1.2
		Palm hearts	Tons	166.2	202.8	195.5	709.3	1,273.8
		Pineapple	Tons	412.4	62.6	191.3	511.9	1,178.3
		Palm Seedling	1000s of units	215.8	15.1	130.5	400.7	762.1
	Germinated palm seed	1000s of units	NA	NA	NA	249.4	249.4	
	Villa Tunari	Banana	Tons	NA	NA	0.0	1,028.3	933.6
		Turmeric	Tons	NA	NA	2.3	0.5	2.8
		Ginger	Tons	NA	NA	1.8	0.0	1.8
		Tangerine	Tons	NA	NA	NA	15.6	15.6
		Honey and derivatives	Various	NA	NA	0.2	0.2	0.4
		Orange	Tons	NA	NA	27.2	6.2	33.5
		Palm Hearts	Tons	NA	NA	0.0	7.5	7.5
		Pineapple	Tons	265.2	3.3	30.5	1,275.8	1,574.7
Services		Tons	NA	NA	0.0	0.0	0.1	
Tomato	Tons	NA	NA	NA	479.1	479.1		
YLP	Yungas	Achiote	Tons	NA	NA	29.4	26.1	55.5
		Banana	Tons	590.1	413.5	3,008.1	2,146.5	6,158.2
		Coffee	Tons	125.9	0.1	0.1	1.7	127.7
		Tangerine	Tons	NA	NA	NA	20.0	20.0
		Tea	Tons	16.3	0.0	0.3	3.2	19.9
		Cacao	Tons	23.3	20.9	0.0	51.3	95.4

Source: ESCs

Table A.23: Labor factor per ton produced by product and region

Crop	Location/ Technology in use	Unit of Measure	Family labor		Hired labor	
			Men	Women	Men	Women
YLP						
Coffee	Caranavi/Organic	Workdays per ton	12	9	6	4
Cacao	Alto Beni/Transition to Organic	Workdays per ton	38	20	18	10
Banana	Porvenir, Alto Beni/Organic	Workdays per ton	3	2	1	1
	Sn. Miguel de Huachi, Alto Beni/Organic	Workdays per ton	3	2	1	1
Tangerine	Low tech.	Workdays per ton	3	1	3	0
Tea	Chaimate / in rehabilitation, transition to organic	Workdays per ton	4	10	14	42
TC						
Pineapple	Medium Tech.	Workdays per ton	2	0	1	0
Banana	Medium Tech.	Workdays per ton	0	0	3	1
Palm heart	Low tech.	Workdays per ton	34	0	28	0
Turmeric/Ginger	Low tech.	Workdays per ton	14	14	14	14
Passion-fruit	Low tech.	Workdays per ton	6	1	4	0
Tangerine	Low tech.	Workdays per ton	3	1	3	0
Honey and derivatives	Low tech.	Workdays per ton	189	189	189	189
Orange		Workdays per ton	2	0	1	0
Tomato	Low tech.	Workdays per ton	2	2	3	1
Achiote		Workdays per ton	14	14	14	14
Camu Camu		Workdays per ton	5	3	5	3
Cacao		Workdays per ton	38	20	18	10
Fish		Workdays per ton	19	19	19	19
Palm hearts: Germinated seed and seedlings		Workdays per 5000 units	8	8	8	8
Milk	Medium Tech.	Workdays per 1000 liters	2	1	3	0

Source: Study of costs, yields, and labor for principal products in the Cochabamba Tropics and Yungas of La Paz.

Table A.24: New employment generated by ARCo clients in the Cochabamba Tropics and Yungas of La Paz.
(In 1000s of workdays)

Region	ESC	Product	2005	2006			Total Oct 2005-Sep 2006
			Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
TC	Ivirgarzama	Banana	3.3	1.7	5.0	3.1	13.0
		Cacao	NA	NA	0.0	0.1	0.1
		Coffee	NA	NA	0.1	1.1	1.2
		Camu camu	NA	NA	0.0	0.1	0.2
		Milk	NA	0.0	0.1	0.1	0.2
		Passion-fruit	NA	NA	0.0	0.0	0.1
		Fish	NA	NA	0.0	0.2	0.2
		Palm hearts	10.3	12.7	12.1	44.0	79.2
		Pineapple	1.1	0.2	0.6	1.7	3.6
		Palm Seedling	6.5	0.5	3.9	2.4	13.2
	Germinated palm seed	NA	NA	NA	1.5	1.5	
	Total ESC Ivirgarzama		21.2	15.1	21.9	54.3	112.5
	Villa Tunari	Banana	NA	NA	0.4	2.7	3.0
		Turmeric	NA	NA	0.1	0.0	0.2
		Ginger	NA	NA	0.1	0.0	0.1
		Tangerine	NA	NA	NA	0.1	0.1
		Honey and derivatives	NA	NA	0.2	0.2	0.3
		Orange	NA	NA	0.1	0.0	0.1
		Palm Hearts	NA	NA	0.0	0.5	0.5
		Pineapple	0.8	0.0	0.0	4.3	5.2
Services		NA	NA	0.6	0.6	1.2	
Tomato	NA	NA	NA	3.9	3.9		
Total ESC Villa Tunari		0.8	0.0	1.5	12.2	14.5	
Total TC			22.0	15.1	23.4	66.5	127.0
YLP	Yungas	Achiote	NA	NA	1.7	1.5	3.2
		Banana	3.5	2.5	18.0	13.0	37.1
		Coffee	3.9	0.0	0.0	0.3	4.2
		Tangerine	NA	NA	NA	0.2	0.2
		Tea	1.1	0.0	0.0	3.1	4.2
		Cacao	2.0	1.8	0.0	4.4	8.2
	Total ESC Yungas		10.6	4.3	19.8	22.5	57.1
Total YLP			10.6	4.3	19.8	22.5	57.1
Total			32.6	19.4	43.2	88.9	184.1

