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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF BOLIVIA

FOR THE

**MANAGEMENT OF NATURAL RESOURCES
IN THE CHACO AND HIGH VALLEY REGIONS PROJECT**



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CURRENCY EQUIVALENTS

Currency Unit	=	Boliviano (BOB)
USD 1.00	=	BOB 6.15
BOB 1.00	=	USD 0.16

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

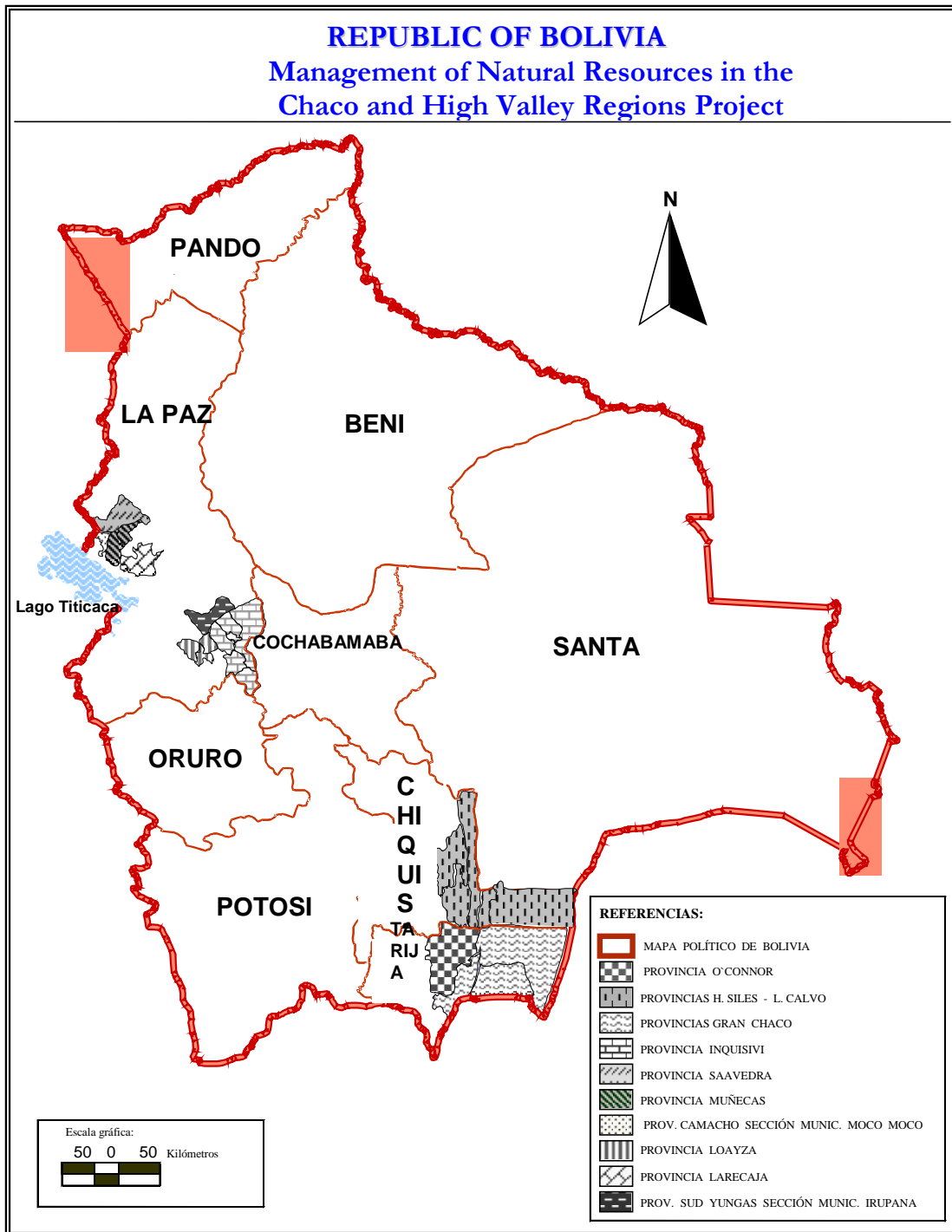
AOPs	Annual Operating Plans
AIU	Autonomous Implementation Unit
CCD	United Nations Convention to Combat Desertification
CDF	Comprehensive Development Framework
COSOP	Country Strategic Opportunities Paper
FDC	Small Farmer Development Fund
FEAS	Promotion of Technology Transfer to Peasant Communities in the Highlands Project
GTZ	German Agency for Technical Cooperation
MARENASS	Management of Natural Resources in the Southern Highlands Project
M&E	Monitoring and Evaluation
PAC	Project Advisory Committee
PROSAT	Small Farmers Technical Assistance Services Project

GOVERNMENT OF THE REPUBLIC OF BOLIVIA

Fiscal Year

January 1 – December 31

MAP OF THE PROJECT AREA



Source: Geographical Institute of Bolivia.

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.



REPUBLIC OF BOLIVIA

**MANAGEMENT OF NATURAL RESOURCES
IN THE CHACO AND HIGH VALLEY REGIONS PROJECT**

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of Bolivia
EXECUTING AGENCY:	Small Farmer Development Fund (FDC)
TOTAL PROJECT COST:	USD 14.9 million
AMOUNT OF IFAD LOAN:	SDR 9.25 million (equivalent to approximately USD 12.0 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	None
CONTRIBUTION OF THE BORROWER:	USD 1.1 million
CONTRIBUTION OF BENEFICIARIES:	USD 1.8 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	Andean Development Corporation (CAF)



PROJECT BRIEF

Who are the beneficiaries?

