

USAID/OTI Bolivia Field Report

Jan-Mar 2007

Program Description

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

For the first time, the general elections in December 2005 included the popular election of prefects (i.e., governors), making decentralization one of the key transition issues now facing the country. In response to the new political dynamic, OTI retargeted its program to reflect the needs of a country engaged in a process of expanding regional authority. OTI activities are aimed at building the capacity of Bolivia's prefect-led departmental governments to help them better respond to the constituencies they govern. OTI will also continue to work closely with indigenous groups to increase access to, and participation in, Bolivia's political system. Through March 2007, OTI has committed \$12.8 million to 361 projects through its partner, Casals and Associates. The projects were implemented in collaboration with civil society organizations, indigenous groups, and local and national government bodies.

Country Situation

The volatile rhetoric, threats, and polarization between the ruling Movement Toward Socialism (Movimiento al Socialismo (MAS)) party and the political opposition that occurred during the last few months of 2006 came to a head in January in Cochabamba. However, the country again returned from the brink of widespread civil strife; February and March saw fewer conflicts and a relative increase in cooperation between political factions.

Clashes in Cochabamba - Popularly elected prefect and former presidential candidate Manfred Reyes Villa regularly exchanged insults with the central government during the first year of his term and has been the target of several protests by MAS-linked groups in Cochabamba. His call in December 2006 for a referendum on departmental autonomy (the citizens of Cochabamba voted against departmental autonomy in the August 6 national referendum) pushed the situation over the edge. On January 8, a group of MAS supporters, estimated to number in the thousands, gathered in Cochabamba's main square and demanded the resignation of Reyes Villa. The crowd, which included coca farmers, university students, and other social sector groups, ultimately stormed the prefecture offices and set them on fire, leading to a confrontation with police. Armed with bats, and in some cases firearms, several hundred of the Prefect's supporters took to the streets to challenge machete-wielding coca farmers, setting off a 3-day clash in the streets of Cochabamba that left two dead and dozens injured. In the aftermath, many observers criticized both the central government and the Reyes Villa administration for their failure to maintain order, and for, in effect, putting lives at stake by taking their political brinksmanship to the streets.

Constitutional Processes - After months of debate, the Constituent Assembly (CA) resolved a political disagreement over voting rules - the final outstanding issue that had held up progress on the rewriting of Bolivia's Constitution. More than 80 percent of the CA's delegates voted in favor of a procedural article (No. 70) that deals with the approval of new articles to the Constitution. The agreement specifies that debated articles must be approved by two-thirds of the delegates present at the time of the vote. Articles for the proposed Constitution not approved by July 2, 2007, will be submitted to a 12-member Conciliation Commission that will attempt to resolve disputes. Articles not approved in the CA will be decided by national referendum.

Constituent Assembly Activity - The Morales administration submitted to the CA a proposal, which was developed by the Ministry of the Presidency and the Vice Ministry for Government Coordination, for certain limited reforms. The proposal calls for the creation of a constitutional control body with overarching powers that would replace the Constitutional Tribunal and whose members would be elected by popular vote. Beginning on March 13, most of the

CA commissions began a month-long tour to each of the nine departmental capital cities and El Alto to exchange information with local authorities and civic and social groups, with the aim of ensuring that the sentiments of all Bolivia's citizens are reflected in CA debate. These meetings have been widely criticized in the Bolivian media, as many analysts consider them an expensive undertaking that responds to MAS political imperatives rather than a desire to share information.

Flooding in Beni and Santa Cruz - Devastating floods in the eastern Departments of Beni and Santa Cruz, as well as hail, frost, and drought in the northern and western regions, have led to losses of nearly \$250 million in the agricultural and cattle sectors and left more than 70,000 families homeless. In addition, 1,759 cases of dengue fever and 3 cases of Hanta virus infection have been reported. U.S. disaster relief assistance has exceeded \$1.5 million to date.