SOURCE: ESCs

**Table A.25: Summary of new employment generated by ARCo clients in the Cochabamba Tropics and Yungas of La Paz.
(In 1000s of workdays)**

ESC	2005		2006						Total Oct 2005-Sep 2006	
	Oct-Dec		Jan-Mar		Apr-Jun		Jul-Sep			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Ivirgarzama	4	17	1	14	3	19	3	51	11	102
Villa Tunari	0	1	0	0	0	1	2	10	3	12
Total TC	4	18	1	14	3	20	6	61	13	114
Yungas	5	6	2	3	8	11	8	14	23	34
Total YLP y TC	9	24	2	17	12	32	14	75	37	148

A.4 Subsidies to Sales Ratio

Description:

Ratio of the total annual amount of accumulated subsidies financed by USAID granted to private organizations to accumulated total annual sales in US\$. A subsidy is defined as the total cash amount transferred to private organizations plus the value of any infrastructure, technical assistance (including training), equipment, tools and other assets. The subsidy amount does not include public infrastructure support or subsidies for emergencies or stabilization.

Frequency: Annual

Results:

The current subsidy/sales ratio is 33 percent demonstrating a highly effective allocation of project resources. Every \$1.00 spent by the project in support of clients has generated \$3.00 in new sales.

**TABLE A.26: Summary of Incremental and Accumulated Sales by ARCo Clients, per Region and Quarter
(In millions of \$US)**

Region	2005	2006		
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Cochabamba Tropics	0.3	0.5	1.1	1.8
Yungas of La Paz	1.0	1.1	1.4	1.7
Total	1.3	1.5	2.5	3.5

**TABLE A.27: Summary of accumulated subsidies (via subcontract and Co- investment agreements) for ARCo clients, per Region and Quarter
(In millions of \$US)**

Region	2005	2006		
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Cochabamba Tropics	0.0	0.1	0.2	0.3
Yungas of La Paz	0.3	0.6	0.7	0.8
Total	0.3	0.7	0.8	1.1

Source: ARCo grants and subcontracts unit

**TABLE A.28: Performance Indicator: Ratio of Subsidies/Sales
Cochabamba Tropics and Yungas
(Ratio in percentage)**

Region	Result as of September 2006	Benchmark for 2006	Target 2009
Cochabamba Tropics	16%	126%	36%
Yungas of La Paz	47%	112%	52%
Total	33%	118%	44%

A.5 Number of Successful Clients

Description:

Measures the cumulative number of clients that are part of the productive chains in both regions, who have reached the Sales Target established in either their business plans or co-investment agreements.

Frequency: Quarterly

Results:

As of September, there are seven successful clients.

TABLE A.29: Performance Indicator: Successful Clients in the Cochabamba Tropics and Yungas (By number of clients)

Region	2005	2006			Accumulated results as of Sept. 2006	Benchmark for 2006	% advance	Target 2009	% advance
	Oct-Dic	Jan-Mar	Apr-Jun	Jul-Sep					
Cochabamba Tropics	0	0	2	3	5	6	84%	73	6.9%
Yungas de La Paz	0	2	0	0	2	4	50%	47	4.3%
Total	0	2	2	3	7	10	70%	120	5.9%

A.6 Accepted Policies

Description:

Cumulative number of documents on public and private policies (national, regional and local) to improve product competitiveness and productive processes supported by ARCo remitted for revision, analysis, study and discussion accepted by USAID and the Bolivian Government.

Frequency: Annual

Results:

**TABLE A.30: Accepted policies supported by the Rural Competitive Activity
Cochabamba Tropics and Yungas
(In number of policies)**

Region	2005	2006			Accumulated results as of Sept. 2006	Benchmark for 2006	% advance	Target 2009	% advance
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep					
Accepted Policies (Number of Policies)	4	1	2	2	9	4	225%	10	90%

Year 2005

- Article 20 of SD 28124:** The Forestry Superintendent's Office, in application of SD 28124 dated May 17, 2005, does not demand the Forestry Certificate of Origin (CFO) for exports of hearts of palm from plantations in the Cochabamba Tropics. The Forestry Superintendent's Office emitted the corresponding operative resolution in October 2005.
- Standards and Definitions for Tropical Fruit Juices:** The National Standards Council approved the General Standard for Definition of Juices, Nectars and Drinks prepared with fruits. This standard establishes minimum levels of actual fruit that must be used in the production of various fruit based beverages. The standard was developed in coordination with SENASAG, IBNORCA, the Bolivian Internal Taxation Service and representatives of the National Beverage Industry.
- Updating of the standard for production and phytosanitary control for Banana exports:** The standard and the bylaws for banana exports by exporters, producers and SENASAG have been updated to comply with the revised phytosanitary certification system.
- Phytosanitary inspection center and laboratory in the Cochabamba Tropics:** The project has helped support the development manuals for the operation of the Phytosanitary Inspection Center and laboratory as well as developed the operations guidelines for the Phytosanitary Certification Coordination Committee for banana

activities in the Cochabamba Tropics. The project also helped coordinate the financial support provided by the British Embassy for the construction of this center. The construction of the center and the corresponding new processes will greatly facilitate the necessary sanitary certifications required for the export of fresh produce from the region. The project is also supporting efforts to declare the Cochabamba Tropics as Free of Foot and Mouth disease through a program of vaccination and serological testing.

First Quarter 2006

- 1. Authorization for catching and exporting ornamental fish:** The project provided support to King Tropical & Marine in order to obtain a license for the capture and exports of Ornamental Fish. A Ministerial Resolution was issued in support of this licensing.