In spite of the country's two decades of stable economic performance, Bolivia's rural population remains dramatically poor, in levels comparable to those of several sub-Saharan African countries. According to the United Nations Human Development Index, Bolivia ranked 113th out of 174 countries in 1996. Life expectancy at birth is 61 years; infant mortality per 1 000 live births is 67, double the Latin American and Caribbean average. Approximately 85% of the population consumes less than the recommended 2 200 calories per day, with the result that an estimated 9% of all children under 5 years of age are undernourished, and 28.3% of the rural population suffer from chronic malnutrition. The rural poor are primarily of indigenous origin, including the Aymara and Quechua communities in the high Andes, and Tapíete, Wenayeeek and Guarani groups and communities in the Chaco region.

Why are they poor?

Historical discrimination and exclusion of native indigenous groups from Bolivia's social and economic mainstream are the primary causes of rural poverty. As a consequence of inequalities and discrimination, resource-poor indigenous farmers are located in marginal, ecologically fragile lands with degraded natural resources and low crop production potential. Furthermore, the country's poorest groups lack educational opportunities and remain excluded from agricultural extension, credit and natural resources management services. Lack of land titles, poor infrastructure and weak municipal administrations exacerbate poverty conditions. Although government programmes implemented with bilateral and multilateral assistance are addressing some of these constraints, a large number of smallholder and indigenous groups still lack support services.

What will the proposed project do for them?

The project aims at reducing rural poverty, natural resource deterioration and desertification through the enhanced capacity of beneficiaries to significantly improve their economic standing and the value of their productive assets. Based on a participatory analysis of the present situation of their natural resources, beneficiaries will identify the causes of environmental degradation, evaluate the prospects for improvement and propose related initiatives. A natural resources management fund will be created to allow participating communities and organizations to contract the services of facilitators and natural resources specialists who will help them to participate more effectively in the implementation of their prioritized activities. The project will operate a contest/award scheme based on IFAD's prior experiences in the highlands of Peru and Bolivia. Families, groups, communities and organizations will contest with others from similar ecological and/or productive environments, creating a competitive spirit with regard to environmental management and conservation. The project will promote the development of rural support services to satisfy the specific productive and marketing technical assistance demands of beneficiaries by providing subsidies to small-scale producer's organizations, rural women and indigenous groups. Beneficiaries will identify and contract for the technical support services they require and supervise the delivery of the services they have contracted for.

How will beneficiaries participate in the project?

The project is designed with a participatory and demand-driven approach aimed at involving community leaders, local authorities and beneficiaries in the analysis of the status of their natural resources and crop production bases and in the identification of possible solutions for their improvement. Operational mechanisms include problem-solving techniques, learning-by-doing, farmer-to-farmer extension and proactive gender-oriented measures. Beneficiaries will participate in local committees and in monitoring and evaluation, and will directly implement initiatives aimed at improving crop production and natural resource management.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
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I submit the following Report and Recommendation on a proposed loan to the Republic of Bolivia for SDR 9.25 million (equivalent to approximately USD 12.0 million) on highly concessional terms to help finance the Management of Natural Resources in the Chaco and High Valley Regions Project. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the Andean Development Corporation (CAF) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. **The country.** Located in the centre of the South American continent, Bolivia is a landlocked country bordering Brazil, Argentina, Peru, Paraguay and Chile. It has an area of 1 098 581 km² and an estimated population of 8.3 million in 2000. Bolivia is divided into 9 departments, 112 provinces, 311 municipalities and 1 384 cantons. It has 11 agro-ecological zones located in four different regions: (a) the High Plateau, or *Altiplano*, with an extension of 246 254 km² and a mean altitude of 3 800 m above sea level; (b) the subtropical and temperate Andean valleys, with an area of over 168 320 km² and an altitude of between 800 and 1 000 m above sea level; (c) the Bolivian Chaco, with an area of 127 755 km² and an altitude of 700 m above sea level; and (d) the eastern plains, with an area of 556 252 km² and a mean altitude of 500 m above sea level. Bolivia is part of three important continental watersheds: the Amazon, the Titicaca Lake and the Rio de la Plata.

2. **The economy.** In the last 15 years, Bolivia has witnessed a number of extremely important economic and social changes. Four different governments have implemented sound macroeconomic policies and structural reforms. A first set of reforms known as the New Economic Policy addressed the severe economic crisis that hit the country in 1982. Measures taken included, among others, the liberalization of prices, labour markets and the exchange rate mechanism. These policies were remarkably successful in controlling hyperinflation and stabilizing the economy, laying the foundation for a radical change in the country's economic model. A second generation of reforms, implemented since 1993, has transformed the government's role and its relationship with civil society. Measures have included the approval of a capitalization law aimed at privatizing state-owned enterprises; a reform of the state pension scheme; and the enactment of an administrative decentralization law, which transferred important responsibilities from the central government to prefectures and municipalities. In rural areas, the implementation of laws on national agrarian reform and popular participation have had considerable impact. This last law included rural areas under municipal jurisdictions, recognizing territorially based organizations (OTB) as representatives of peasant communities, neighbourhood committees and indigenous people's organizations. This law also provides for participatory management of local issues and allocates fiscal resources from the central government to local municipalities according to the population of each municipality.

¹ See Appendix I for additional information.



3. A stable economy allowed the gross domestic product (GDP) to grow at an annual average rate of 3.8% between 1987 and 1991. In 1992, GDP slid to 1.7%, but it quickly recovered and between 1993 and 1998 grew at an annual average of 4.7%. Growth has been export-driven and concentrated on a few commodity exports, primarily hydrocarbons, minerals and soybeans, each of which is subject to considerable price instability. In 1998, the Asian economic crisis and its repercussions on the economy of Brazil, Bolivia's main commercial partner, produced an acute economic crisis, causing GDP growth to plunge to 0.6% by the end of 1999, the lowest rate in 13 years.