ATPDEA Coverage - On March 29, Bolivian newspapers printed stories on U.S. Congressional support for an extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) trade preferences for Bolivia. Articles highlighted both Republican and Democratic efforts in support of trade preferences for Bolivia and Ecuador. The front page of one national newspaper, El Diario, reported on a proposal for a 2-year ATPDEA extension submitted to the House of Representatives. Bolivia's current ATPDEA extension expires at the end of June 2007.

OTI Highlights

A. Narrative Summary

During the first quarter of 2007, OTI continued to build on its portfolio of activities designed to strengthen the institutional capacity of Bolivia's departmental governments. In total, OTI has approved 101 grants for \$4,066,131 to help departmental governments operate more strategically, to improve service delivery and outreach to both urban and rural indigenous communities, and to help prefects become successful promoters of regional economic development. The projects provide technical support and training for prefecture staff in the areas of strategic planning, budget and project management, financial management, transparent administration, communications, and outreach. OTI is also working with prefectures in departments that have been affected by floods to assist in reconstruction efforts. Finally, OTI continues its support to the multi-donor Constituent Assembly Information Center, funding conferences and technical information workshops for assembly delegates.

B. Grants Activity Summary

During the first quarter, OTI approved a total of 19 projects for \$872,622. Several of the new grants focus on prefecture efforts to create jobs and further local economic development. For example, OTI helped the Prefecture of Potosí organize a department-wide investment fair. The "demand fairs" have become the primary instrument for promoting the country's "Buy Bolivia" legislation, which builds transparency into state procurement processes. OTI's \$89,000 grant, implemented through the PROCAL Foundation, which has extensive expertise in facilitating the fairs, helped the prefecture organize and advertise the fair. OTI's funding also provided public procurement training and transportation to the fair for subject matter experts from throughout the department. The fair gives local enterprises the opportunity to compete to provide part of the \$4.4 million in goods and services required by the Prefecture, bringing transparency to the public procurement processes and creating jobs. OTI support helped the Prefecture of Potosí institutionalize the fair as an annual event.

A new OTI activity being implemented in collaboration with the Prefecture of Oruro will strengthen the departmental government's planning and financial management capacity. OTI provided equipment to the Planning and Financial Administration Divisions to help the units attend to constituent demands, receive officials from indigenous administrative bodies, and better implement public works projects in areas outside of the capital. With an eye toward transparent, efficient, and responsibly managed public service operations, the newly equipped offices will also be used to conduct participatory community planning activities and to house a data center that will be accessible to visiting indigenous leaders and municipal officials. The grant supports USAID's social inclusion objectives by helping a democratic institution better respond to the needs of its key constituents - rural indigenous associations and communities.

SECTOR	New Grants in this Quarter (Jan-Mar 2007)		Total Grants Cleared (Mar 2004- Mar 2007)	
	Grants Cleared	Amount (\$)	Grants Cleared	Amount (\$)
Departmental Government Strengthening	11	\$426,800	62	\$2,279,680
Linkages between Indigenous Groups and Democratic Structures	1	\$31,100	8	\$365,900
Community Development and Economic Opportunity	3	\$125,100	107	\$3,548,929
Civic Education for Emerging Leaders	1	\$65,000	28	\$886,790
Information Diffusion and Dialogue	1	\$57,700	104	\$4,027,253
School Reconstruction and Education	2	\$166,922	52	\$1,708,534
Total	19	\$872,622	361	\$12,817,086

C. Indicators of Success

Cross-Cutting USAID Reconstruction Teams - In the aftermath of floods that left hundreds of thousands homeless and resulted in millions of dollars of losses to infrastructure and agriculture, OTI organized a cross-cutting USAID reconstruction effort in Bolivia. To leverage the technical resources from USAID's other ongoing projects, OTI coordinated multidisciplinary teams of professionals that deployed to the three departments most affected by the flooding, Beni, Cochabamba, and Santa Cruz, to help the Prefectures develop reconstruction plans. The teams are bolstering the Prefectures' limited human resource capacity by providing technical assistance to design social infrastructure, agriculture, and road projects. Each team, comprised of about 10 senior specialists (half of which are financed by OTI and half of which are on loan from other USAID projects) will spend the next 1 to 2 months helping their prefecture counterparts develop a macro-reconstruction plan that is eligible for reconstruction funds from the central government. The Prefect of Beni noted that the teams' arrival in late March was very opportune, as the teams could begin focusing on next steps when other donors were still addressing the emergency. This cross-team effort will build on the U.S. Government disaster relief coordinated by the Office of U.S. Foreign Disaster Assistance and will allow USAID to continue assisting Bolivia at a critical moment by taking advantage of existing resources.