Second Quarter 2006

- 1. Special Economic Zone for Exports and Tourism in the Cochabamba Tropics:** Law No. 3420 dated June 8, 2006 was passed to establish conditions in the region that will help generate additional investment and strengthen the productive and competitive ability of the region. The new law offers significant tax incentives for businesses (new and existing) to make investments in the Cochabamba Tropics.
- 2. Application of the Temporary Admissions System for Exports (RITEX) to Producer Associations:** RITEX enables exporters to temporarily import goods that will be used to produce exports without paying the usual customs duties. The system can significantly reduce costs for producers who are importing packing materials or other inputs for their production. To date BANABENI, CIPAT, ABAPI and PROBANER have all necessary resolutions to use this incentive.

Third Quarter 2006

- 1. Development of proposal for norms governing the implementation of Law 3420 Special Economic Zone for Exports and Tourism in the Cochabamba Tropics:** To put the Special Economic Zone law into effect, the ARCo Policy Unit worked with the Federation of Private Enterprises, CAMEX, and other organizations to analyze the law in order to assist in developing the norms for the law's implementation. The proposed norms were presented to the Ministry of Production and Microenterprise on September 13, 2006 for approval by Regulatory Decree. Although the ministry had no technical observations regarding the proposed regulations, the Minister insisted that the Federation of Cocaleros of the Cochabamba Tropics, UAPRAMTROC, and Indigenous groups be explicitly mentioned as part of the committee to review contracts. The National Economic Policy Council submitted the proposed regulations to the President of the Republic with the recommendation that they be approved.
- 2. Analysis and development of Economic Corridors Law Proposal:** With ARCo support, the President of the Senate has submitted a draft proposal for an Economic

Corridors Law to the Ministries involved in formulating economic policy. The ARCo policy unit also developed a comparative analysis of the Economic Corridors Law and the National Development Plan demonstrating that the proposed law directly supports the government's development plan.

Regional Employment

Description:

Annual regional employment includes all of the employment generated due to Integrated Development interventions in agricultural, livestock, agro-industrial, forestry, industrial and services activities (agricultural products, tourism and construction). The conversion factor for workdays to permanent employment is yet to be determined. Until this calculation can be made the conversion factor of 90 workdays to one permanent rural job is being used.

Frequency: Annual

Results:

The baseline for the TC was calculated based on the reported area under cultivation as determined by satellite image analysis and the results of the 2004 Agricultural Survey multiplied by the workdays required by hectare for each crop and divided between 90 days, to reach the number equivalent to full time jobs.

The initial value presented for 2005 and 2006 are based on the historical trends and available data.

TABLE B.3: Total Number of Jobs in the TC						
	2001	2002	2003	2004	*2005	*2006
Agricultural Activities	49,366	52,987	57,707	62,305	*65.932	*70.013
Non Agricultural Activities	3.651	3.919	3.971	4.975	*5.674	*6.672
Total	53.017	56.906	61.678	67.280	*74.474	*76.685

Employment for agricultural and off-farm activities for the YLP is reflected on Table B.4.

TABLE B.4: Total Number of Jobs in the YLP			
	2004	*2005	*2006
Agricultural Activities	49.527	*50.369	*51.210
Non Agricultural Activities	4.394	*4.673	*4.969
Total	53.921	*55.042	*56.179

B.2 Annual Value of Licit Products

Description:

Annual value of Licit Products is calculated as the total value (at wholesale prices) for licit agricultural, livestock, agro-industrial, forestry and handicrafts products coming from the Cochabamba Tropics and Yungas of La Paz. The value is estimated according to the price of each product at the final destination market (sales point). It includes the value generated by tourism in each of these regions.

Frequency: Quarterly

Results:

B.2.1 Cochabamba Tropics

Volume and value of licit products for the first, second, and third quarters of 2005 are the result of projections based on the data generated by CONCADE (1998-2004). As of the fourth quarter of 2005, data comes from the Census of the Physical Flow of Agricultural Products.

Tables D.5 and D.6 reflect the total volume and value of agricultural and forestry products from the TC, as well as the number of tourists coming into the region and the value generated by them as of June 30, 2006.

The value in US\$ was calculated through the multiplication of each product's volume by its respective wholesale price.

For the calculation of the value generated by the number of tourists entering the TC, we used data provided by the Census of the Physical Flow of Agricultural Products. Factors of 3.7 days per average stay and a daily average expenditure of US\$ 20 were applied to the number of tourists.

**TABLE B.5: Volume of Licit Agricultural and Forestry Products from the TC, number of tourists entering the zone, per year
(In thousands)**

	2001	2002	2003	2004	2005	Jan-Sep 2006
Agricultural products (t)	210.4	187.3	247.5	281.8	305.4	210.3
Forest Products (t)					27.7	22.5
Tourism ⁽¹⁾					52.3	48.9

(1) Number of tourists - persons

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 2nd quarter 2006 Survey/ Agricultural Products Physical Flow Census

TABLE B.6: Volume of Licit Agricultural and Forestry Products from the TC, number of tourists entering the zone, Fiscal Year 2005-2006 (In thousands)

	Año fiscal 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dic 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Agricultural products (t)	82.3	74.7	68.4	67.2	292.6
Forest Products (t)	9.4	5.1	4.5	12.9	31.9
Tourism ⁽¹⁾	6.3	9.2	17.4	22.3	55.2

(2) Number of tourists - persons

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 2nd quarter 2006 Survey/ Agricultural Products Physical Flow Census

TABLE B.7: Value of Licit Agricultural and Forestry Products from the TC, number of tourists entering the zone, per year (In thousands)

Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Agricultural products (t)	36.7	27.9	37.0	46.1	51.5	41.1
Forest Products (t)					2.5	2.0
Tourism ⁽¹⁾					3.9	3.6
Total	36.7	27.9	37.0	46.1	57.8	46.7

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 2nd quarter 2006 Survey/ Agricultural Products Physical Flow Census

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

TABLE B.8: Value of Licit Agricultural and Forestry Products from the TC, number of tourists entering the zone, Fiscal Year 2005-2006 (In thousands)

Product	Año fiscal 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dic 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Agricultural products (t)	15.3	15.5	12.8	12.8	56.4
Forest Products (t)	0.8	0.5	0.5	1.0	2.8
Tourism ⁽¹⁾	0.5	0.7	1.3	1.6	4.1
Total	16.6	16.7	14.6	15.4	63.3

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 2nd quarter 2006 Survey/ Agricultural Products Physical Flow Census

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

Tables B.9 and B.10 show the volume and value and for specific products and tourism.