4. Foreign investment is concentrated in the petroleum sector (67%) followed by electricity, gas and water distribution, transport and communications (34%). Privatized enterprises absorbed 52.9% of total foreign investment. GDP per capita grew from USD 905 in 1995 to USD 1 010 in 1998. The main emphasis of the country's economic policies has been to control inflation. During the recession of 1999, inflation reached only a modest 2.2%.

5. Bolivia has benefited from the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI). Additional debt relief is being considered by the International Monetary Fund (IMF) under an Enhanced Structural Adjustment Facility for a total of USD 1 300 million, equivalent to USD 854 million in net present value (NPV).

6. **Agriculture.** It is estimated that 3.4 million ha, or 3% of Bolivia's land mass, is dedicated to agriculture. The agriculture sector – including the rapidly expanding commercial agriculture sector in the lowlands, which has grown by 10% annually – contributes to 18% of total GDP. Agricultural exports have fluctuated between USD 160 million and 230 million over the last four years. The agricultural sector employs 45% of the economically active population. Traditional agriculture is the main economic activity for 80% of rural families in the High Plateau and valleys.

7. Traditional agriculture is conducted on smallholdings of less than 5 ha. In addition to cultivating traditional crops (maize, potatoes, barley and quinoa), most peasant households have a small herd of livestock, including South American camelids, sheep and criollo cattle. On-farm capital investments are limited, the technology used is rudimentary, and farming activities rely on family labour. In the past 20 years, the agricultural productivity of peasant households has stagnated, and outputs have decreased due to the degraded natural resources of the marginal areas in which they live.

8. **Social and rural development policies.** Overall development policies are contained in the National Economic and Social Development Plan and in the National Action Plan 1997-2002. Selected policies are revised annually through so-called national dialogues, a process involving both government and civil-society representatives. In recent years and in agreement with the donor community, the Government has built its development programmes on four pillars: equity, opportunity, institutional building and dignity.

9. Bolivia is a pilot country for the implementation of the World Bank's Comprehensive Development Framework (CDF). During appraisal, an IFAD team of consultants held several meetings with the Government, the Inter-American Development Bank and World Bank officials in order to adjust the project's strategies and organizational framework to the new institutional and policy environment for rural development and poverty alleviation included in Bolivia's CDF. Under the Financial Decentralization Reform Programme, to be financed by the World Bank, a unified institutional framework will manage both the social investment fund and the small farmer development fund (FDC), modifying the traditional setting for IFAD-financed projects, which are currently under FDC.

10. The Ministry of Agriculture, Livestock and Rural Development prepared a national agricultural and rural development policy in October 1999. The document proposes drafting specific policies on renewable natural resources, food security, human settlements and forestry development, among



others. Legislation on rural financial markets, natural disasters, and conservation of biodiversity are among the proposed laws to be enacted.

11. **Rural poverty.** In spite of the country's two decades of stable economic performance, Bolivia's population, and particularly its rural population, remains dramatically poor, with poverty rates comparable to those of several sub-Saharan African countries. According to the United Nations Human Development Index, Bolivia ranked 113th out of 174 countries in 1996. Life expectancy at birth is 61 years. Infant mortality per 1 000 live births is 67, double the Latin American and Caribbean average. Approximately 85% of the population consumes less than the recommended 2 200 calories per day, with the result that an estimated 9% of all children under 5 years of age are undernourished and 28.3% of the rural population suffer from malnutrition. Some 60% of the population have no access to safe water and/or sanitation and sewage services.

12. The situation is more critical among the rural population, which accounts for approximately 40% of the total population. In rural areas, 94% of all households have no access to basic services. Extreme poverty is prevalent in rural areas, and more frequent in households whose main activity is agriculture. The income of small-farmer households, from both agricultural and non-agricultural activities, is on the average 30% less than the income of marginally poor urban households. By 1995, 88% of the rural population had an income level below the poverty line; of these, 90% were below the absolute poverty line. Poverty is associated with indigenous groups where low levels of education are prevalent.

B. Lessons Learned from Previous IFAD Experience

13. Project design was based on lessons learned during the implementation of IFAD-funded projects both in Bolivia and Peru. The Fund has financed eight projects in Bolivia for a total of USD 68 million. Five projects are already completed, and three are currently being implemented. Together, these projects provide 20 years of in-country institutional and operative experience². Since Peru and Bolivia have similar ecological, environmental, social and ethnic environments, experiences from operations in Peru have also been incorporated into the project's strategies and design. In particular, valuable lessons have been drawn from the Promotion of Technology Transfer to Peasant Communities in the Highlands Project (FEAS) (IFAD Loan 297-PE), closed in December 1999 and the ongoing Management of Natural Resources in the Southern Highlands Project (MARENASS) (IFAD Loan 386-PE), both in Peru; and from the Small Farmers Technical Assistance Services Project (PROSAT) (IFAD Loan 445-BO) in Bolivia.

14. FEAS demonstrated that the selection and contracting of technical assistance services by the beneficiaries themselves is an efficient way to assist them in improving agricultural production and productivity. The project's financial resources were transferred to beneficiaries' organizations under pre-established regulations and cost-sharing schemes to contract external support services. Experience gained in the implementation of this project has led to the inclusion under the rural service component of all activities that contribute to increasing beneficiary incomes and show market potential. The use of business plans to secure funding of services proved advantageous and is being incorporated in this project. These plans demonstrate that adding value to products greatly contributes towards self-financing of technical assistance services. The need to introduce a flexible cost-sharing system has been stressed.