Prefecture of Oruro Delivers Services to Citizens - Budgetary execution is one of the most important measurements of government efficiency in Bolivia, and observers cite the state's continuing difficulties in employing its resources as a prominent reason for a generalized discontent with democracy. To help the prefectures address this challenge, OTI has been providing technical assistance to improve their financial planning capabilities and jumpstart investment. In a televised meeting with his staff, Oruro Prefect Alberto Luis Aguilar announced that with USAID's assistance he executed 67 percent of his budget in 2006, up from 7 percent during his first 3 months in office. The Prefecture's investments in roads, agriculture development (with USAID assistance Oruro is rapidly becoming an exporter of high-end organic produce to the United States), and education provides tangible benefits to the Orureño population.

Building the Capacity of Delegates to the Constituent Assembly - In partnership with the public University San Francisco Xavier, OTI continues to support the multi-donor Constituent Assembly Technical Information Center

(CIEDAC) in Sucre, Chuquisaca, which is where the CA is meeting through July. The center is the only neutral, non-partisan institution with a signed agreement with the leadership board of the CA to meet the assembly's technical information needs. With OTI's support, the center has set up a work and meeting space with 50 computer workstations, the largest computer center in the city; established a library with 700 texts on Bolivian and international political, legislative, and constitutional history; and systematized and catalogued more than 90 proposals that have been presented to the CA for consideration by outside organizations.

During the current window of opportunity between mid-March, when Assembly delegates embarked upon their nationwide tour of CA community meetings, and April 30, when CA commissions reports are due, OTI is providing critical technical information to the commissions through CIEDAC. During March, more than 160 delegates and advisors comprising 3 CA commissions (Autonomy and Decentralization, New Structure of State, and Other Bodies of State) attended 8 technical workshops provided by the information center. Much of the content for the workshops was designed by OTI-funded experts. OTI is now working with the university to develop a constitutional law course for CA delegates, which will be taught at the center by university professors.

Program Appraisal

While it will maintain its own robust programmatic support to Bolivia's departmental government through June, OTI is coordinating with the USAID/Bolivia Democracy Team's Institutional Strengthening and Decentralization program to establish areas of complementarity and identify appropriate programmatic areas for handover.

OTI recently completed a review of project outputs; some of the results of this review follow. Since March 2004, OTI has:

- Provided vocational training to more than 5,000 youth, women, and other unemployed and underemployed Bolivians, helping 1,000 find permanent employment in established businesses and another 1,800 create or find work with sustainable microenterprises.
- Supported initiatives designed to bridge the digital divide in marginalized areas of Bolivia by helping academic, business, and local government partners establish Internet centers in rural areas of La Paz, Cochabamba, and Santa Cruz, benefiting more than 15,000 students, local producers, hospital and municipal workers, and the general population.
- Rehabilitated more than 200 schools that serve more than 30,000 students in El Alto, the altiplano, and other marginalized communities of Bolivia by rehabilitating classrooms, setting up computer labs, distributing classroom furniture, and connecting natural gas systems.
- Provided equipment and funded rehabilitation projects at 21 state-supported social service centers and youth shelters that serve more than 1,000 disadvantaged and at-risk Bolivians throughout the country.

Next Steps/Immediate Priorities

During the second quarter of 2007, OTI/Bolivia will begin to phase out its work with the departmental governments and prepare for the program's 3-month closeout phase, which begins July 1. OTI will continue to develop new projects through June.