TABLE B.9: Volume of Licit Agricultural and Forestry Products from the TC; Number of tourists entering; by year (In Thousands)

Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Agricultural Products (In Tons)						
Banana	84.4	97.2	114.8	143.1	166.1	109.9
Plantain	31.7	32.1	36.1	37.7	37.4	22.3
Orange	30.4	9.9	35.2	27.7	32.1	28.1
Rice	5.6	6.1	7.1	8.9	8.0	9.8
Tangerine	6.5	0.6	6.6	5.2	3.0	10.4
Yucca	9.3	7.9	9.6	20.6	18.0	10.0
Papaya	5.5	5.1	3.9	5.3	4.8	2.4
Pineapple	27.2	19.7	22.1	19.7	20.6	6.7
Palm Heart	0.7	1.3	2.1	3.0	3.0	1.5
Others	9.0	7.3	10.1	10.4	12.4	9.3
Sub Total	210.4	187.3	247.5	281.8	305.4	210.3
Forest products (In tons)						
Flowers					0.0	0.0
Firewood					0.3	0.3
Timber (cut)					3.6	3.1
Timber (uncut)					23.9	19.1
Sub Total					27.7	22.5
Number of Tourists						
No. of Tourists					52.3	48.9

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 3rd quarter 2006 Survey/ Agricultural Products Physical Flow Census

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

TABLE B.10: Volume of Licit Agricultural and Forestry Products from the TC; Number of tourists entering; fiscal year 2005-2006 (In Thousands)

Product	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Agricultural Products (In Tons)					
Banana	46.5	45.7	32.9	31.3	156.4
Plantain	8.7	9.9	6.9	5.5	31.0
Orange	2.1	1.2	13.8	13.1	30.2
Rice	0.1	7.9	1.5	0.4	9.9
Tangerine	0.0	0.1	7.6	2.8	10.4
Yucca	8.8	4.3	1.9	3.8	18.8
Papaya	1.4	0.8	0.8	0.8	3.8
Pineapple	10.5	1.6	0.7	4.3	17.3
Hearts of Palm	0.9	0.8	0.4	0.3	2.3
Others	3.3	2.3	2.0	5.0	12.5
Sub Total	82.3	74.7	68.4	67.2	292.6
Forest products (In tons)					
Flowers	0.0	0.0	0.0	0.0	0.0
Firewood	0.3	0.1	0.1	0.1	0.6
Timber (cut)	1.1	0.9	0.9	1.3	4.2
Timber (uncut)	8.1	4.1	3.4	11.6	27.2
Sub Total	9.4	5.1	4.5	12.9	31.9
Number of Tourists					
No. of Tourists	6.3	9.2	17.4	22.3	55.2

SOURCE: 2001 al 2004 CONCADE's data.

1st through 3rd Quarter 2005: ARCo estimates.

4th quarter 2005 through to 3rd quarter 2006 Survey/ Agricultural Products Physical Flow Census

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

**TABLE B.11: Value of Licit Agricultural and Forestry Products from the TC
Value generated by Tourism, by year
(In millions of \$US)**

Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Agricultural Products						
Banana	11.63	11.71	15.77	21.50	26.46	22.20
Plantain	2.44	1.48	1.87	2.46	1.85	1.06
Orange	3.09	1.54	2.39	2.49	2.58	2.41
Rice	2.32	2.49	2.46	3.45	3.67	3.97
Tangerine	0.76	0.12	0.60	0.48	0.36	1.22
Yucca	0.58	0.60	0.70	1.18	1.22	0.93
Papaya	0.59	0.51	0.48	0.68	0.65	0.34
Pineapple	2.58	1.87	2.19	2.26	3.08	1.20
Hearts of Palm	1.07	1.87	3.14	4.37	5.22	2.17
Others	11.65	5.69	7.37	7.20	6.37	5.61
Sub Total	36.69	27.89	36.99	46.08	51.45	41.10
Forest products (In tons)						
Flowers					0.00	0.00
Firewood					0.01	0.02
Timber (cut)					1.26	1.05
Timber (uncut)					1.19	0.95
Sub Total					2.47	2.02
Value generated by tourism						
Value generated					3.87	3.62
Total	36.69	27.89	36.99	46.08	57.79	46.73

**TABLE B.12: Value of Licit Agricultural and Forestry Products from the TC
Value generated by Tourism, Fiscal year 2005-2006
(In millions of \$US)**

Product	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dic 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Agricultural Products					
Banana	8.91	7.52	7.39	7.28	31.11
Plantain	0.44	0.44	0.29	0.32	1.50
Orange	0.30	0.25	1.11	1.04	2.70
Rice	0.06	3.56	0.31	0.11	4.03
Tangerine	0.00	0.02	0.87	0.33	1.22
Yucca	0.61	0.43	0.17	0.34	1.54
Papaya	0.15	0.13	0.10	0.11	0.48
Pineapple	1.75	0.25	0.15	0.79	2.94
Hearts of Palm	1.56	1.19	0.54	0.45	3.73
Others	1.53	1.72	1.87	2.02	7.13
Sub Total	15.29	15.51	12.80	12.78	56.39
Forest products (In tons)					
Flowers	0.00	0.00	0.00	0.00	0.00
Firewood	0.01	0.01	0.01	0.01	0.03
Timber (cut)	0.38	0.31	0.31	0.43	1.42
Timber (uncut)	0.40	0.20	0.17	0.58	1.36
Sub Total	0.80	0.52	0.49	1.01	2.81
Value generated by tourism					
Value generated	0.47	0.68	1.29	1.65	4.08
Total	16.56	16.71	14.58	15.44	63.29

3.3.1 Yungas of La Paz

In the Yungas the Census of the Physical Flow of Agricultural Products began in July 2005. Data was collected at the Unduavi control point. With the information at hand we estimated the volume of licit agricultural products from the YLP for the entire year.