15. Experiences from MARENASS have made it clear that farmers will care for their natural resources if they are supported in following their own initiatives through a learning-by-doing methodology. The project, which provides both external technical assistance services and farmer-to-farmer training in the management of natural resources, has also shown that these two approaches

² IFAD's experiences and lessons learned are presented in detail in Bolivia's Country Strategic Opportunities Paper (Report No. 0938-BO).



need to be clearly distinguished. While technical assistance helps beneficiaries obtain greater monetary returns through increased agricultural production, the rational management of natural resources contributes in the long term to the increased value of farmer assets. Finally, lessons learned from PROSAT operations have helped design the institutional framework and operative structure of the current project.

C. IFAD's Strategy for Collaboration with Bolivia

16. **Bolivia's policy for poverty eradication.** Over the last decade, the Social Investment Fund and FDC conducted poverty alleviation policies and programmes. In January 2000, the Government outlined a new poverty reduction strategy, which includes the following components: (a) promoting employment and income-generating opportunities; (b) improving the skills and capacities of the poor; (c) promoting participation; and (d) reducing vulnerability. Its main strategies include: (a) improving equity and increasing the provision of social services; (b) redefining and reassigning public expenditures; and (c) adjusting institutional structures and coordinating mechanisms for a more efficient administration. These adjustments will include reforms to social investment funds. The strategy document served as the basis for discussions during the national dialogue convened in June 2000. The purpose of this meeting was to transform many initiatives into national policies and to increase civil society's participation in the process; to assign priorities; and to establish a mechanism to ensure follow-up to decisions taken. The results of municipal and departmental discussions will be submitted for consideration by the Consultative Group Meeting of the Inter-American Development Bank (IDB) to be held in Paris in October 2000.

17. **The poverty eradication activities of other major donors.** IDB and the United Nations Development Programme (UNDP) intervene in the area of irrigation, while the Danish International Development Assistance (DANIDA) is focused on livestock development and indigenous peoples' projects. The World Bank, the United States Agency for International Development (USAID), the Swiss Development Cooperation (COSUDE), the Netherlands Development Organization (NOVID), the German Agency for Technical Cooperation (GTZ) and the Japanese International Cooperation Agency (JICA) are providing support for rural development efforts, agricultural research and extension. This project will be developed in coordination with the World Bank's CDF and will match the activities of GTZ.

18. **IFAD's strategy in Bolivia.** A Country Strategic Opportunities Paper (COSOP), prepared in June 1998 by IFAD's Latin America and Caribbean Division to guide its operations in Bolivia, was approved by IFAD's Operational Strategy Committee in November of the same year. The COSOP reflects radical changes in the Government's approach to rural development, from a traditionally vertical, assistance-based and centralized approach, to one that is participatory, decentralized and market-based. This new context, partly resulting from IFAD's systematic policy dialogue, provides a more promising scenario for rural development actors, with communities and municipalities playing a major role in planning and implementing initiatives as more resources are now assigned for local investments. IFAD's main thrusts for Bolivia are oriented to: (a) fostering participatory, decentralized planning and implementation of rural development and poverty alleviation initiatives as the core element of project design, and (b) enabling the rural poor to increase their incomes in an economically and environmentally sustainable manner. IFAD's gender strategy aims at implementing operational mechanisms with a positive and proactive bias towards rural women in order to foster, accelerate and consolidate their access to information, technical assistance, financial services, marketing and participation in decision-making processes at project and local level.

19. **Project rationale.** The very high incidence of rural poverty in Bolivia is partly the result of the limited availability of arable land, the depletion of soil and water resources, and the abandonment of appropriate natural resources management practices. The scarce arable land available is part of fragile ecosystems, and its intensive or inappropriate exploitation leads to the loss of soil, flora and fauna, and to the misuse of water resources, causing serious desertification processes. In the opinion of



small-scale farmers interviewed during a recent World Bank study, desertification, deforestation and loss of soil cover are the principal causes of low productivity. In line with IFAD's country strategies, the project aims to curtail and control the loss of natural resources in an operative setting that will foster participatory planning and the implementation of beneficiaries' initiatives. The overall objective is to enable beneficiaries to increase their incomes in an environmentally sustainable manner.

PART II - THE PROJECT

A. Project Area and Target Group

20. **Project area.** The project area encompasses 26 municipalities in the Chaco region of the departments of Tarija and Chuquisaca and the High Valleys of the department of La Paz. The total project area is 58 827 km².

21. The Chaco region has three distinct geographical units: (a) sub-Andean; (b) foothills; and (c) plains with altitudes ranging from 270 to 1 500 m. Average annual rainfall patterns vary from 400 m² in the plains to 1 200 m² in the sub-Andean zone. The High Valleys of La Paz are canyons with very narrow flat valleys, resulting in extensive agricultural production in very sloped areas. The High Valleys have altitudes ranging from 1 800 to 3 000 m and annual average rainfall levels between 350 and 500 m². Although ecologically different, both areas have severely degraded natural resources. In the Chaco region, forests are destroyed by slash-and-burn practices and extensive livestock raising leading to desertification. The region is the natural habitat of different species of mammals, reptiles and birds, which are endangered by indiscriminate hunting and the destruction of their habitat. Pollution of the Pilcomayo River by mining activities is diminishing fishing activities. In the High Valley region, desertification is occurring due to slope cultivation and overgrazing.

22. **Target group.** The project area has a rural population of 343 417 inhabitants, or approximately 79 600 families. The project target group comprises 58 470 families, of whom 15 424 (or 19.4%) will directly benefit from project activities and programmes. The population in the High Valleys is of Aymara origin. In the Chaco region, there are indigenous communities of Guarani, Weehenayek and Tapiete origin. The average family is composed of 4.2 members. The economically active population represents 60% in both areas. Approximately 90% of the population is Spanish-speaking. The population in both regions is young, with 43% below 15 years of age.