To complete the 2005 information, values presented for the first and second quarters are the same reported during the first and second quarter of 2006, coming from the Census of the Physical Flow of Agricultural Products. As done for the TC, the value in US\$ dollars was calculated through multiplication of the volume of each Product by the respective wholesale price.

For the calculation of the value generated by the number of tourists entering the YLP, we used the data provided by the Census of the Physical Flow of Agricultural Products. The factors of an average 2 - day stay and an average expenditure of US\$ 16 per day were applied to this figure.

Tables B.13 and B.14 reflect the total volume and value of products from the YLP as well as the number of tourists entering the YLP and the value generated by them.

TABLE B.13: Volume of Licit Agricultural and Forestry Products from the YLP, number of tourists entering the zone, (In Thousands)

Product	2005				Total 2005	2006			Jan-Sep 2006
	* 1T	* 2T	3T	4T		1T	2T	3T	
Agricultural products (t)	19.3	36.4	29.0	37.1	121.8	19.3	36.4	33.9	89.5
Forest Products (t)	4.3	5.3	4.1	5.5	19.2	4.3	5.3	6.4	16.0
Tourism ⁽¹⁾	5.9	10.0	3.6	7.1	26.7	5.9	10.0	9.3	25.3

(1)Number of tourists - persons

* Repeats the value from the 1st and 2nd quarters 2006

SOURCE: Survey/ Agricultural Products Physical Flow Census.

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

TABLE B.14: Value of Licit Agricultural and Forestry Products from the YLP, Number of tourists entering the zone, (In US\$ millions)

Product	2005				Total 2005	2006			Jan-Sep 2006
	* 1T	* 2T	3T	4T		1T	2T	3T	
Agricultural products	3.5	12.8	9.0	8.1	33.3	3.5	12.8	10.9	27.2
Forest Products	1.4	1.6	1.4	1.8	6.2	1.4	1.6	1.9	4.9
Tourism	0.2	0.3	0.1	0.2	0.9	0.2	0.3	0.3	0.8
Total	5.1	14.7	10.5	10.1	40.4	5.1	14.7	13.2	33.0

*Repeats the value from the 1st and 2nd quarters 2006

SOURCE: Survey/ Agricultural Products Physical Flow Census.

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

Tables B.15 and B.16 show the detail of the volume and value of products from the YLP, per product as well as the number of tourists entering the zone and the value generated by them.

TABLE B.15: Volume of Licit Agricultural and Forestry Products from the YLP, Number of tourists entering the zone, (In Thousands)									
Product	2005				Total 2005	2006			Jan-Sep 2006
	* 1T	* 2T	3T	4T		1T	2T	3T	
Agricultural Products (in tons)									
Rice	0.4	1.4	0.7	0.3	2.8	0.4	1.4	0.5	2.3
Banana	7.2	4.4	7.9	12.0	31.4	7.2	4.4	4.6	16.2
Plantain	4.7	2.8	4.6	4.4	16.6	4.7	2.8	2.7	10.2
Orange	1.3	1.9	7.4	4.8	15.3	1.3	1.9	4.8	8.0
Cacao	0.0	0.3	0.1	0.1	0.5	0.0	0.3	0.2	0.6
Coffee	0.1	4.3	2.3	1.0	7.7	0.1	4.3	4.3	8.7
Tea	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Watermelon	0.0	0.0	0.7	0.1	0.9	0.0	0.0	0.6	0.6
Yucca	0.7	0.4	0.5	0.8	2.3	0.7	0.4	0.5	1.6
Others	4.8	20.8	4.9	13.6	44.1	4.8	20.8	15.7	41.3
Sub Total	19.3	36.4	29.0	37.1	121.8	19.3	36.4	33.9	89.5
Forest Products (in tons)									
Flowers	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1
Lumber (cut)	4.2	5.3	4.1	5.4	19.1	4.2	5.3	6.3	15.9
Sub Total	4.3	5.3	4.1	5.5	19.2	4.3	5.3	6.4	16.0
Number of Tourists									
No. of tourists	5.9	10.0	3.6	7.1	26.7	5.9	10.0	9.3	25.3

Repeats the value from the 1st and 2nd quarters 2006

SOURCE: Survey/ Agricultural Products Physical Flow Census. SIMA Prices

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

Repeats the value from the 1st and 2nd quarters 2006

**TABLE B.16: Value of Licit Agricultural and Forestry Products from the YLP,
Number of tourists entering the zone,
(In US\$ millions)**

Product	2005				Total 2005	2006			Jan-Sep 2006
	* 1T	* 2T	3T	4T		1T	2T	3T	
Agricultural Products									
Rice	0.2	0.6	0.3	0.2	1.3	0.2	0.6	0.2	1.0
Banana	0.7	0.6	0.8	1.3	3.4	0.7	0.6	0.6	1.9
Plantain	0.6	0.3	0.6	0.5	2.0	0.6	0.3	0.3	1.2
Orange	0.2	0.3	0.7	0.7	1.9	0.2	0.3	0.6	1.1
Cacao	0.0	0.6	0.1	0.1	0.7	0.0	0.6	0.3	0.9
Coffee	0.4	5.6	5.4	2.3	13.7	0.4	5.6	5.3	11.3
Tea	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Watermelon	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.1
Yucca	0.1	0.0	0.0	0.1	0.2	0.1	0.0	0.0	0.1
Others	1.2	4.8	0.9	2.9	9.8	1.2	4.8	3.5	9.5
Sub Total	3.5	12.8	9.0	8.1	33.3	3.5	12.8	10.9	27.2
Forest Products (in tons)									
Flowers	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Lumber (cut)	1.3	1.6	1.4	1.8	6.1	1.3	1.6	1.9	4.9
Sub Total	1.4	1.6	1.4	1.8	6.2	1.4	1.6	1.9	4.9
Value generated from tourism									
Value Generated	0.2	0.3	0.1	0.2	0.9	0.2	0.3	0.3	0.8
Total	5.1	14.7	10.5	10.1	40.4	5.1	14.7	13.2	33.0

* Repeats the value from the 1st and 2nd quarters 2006

SOURCE: Survey/ Agricultural Products Physical Flow Census. SIMA Prices

PREPARED BY: Monitoring and Evaluation Unit, ARCo Project. July 2006

D.1 Regional Private Investment

Description:

Regional Private investment is measured as the accumulated value in US\$ dollars from new private investments in the TC and YLP, in new equity stock. Investments include new crop areas, engineering works, machinery, equipment, vehicles, livestock and fixed assets. Assets lasting less than a year are not considered, nor are subsidies by USAID or investments in forestry activities not certified by the Forestry Superintendency.

Frequency: Annual

Results:

According to data provided by the CONCADE project, adjusted and updated, accumulated private investments in the TC as of December 2005 had reached US\$ 87.7 million. A study is currently being carried out to update this information and results are expected for September 2006.

TABLE B.17: Accumulated Investment in the Cochabamba Tropics (In US\$ millions)

2002	2003	2004	2005	2006
56.4	68.5	89.3	87.7	NA

SOURCE: CONCADE periodical report, June 2005. ARCo, 4th quarter report 2005
PREPARED BY: Monitoring and Evaluation Unit ARCo, Mayo 2006

Private investments for the YLP are being quantified through the “Census of Businesses and Economic Establishments”. We expect to have updated data in September 2006 through the application of specialized surveys. Table B.18 shows preliminary results from this study.

TABLE B.18: Accumulated Investment in Yungas (In US\$ millions)

2004	2005	2006
24.2	27.2	NA

SOURCE: Census of Economic Units in the Yungas 2005
PREPARED BY: Monitoring and Evaluation Unit ARCo, Mayo 2006

D.2 Families Assisted through Integrated Development

Description:

The number of families comprises those that have received direct or indirect support from ID, in productive activities. Data for this indicator will be updated on an annual basis. The total number of assisted families cannot exceed the total number of rural families in the TC and YLP as officially published by the Bolivian Government by the National Statistics Institute.

Frequency: Annual

Results:

The baseline as of December 2004 for the TC is estimated in 12.435 families directly supported by the ID. This figure does not include: i) participation in large-scale training events, ii) field demonstrations and workshops, iii) support to indigenous groups, iv) beneficiaries due to road improvement.

TABLE B.19: Number of Families assisted by the ID in the TC		
2004	2005	2006
10,901	12,435	NA

SOURCE: CONCADE Periodical Report as at June 2005
 PREPARED BY: Monitoring and Evaluation Unit ARCo, Mayo 2006

The baseline as at December 2005 for the YLP comprises a total of 8.006 families. This figure does not include: (i) participation in large-scale training events, (ii) field demonstrations or workshops, (iii) beneficiaries due to road improvement, (iv) democratic development, (v) integrated community development fund (ICDF or YCDF), (vi) rural electrification, (vii) health programs (PROSIN or SERVIR).

TABLE B.20: Number of Families assisted by the ID in the YLP		
2004	2005	2006
7,905	8,006	NA

SOURCE: Project Closure Reports C-23, CATIE, MAPA, August 2005
 PREPARED BY: Monitoring and Evaluation Unit ARCo, Mayo 2006

We will have updated data regarding the number of families assisted by the ID program in September. Such data will be generated through the application of specialized surveys.

ANNEX C

LOCAL DEVELOPMENT AND SOCIAL CAPITAL VARIABLES

C.1 Productive Infrastructure Works

Description:

Number of Infrastructure works finished with ARCo support. The infrastructure works are classified into three groups:

- a) **Productive Infrastructure** such as: packing, benefited and pre-benefited: other post – harvest processes, wiring paths, ripening chambers, cold chambers and warehouses among others.
- b) **Roads Infrastructure**, any work finished and supported by ARCo, not including AMVIs such as secondary road support via ARCo.
- c) **Other infrastructure**, other works supported and finished by ARCo, mainly social in type.

Frequency: Quarterly.

Results:

The table below shows completed productive infrastructure as of September 30, 2006. It should be noted that numerous infrastructure activities are still in progress.

TABLE C.1: Completed Infrastructure Works as of September, 2006

ESC	Client	Completed Infrastructure/Machinery delivered
Productive Infrastructure and Equipment		
Villa Tunari	CIPAT (Pineapple)	Installation of potable water system and power for packing plant Construction of access/loading area.
Villa Tunari	ECOYES (Ginger)	Purchase and installation of mill for Turmeric
Ivirgarzama	UNAGRUP II (Palm Hearts)	Purchase of walk-behind tractors and weed-wackers
Ivirgarzama	AGAPLE Milk)	Construction of pastures and catering troughs
Ivirgarzama	ABAPI (Pineapple)	Construction of access ramp and water tank Installation of water pump
Ivirgarzama	ABAPI APAVIR (Banana)	Construction of 4km of cable-ways

Ivirgarzama	AIPROACNE (Palm Heart)	Construction of irrigation system
Yungas	AIPEAVE (Achiote)	Purchase and installation of mill for Achiote
ARCo	SENASAG CIF	Construction of Phytosanitary Inspection Center (CIF)
ARCo	SENASAG CIF	CIF: Construction of drainage and sanitary system
ARCo	SENASAG CIF	CIF: Construction of water storage system
Other Infrastructure		
ARCo	Coroico Guest House "Albergue Campesino	Retaining Wall Sanitary System Access ways and road

C.2 AMVIs

Description:

Number of Road Infrastructure works concluded by the AMVIs with ARCo's support.