23. Livelihood systems of producers in the Chaco region vary greatly depending on their location. In the sub-Andean area, indigenous and non-indigenous groups are mainly small-scale agricultural producers, while in the plains non-indigenous groups are small livestock producers and indigenous communities are mainly hunter-gatherers. Producers in the High Valley are members of Andean peasant communities whose assets include family-owned agricultural plots and community-owned pasture lands. In both the Chaco and High Valleys region, beneficiaries own small herds of livestock (cattle, sheep and South American camelids).

24. Project beneficiaries can be classified in two categories. The first, the better-off, includes subsistence or market farmers with better landholdings, irrigation and access to local markets, whose earnings allow them to invest in improving their land assets. The second group is made up of subsistence producers with few productive assets and degraded natural resources, who are unable to improve their landholdings or invest in other areas.

25. **Gender situation.** There are 119 827 rural women in the project area, organized in different ways depending on the social and cultural characteristics of the regions. In the High Valleys, women are organized in mother's groups whose activities include embroidering, cooking, sewing and knitting. In one province, rural women have formed a union and are involved in productive activities.



In the Chaco region, indigenous women are included in the traditional structure of unions and “*capitanias*”³, but according to traditions, male heads of household represent them.

26. Although the two project regions have diverse agro-ecological contexts, which create different conditions for rural women, they share some common features. In both regions, women lack access to land ownership and consequently to financial services. They participate alongside men in all on- and off-farm activities, but have the exclusive responsibility for processing and preparing food, raising domestic animals and growing food crops. Moreover, they shoulder the burden of all on-farm and household activities when men are away during seasonal migrations.

B. Objectives and Scope

27. **Objectives.** The project’s purpose is to reduce rural poverty and desertification, thereby allowing beneficiary groups to significantly improve their economic standing. Achievement of this objective will be reached when the asset value of landholdings in the project area increases by 120% and family incomes increase by 33%. Expected results from the project include improved natural resources and enhanced capacity of small farmers to manage them rationally and in a sustainable manner; and access to rural non-financial services. The project will support farmers’ organizations willing to participate in rehabilitating their natural resources by strengthening their organizational capabilities and by mobilizing them through systematic training programmes, as well as through competitions between and within communities. Improving natural resource management, providing rural services to increase the asset value of those resources as well as production and productivity, will contribute to the improvement of the living conditions of poor rural men and women, including the indigenous groups in the project area.

28. **Gender strategies.** The project’s gender strategies aim at reducing gender inequalities that affect rural women’s access to decision-making processes in family productive activities, as well as in local/community/municipal rural development initiatives and programmes by enhancing their access to project activities and services, and by promoting the conditions to improve their income-generating capacities.

C. Components

29. The project will include implementation of two main components: (a) management of natural resources; and (b) development of rural services. The project will also establish an autonomous implementation unit (AIU) with a monitoring and evaluation (M&E) unit.

30. **Management of natural resources.** The objective of this component is to improve natural resources and enhance the capacity of beneficiaries’ organizations to manage them rationally and in a sustainable manner. Participating communities will first prepare an analysis of the present natural resources situation, identifying the causes of environmental degradation, evaluating the prospects for improvement and establishing a preliminary plan of proposed activities to be undertaken. Based on the characteristics of the project areas, possible activities could include water and land vegetative cover management and improvement, as well as natural range and livestock management.

31. A natural resources management fund will be created in order to allow participating communities and organizations to contract the services of facilitators and natural resources specialists who will help them to participate more effectively in the implementation of their prioritized activities. Project by-laws and regulations will establish the amount of funds available and administrative mechanisms. The counterpart contribution of the participating organizations will be 10% of total estimated investment costs.

³ Smallest political division. Municipalities are made of several *capitanias*.



32. To access these funds, beneficiary organizations will need to obtain the agreement of community members through open public meetings and sign a contract with the project. The contract will provide details on the activities to be undertaken, required investments and a time frame for implementation. Participating organizations will open an account in a financial institution in which project funds and their own counterpart contributions will be deposited. The project will contract specialists, technicians and other farmers who will visit participating organizations in order to motivate them and share knowledge and experiences. A number of study tours and field internships will be organized, in which the most active farmers will participate. Field teams will be responsible for information, dissemination and training in business development approaches, linking management of resources with the provision of non-financial rural services such as technical assistance. A series of workshops with rural women will be organized.

33. The project will operate in a contest/award scheme based on the MARENASS experience. Families, groups, communities and organizations will contest with others that share similar ecological and/or productive settings. Beneficiaries' organizations will select independent jurors who will determine award winners. These may include municipal authorities, community leaders, agricultural and environmental sector officials, rural teachers, and officers of other development projects in the area. Jurors will receive a small stipend for their participation. Their decisions will not be subject to appeals. Awards will be made in public ceremonies. The award money granted to the winners will be reinvested by the communities in infrastructure works, microcredit activities and purchase of materials. Communities/groups that present the best analysis and proposals for environmental improvement will also be rewarded. Community competitions will be organized among an average group of eight communities. Specialized producer groups will participate in competitions on environmental management activities, which demand higher labour and investment commitments. Groups of rural women and rural schools will compete in specific subject areas regarding the management of the natural resources surrounding their family, community or school locations. The training process for environmental conservation and management will be carried out in beneficiaries' and community landholdings using their proposed conservation works as teaching tools with a farmer-to-farmer methodology.