Frequency: Quarterly.

Results:

Below are the results of the works concluded by AMVI, AMVI II and total works per quarter and activity.

**Table C.2: Works completed by AMVI per year and quarter
2002 through 3rd quarter 2006**

Activity	Unit	2002	2003	2004	2005	Jan-Sep 2006
Mechanized Maintenance	Km	169.90	288.30	525.20	401.06	220.43
Manual Maintenance	Km		80.00	295.40	302.24	
Construction of Drains	m	500.00	716.00	779.20	524.08	190.00
Construction of Mixed Bridges	bridge	2.00		6.00	5.00	3.00
Replacement of Stone Paving	Km		8.00	90.50	6.60	5.00

Source: AMVI

**Table C.3: Works completed by AMVI by quarter
Fiscal Year 2005-2006**

Activity	Unit	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
		Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Mechanized Maintenance	Km	111.81	74.30	65.00	81.13	332.24
Manual Maintenance	Km	302.24				302.24
Construction of Drains	m	44.00	42.00	148.00	347.00	581.00
Construction of Mixed Bridges	bridge		1.00	2.00		3.00
Replacement of Stone Paving	Km		5.00			5.00

Source: AMVI

**Table C.4: Works completed by AMVI II per year and quarter
2002 through 3rd quarter 2006**

Activity	Unit	2002	2003	2004	2005	Jan-Sep 2006
Mechanized Maintenance	Km			42.10	155.45	191.35
Manual Maintenance	Km					9.27
Construction of Drains	m			204.00	686.00	555.00
Construction of Mixed Bridges	Bridge.				5.00	2.00
Replacement of Stone Paving	km				2.00	

Source: AMVI

**Table C.5: Works completed by AMVI II by quarter
Fiscal Year 2006**

Activity	Unit	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
		Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Mechanized Maintenance	Km	51.30	20.30	35.97	135.08	242.65
Manual Maintenance	Km			9.27		9.27
Construction of Drains	m	120.00	27.00	78.00	450.00	675.00
Construction of Mixed Bridges	bridge	4.00	1.00		1.00	6.00
Replacement of Stone Paving	km					

Source: AMVI

C.3 Support to Human Resource Training

Description:

Human Resource training is measured as the number of scholarship recipients or number of persons trained as entrepreneurs by the ARCo project. This comprises:

- a) **Number of scholarship recipients**, refers to the scholarships granted for academic studies or training in the chosen profession.
- b) **Number of Interns** means support provided in Human Resource training not necessarily to obtain a diploma or academic degree; it includes attendance to fairs and exchange of experiences among producers.
- c) **Number of entrepreneurs** supported by ARCo and with functioning businesses. Monitoring includes programmed visits to their establishments.

Frequency: Quarterly.

Results:

Results are still pending.

C.4 Support to Local Institutions

Description:

Number of Public Institutions supported, through ARCo's intervention, contributing to local development. Support to Institutions is documented with signed agreements and is classified into two groups:

- a) **Service Institutions**; this refers to support given to service institutions such as SENASAG, Forestry and other private and institutions associations, cooperatives, universities and institutes.
- b) **Municipalities and Prefectures**, meaning the number of municipalities and prefectures supported by ARCo.

Results:

Results are still pending.

ANNEX D

COMPLEMENTARY INFORMATION

D.1 Export of Products from the Cochabamba Tropics and Yungas of La Paz

D.1.1 Trópico de Cochabamba

Table D.1 and D.2 reflects a summary of the volume of exports for the period between 2001 and the 3rd quarter of 2006 measured in boxes and in tons.

TABLE D.1: Volume of Exports from the TC per year and Quarter, 2001 through 3rd quarter 2006						
(In thousands)						
Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Boxes						
Banana	554.0	733.1	1,291.9	1,937.9	2,504.5	2,340.3 *
Pineapple	4.7	16.0	40.3	90.9	132.2	116.5 *
Palm Heart (canned)	175.8	130.6	242.3	298.8	326.1	265.1 *
Total	734.4	879.6	1,574.6	2,327.6	2,962.7	2,721.9 *
Tons						
Banana	12.6	16.1	27.4	41.1	53.4	50.2
Pineapple	0.1	0.3	0.9	1.7	3.0	2.3
Palm Heart (canned)	1.3	1.1	2.2	2.7	3.1	2.5
Total	14.0	17.4	30.4	45.4	59.5	55.0

SOURCE: 2001 to 2004, CONCADE Historical Data. 2005 and 2006, CAMEX

**TABLE D.2: Volume of Exports from the TC per year and Quarter,
Fiscal year 2005-2006
(In thousands)**

Product	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dic 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Boxes					
Banana	747.8	677.2	935.1	* 728.0	3,088.0
Pineapple	85.3	3.0	17.6	* 96.0	201.8
Palm Heart (canned)	93.4	83.6	96.0	* 85.5	358.4
Total	926.4	763.7	1,048.6	909.5	3,648.3
Tons					
Banana	15.8	14.8	19.9	15.5	66.0
Pineapple	1.7	0.1	0.3	1.9	4.0
Palm Heart (canned)	0.9	0.8	0.9	0.8	3.4
Total	18.4	15.6	21.2	18.2	73.5

SOURCE: 2001 to 2004, CONCADE Historical Data. 2005 and 2006, CAMEX

Tables D.3 and D.4 shows the total value of exports of banana, canned hearts of palm, and pineapple for the same period, in CIF and FOB prices.