34. **Development of rural services.** The objective of this component is to satisfy the specific productive and marketing technical assistance demands of beneficiaries. The implementation of this component is based on the provision of subsidies to small producers' organizations, rural women and indigenous groups so that they may identify and contract the technical support services they require, and supervise the execution of the services they have contracted for. Contracts may be signed to solve management or technical problems, including agricultural and livestock production, processing and marketing and/or small-scale rural enterprises. Beneficiaries will make a financial contribution towards contracting services. The project will operate under a similar scheme to that tested in FEAS in Peru, closed in 1999, and Bolivia's ongoing PROSAT.

35. Identification of needs and preparation of a funding request will be the entire responsibility of the beneficiaries' organizations, with advice provided by the project's field staff. Special attention will be given to needs identified in municipal development plans, provided that these demands comply with the project eligibility criteria. The project will be promoted among rural women's groups and organizations in order to enhance their participation in the programme. A proactive stance will be taken in promoting gender equality in the access to these services. The project will provide special financial resources (under a special fund) to ensure the access and participation of rural women.

36. Financial resources for contracting technical services will be provided on the basis of agricultural and non-agricultural projects prepared by families, beneficiary groups and communities with support from project field staff. Projects will be appraised on agreed technical and economic eligibility criteria, detailed in the by-laws and regulations governing component activities. Important elements in the appraisal and evaluation process will be gender considerations and linkages with the



natural resource management component. Requests will be submitted for consideration to an ad hoc approval committee. Once projects have been approved, the requesting organization will sign either an addendum to the environmental management contract or a new contract. The project's departmental office will transfer funds to beneficiaries' organizations on an agreed schedule, subject to verification that requesting organizations have contributed towards paying required fees for services. Monitoring will be the responsibility of project officers at departmental level. Officers will visit beneficiaries' project sites to verify the feasibility of the project proposed, to sign the agreement, and again at the completion of the project.

D. Costs and Financing

37. Total project costs amount to approximately USD 14.9 million including physical and price contingencies. IFAD, the Government and beneficiaries will finance the project. IFAD will finance about USD 12.0 million, or 81% of the total project cost. The Government's contribution totals approximately USD 1.1 million (7%). Beneficiaries will contribute USD 1.8 million, not excluding their contributions in terms of labour related to the improvement of natural resource management.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Cost
A. Management of natural resources (MNR)					
1. Incentives fund	3 108	-	3 108	-	22
2. MNR fund	1 218	-	1 218	-	9
3. Training human resources	864	-	864	-	6
4. Dissemination and recording	305	52	357	15	2
5. Business promotion	240	-	240	-	2
6. Support management pre-Inca terraces	249	4	253	2	2
7. Support struggle to combat desertification	227	2	229	1	2
8. Local field units	1 426	89	1 515	6	11
Subtotal	7 637	147	7 784	2	55
B. Development of rural services					
1. Rural services account	5 189	-	5 189	-	36
Subtotal	5 189	-	5 189	-	36
C. Project administration					
1. Management AIU	769	5	774	1	5
2. Technical assistance, monitoring, auditing	561	-	561	-	4
Subtotal	1 330	5	1 335	-	9
Total base costs	14 156	152	14 308	1	100
Physical contingencies	8	-	8	1	-
Price contingencies	638	5	643	1	4
Subtotal	646	5	651	1	5
Total project costs	14 802	157	14 959	1	105

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD '000)

Components	Government		IFAD		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Total	%	Total	%	Total	%	Total	%			
A. Management of natural resources (MNR)											
1. Incentives fund	829	24	2 567	76	-	-	3 396	23	-	3 396	-
2. MNR fund	-	-	1 107	91	111	9	1 218	8	-	1 218	-
3. Training human resources	-	-	914	100	-	-	914	6	-	914	-
4. Dissemination and recording	50	13	334	87	-	-	384	3	55	279	50
5. Business promotion	34	13	227	87	-	-	261	2	-	227	34
6. Support management pre-Inca terraces	17	6	257	94	-	-	274	2	4	253	17
7. Support struggle to combat desertification	18	7	228	93	-	-	246	1	2	226	18
8. Local field units	88	5	1 544	95	-	-	1 632	11	91	1 454	88
Subtotal	1 036	12	7 178	86	111	1	8 325	56	152	7 967	207
B. Development rural services											
1. Rural services account	-	-	3 490	67	1 698	33	5 188	35	-	5 189	-
Subtotal	-	-	3 490	67	1 698	33	5 188	35	-	5 189	-
C. Project administration											
1. Management AIU	21	2	823	98	-	-	844	5	6	817	21
2. Technical assistance, monitoring, auditing	50	8	552	92	-	-	602	4	-	551	50
Subtotal	71	5	1 375	95	-	-	1 446	9	6	1 368	71
Total disbursements	1 107	7	12 043	81	1 809	12	14 959	100	158	14 524	278

^a Figures include contingencies. Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

38. **Procurement.** Procurement of goods and services financed by the IFAD loan will be carried out in accordance with stipulations contained in the loan agreement and the fund's procurement guidelines. Each contract for the supply of goods to cost more than the equivalent of USD 20 000 will be awarded on the basis of competitive bidding advertised locally, in accordance with procedures approved by the Fund. Each contract for the supply of goods estimated to cost USD 20 000 equivalent or less, up to an aggregate amount not exceeding the equivalent of USD 50 000, may be awarded on the basis of an evaluation and comparison of bids invited from at least three suppliers, while each contract for the supply of goods estimated to cost USD 5 000 equivalent or less, up to an aggregate amount not exceeding the equivalent of USD 15 000, may be awarded through direct contracting with the supplier, in both cases in accordance with the procedures or on the terms and conditions approved by the Fund. Bolivian organizations specialized in M&E will be invited to present tenders. This process will be subject to stipulations contained in Bolivian legislation and subject to IFAD's approval. National and/or international consultants will be contracted, in line with the rules and regulations of the cooperating institution and acceptable to IFAD.