**TABLE D.3: Value of Exports from the TC per year and Quarter,
(In thousands)**

Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Value CIF						
Banana	4.5	4.7	8.5	12.6	16.7	* 18.4
Pineapple	0.0	0.1	0.3	0.8	1.3	* 1.2
Palm Heart (canned)	3.0	2.0	3.9	4.7	5.8	* 5.0
Total	7.5	6.9	12.8	18.1	23.8	24.6
Value FOB						
Banana	1.7	2.2	3.7	5.5	7.4	6.9
Pineapple	0.0	0.0	0.1	0.3	0.4	0.3
Palm Heart (canned)	2.0	1.7	3.1	4.0	5.3	4.7
Total	3.8	3.9	7.0	9.9	13.1	11.9

SOURCE: 2001 to 2004, CONCADE Historical Data. 2005 and 2006, CAMEX

**TABLE D.4: Value of Exports from the TC per year and Quarter,
Fiscal year 2005-2006
(In thousands)**

Product	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Valor CIF					
Banana	6.2	5.4	7.8	* 5.2	24.6
Pineapple	0.7	0.0	0.1	* 1.0	1.9
Palm Heart (canned)	1.7	1.5	1.8	* 1.7	6.7
Total	8.6	6.9	9.8	* 7.9	33.2
Valor FOB					
Banana	2.2	2.1	2.7	2.1	9.1
Pineapple	0.2	0.0	0.0	0.3	0.5
Palm Heart (canned)	1.5	1.4	1.7	1.6	6.2
Total	4.0	3.4	4.5	4.0	15.9

SOURCE: 2001 to 2004, CONCADE Historical Data. 2005 and 2006, CAMEX

D.1.2 Yungas of La Paz

Data for volume and value for coffee and cacao from the Yungas was provided by CAMEX. The tables below summarize this information as of the third quarter of 2006.

Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Coffee						
Un-toasted bean	4,183	4,583	4,435	5,425	5,299	3,531
Toasted bean	2	3	1	0	2	0
Toasted ground	0	0	12	0	1	0
SUB TOTAL Coffee	4,185	4,586	4,449	5,425	5,302	3,532
Cacao and derivatives						
Cacao bean	145	159	175	228	233	208
Cacao ground	32	52	69	75	63	61
Chocolate and chocolate containing foods	51	7	0	0	0	53
Cocoa butter	104	118	112	118	239	91
Cacao husk	16	15	20	22	0	30
Un-processed cacao paste	1	0	1	0	3	0
SUB TOTAL CACAO AND DERIVATIVES	349	350	376	442	539	443
TOTAL	4,534	4,937	4,825	5,867	5,840	3,975

Product	Fiscal Year 2005-2006				Oct 2005 - Sept 2006
	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Coffee					
Un-toasted bean	1,158	645	734	2,153	4,689
Toasted bean		0	0	0	0
Toasted ground	1		0	0	1
SUB TOTAL Coffee	1,159	645	734	2,153	4,691
Cacao and derivatives					
Cacao bean	66		76	132	274
Cacao ground	16	26	15	21	77
Chocolate and chocolate containing foods	0		33	20	53
Cocoa butter	75	22	29	40	166
Cacao husk		20		10	30
Un-processed cacao paste					0
SUB TOTAL CACAO AND DERIVATIVES	157	67	153	223	600
TOTAL	1,316	712	887	2,376	5,291

Source: CAMEX

Table D.7 and D.8 show value of cacao and coffee exports.

TABLE D.7: Value of Exports from YLP; by year (In millions of \$US)						
Product	2001	2002	2003	2004	2005	Jan-Sep 2006
Coffee						
Un-toasted bean	5.8	6.1	6.3	9.3	11.2	3.5
Toasted bean	0.0	0.0	0.0	0.0	0.0	0.0
Toasted ground	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL Coffee	5.8	6.1	6.3	9.3	11.2	3.5
Cacao and derivatives						
Cacao bean	0.3	0.3	0.4	0.5	0.5	0.2
Cacao ground	0.1	0.2	0.2	0.3	0.3	0.1
Chocolate and chocolate containing foods	0.3	0.0	0.0	0.0	0.0	0.1
Cocoa butter	0.5	0.6	0.6	0.6	0.7	0.2
Cacao husk	0.0	0.0	0.0	0.0	0.0	0.0
Un-processed cacao paste	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL CACAO	1.2	1.1	1.2	1.4	1.5	0.7
TOTAL	6.9	7.3	7.5	10.7	12.7	4.1

TABLE D.8: Value of Exports from YLP; Fiscal year 2005-2006 (In millions of \$US)					
Product	Fiscal Year 2005 - 2006				Oct 2005 - Sept 2006
	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	
Coffee					
Un-toasted bean	3.1	1.8	1.7	5.3	11.9
Toasted bean	0.0	0.0	0.0	0.0	0.0
Toasted ground	0.0	0.0	0.0	0.0	0.0
SUB TOTAL Coffee	3.1	1.8	1.7	5.3	11.9
Cacao and derivatives					
Cacao bean	0.1	0.0	0.2	0.3	0.6
Cacao ground	0.1	0.1	0.0	0.1	0.3
Chocolate and chocolate containing foods	0.0	0.0	0.1	0.1	0.2
Cocoa butter	0.4	0.1	0.1	0.2	0.8
Cacao husk	0.0	0.0	0.0	0.0	0.0
Un-processed cacao paste	0.0	0.0	0.0	0.0	0.0
SUB TOTAL CACAO	0.6	0.2	0.4	0.6	1.9
TOTAL	3.7	2.0	2.1	5.9	13.7

Source: CAMEX

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