39. **Disbursements.** The proceeds of the IFAD loan will be disbursed over an expected period of five years according to the provisions of the loan agreement and the procedures of the cooperating institution. To facilitate the flow of funds, an advance of USD 800 000 will be deposited in a Special Account, opened and maintained at the Central Bank of Bolivia.

40. **Accounts.** FDC will open two specific accounts. The first will cover costs related to the implementation of natural resource management component. The second account will cover beneficiary transfers under the development of the rural services component.

41. **Annual audits and reports.** The AIU will contract independent auditors, acceptable to IFAD, to prepare annual audits of the project's accounts, including the Special Account, and the use of statements of expenditures. The Government will provide the necessary counterpart funds to meet its financing requirements under the project. FDC will prepare annual operating plans (AOP) which will include budgetary projections. An operational plan for the first year of project implementation has been prepared. A Project Advisory Committee (PAC) will subsequently submit yearly AOPs.

42. The AIU will prepare six-month implementation reports for IFAD consideration. These reports will be consolidated on an annual basis.

F. Organization and Management

43. **Executing agencies.** The Government will appoint the FDC as the agency responsible for project implementation. To this end, the FDC will establish an autonomous implementation unit with adequate technical, financial and administrative independence. The AIU will be staffed by a project coordinator, an administrator, an M&E specialist and a gender specialist. The FDC will also establish four local field units (LFU) in the municipalities of Inquisivi, Charazani, Villamontes and Monteagudo. A local coordinator, a project officer, an administrative assistant and a driver will staff these units.

44. All staff will be appointed following a personnel selection process developed by IFAD. A special training fund for the project staff will be established. A senior technical advisor, to be hired under IFAD guidelines for a period of two years, will be placed at the FDC central level.

45. **Coordination mechanisms.** A project advisory committee will ensure coordination of project activities. This committee will be composed of a representative of the Vice-Ministry of the Natural Resources, Environment and Forestry Development, and a representative of FDC. The PAC will meet twice yearly in order to approve the annual workplans and budgets, ensure that project objectives are



being met, consider annual evaluations and audits, and ensure that the project is adequately represented within the context of bilateral and multilateral technical assistance agencies and government institutions.

46. In order to assist in coordination of activities under the United Nations Convention to Combat Desertification (CCD), the project will fund a liaison officer within the Land Classification and Watershed Directorate of the Vice-Ministry of Natural Resources, Environment and Forestry Development.

47. **Implementation arrangements.** In view of the Government's re-organization of the rural development and poverty alleviation institutional framework, special implementation arrangements have been proposed. These include the creation of the AIU within the FDC. The project will also provide funding to undertake the provision of technical advisory services by the National Directorate of Archaeology and Anthropology (DINAAR) in the rehabilitation of pre-Inca terraces, and institutional strengthening of the CCD in counterpart to the focal point in the German Government's technical assistance programme. The project's general approach is consistent with the World Bank's CDF and a decentralization programme now being appraised.

48. **Monitoring and evaluation.** The design of the M&E system has been prepared taking into account IFAD's guidelines and the need to locate the project within national poverty reduction strategies. The system being proposed has been built on the following principles: (a) flexibility and adaptability in order to serve to different decision-makers; (b) emphasis on the use of communication media for recording purposes; (c) combination of managerial and impact measuring; (d) differentiation of responsibilities and methods of information collection; (e) mechanisms for ensuring user participation in the generation and utilization of information; (f) articulation of the system with the baseline survey during the first year of project implementation; and (vii) inclusion of a gender perspective and indicators across the board.

49. **Gender considerations.** A pre-investment fund to finance the initiatives of rural women has been established, taking into account their specific needs. Competitive awards for rural women have been considered within the natural resource management component. Specific information, training and extension methodologies have been designed to foster in a proactive way the equitable participation of rural women. Gender indicators were established, and differentiated budget line items have been included.

G. Economic Justification

50. **Benefits and beneficiaries.** The project will benefit small-scale farmers by increasing asset values and incomes through proper management of natural resources. In addition, it will allow target groups to increase their production and productivity by promoting their access to local and regional produce markets and strengthening their negotiating capacities. Additional benefits will consist of strengthened rural organizations and training of professionals, technicians and providers of technical assistance services. Of particular importance will be benefits to rural women who will have access to pre-investment funds for carrying out their own initiatives, including management of natural resources and training. During the life of the project, it is estimated that 150 groups of rural women and 740 organizations representing 15 424 families will benefit by taking part in the competitions included in the natural resources management component. Some 500 organizations, or approximately 4 879 families per year, will benefit from the development of the rural services component. A total of 1 300 contracts will be signed with professionals and technicians for the provision of agricultural and non-agricultural services, and 130 providers of technical assistance will benefit from training scholarships. In addition, approximately 4 120 farmers and indigenous group leaders will benefit from training through study tours and internships. It is also estimated that 2 080 farm leaders will benefit by participating in training events in business management and administration. Finally, a total



103 information and business development round tables will benefit approximately 6 500 farmers and leaders of indigenous people's organizations.

51. The project will provide specific support to a total of 720 rural women through a pre-investment fund for contracting technical assistance services. Furthermore, 3 120 rural women will benefit from training in the management of natural resources.

52. **Economic and financial analysis**⁴. The economic and financial analysis was undertaken for the project as a whole and for 11 productive and environmentally sustainable alternative activities. Models were based on the experiences IFAD gained in Peru and Bolivia. For the development of the rural services component, eight models were developed, which will be adopted by a total of 5 379 families. The net flow of incremental funds for a ten-year period provides an internal rate of return of 15%, with a capital opportunity cost estimated at 12%. A sensitivity analysis demonstrated that even if increased costs and delays in implementation took place, the project would resist these negative impacts.

H. Risks

53. A number of assumptions were identified. These include that (a) stable macroeconomic policies will be maintained; (b) proactive and favourable environmental policies will be fostered; (c) the land titling process will continue to expand and the land market will be developed; (d) decentralization policies will be strengthened; and (e) legal reforms aimed at strengthening conflict resolution through arbitration will be furthered.

54. Project risks are minimized as the donor community in Bolivia is supporting rural development and poverty alleviation policies, and resources are devoted to strengthening the Government's institutional capacity under the CDF sponsored by the World Bank and other donors.

I. Environmental Impact

55. The project will have a positive impact on the factors causing environmental degradation, as it will directly contribute to adequate management of natural resources and the protection of biodiversity. A number of measures will be taken to mitigate possible impacts on (a) biodiversity; (b) soils through the use of fertilizers and pesticides; (c) fishing resources; (d) forestry resources; (e) extensive livestock raising; and (f) slope agriculture. The project will not intervene in natural protected areas. However, it will act on buffer zones where sustainable development initiatives will be encouraged, including the production and processing of medicinal plants and the development of ecotourism.

J. Innovative Features

56. The combination of independently tested methodologies for the development of rural markets of technical support services and beneficiaries' competitions based on environmental conservation activities constitute the main innovative features of the present project. The project has incorporated, as feasible, the experiences gained by FEAS and MARENASS in Peru and PROSAT in Bolivia. The combination of incremental production with adequate natural resource management will have a catalytic effect on the reduction of rural poverty through short-term income improvement and long-term re-valorization of beneficiaries' productive assets. Another innovative feature is the project design and implementation under the CDF.

⁴ See Appendix VII.



PART III - LEGAL INSTRUMENTS AND AUTHORITY

57. A loan agreement between the Republic of Bolivia and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.
58. The Republic of Bolivia is empowered under its laws to borrow from IFAD.
59. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV - RECOMMENDATION

60. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Bolivia in various currencies in an amount equivalent to nine million two hundred and fifty thousand Special Drawing Rights (SDR 9 250 000) to mature on and prior to 15 May 2040 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 7 September 2000)

1. As soon as possible after the signing of the loan agreement, but in no case later than ninety (90) days from the date of effectiveness, FDC (the implementing agency) will open and maintain in a commercial bank approved by IFAD: (i) an account in bolivianos for the natural resource management activities (the AIU account); and (ii) an account in bolivianos for the development of rural services activities (the FDC account), which will be wholly administered and utilized by the project coordinator and/or persons authorized by FDC in agreement with IFAD.
2. For the purpose of financing execution of the project, the Government of the Republic of Bolivia will transfer loan funds to FDC as non-reimbursable budget allocations under a subsidiary agreement to be signed by the Government and FDC in accordance with the provisions established in the loan agreement. FDC will exercise its rights under the subsidiary agreement in such a way as to safeguard the rights of the Government and IFAD and accomplish the purposes of the project, and unless IFAD and the Government agree otherwise, FDC will not convey, amend, revoke or rescind the subsidiary agreement or any provisions thereof.
3. In addition to the loan proceeds, the Government will make available to FDC, promptly as needed, funds, facilities, services and other resources as may be required to implement the project in accordance with the loan agreement.
4. In order to contribute to the coordination of development activities within the framework of the CCD, throughout the project implementation period FDC will appoint and maintain a liaison officer, with the consent of the Government and the prior written approval of IFAD, in the Land Classification and Watershed Directorate of the Vice-Ministry of Natural Resources, Environment and Forestry Development of MDSP.
5. The project will be administered by the AIU, which FDC will establish and maintain throughout the project implementation period, ensuring that the AIU enjoys complete technical, financial and administrative independence, that its terms of reference and staff are acceptable to IFAD and that it is always equipped with the human and financial resources necessary to the full performance of its duties. In order to ensure supervision by FDC, the AIU will assign a senior technical adviser to FDC headquarters for a maximum period of two years.
6. During project implementation, FDC will establish and maintain four local field units in Inquisivi, Charazani, Villamontes and Monteagudo and/or other municipalities, with terms of reference and personnel acceptable to IFAD and consisting of a local coordinator and administrative and technical support staff appointed following a personnel selection process approved by IFAD.
7. The Government will take all necessary measures to ensure the adoption, not later than sixty (60) days from the date of effectiveness, of a project implementation manual and financial by-laws acceptable to IFAD in form and content.
8. In order to secure the achievement of specific project objectives, the Government will ensure the participation of beneficiaries in the various bodies involved in selecting proposals, allocating loan resources, and monitoring and evaluation. To that end, the ability of beneficiaries to open accounts, negotiate and conclude service contracts and participate in all project monitoring and evaluation activities will be guaranteed.
9. FDC will coordinate – and sign cooperation agreements as necessary – with the other regional programmes financed by IFAD in support of its projects in the region, so that the project can benefit and share its experiences with other projects nationally and regionally – in particular, with the Internet-Based System of Information Exchange for IFAD Programmes throughout Latin America



ANNEX

(FIDAMERICA), the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean (PREVAL), the Corporation for Regional Rural Development Training (PROCASUR), the Rural Microenterprise Support Programme in Latin America and the Caribbean (PROMER) and the Regional Programme in Support of the Indigenous Peoples of the Amazon Basin (PRAIA).

10. With the aim of fulfilling the provisions of the General Conditions regarding the application of sound environmental practices, all parties to the project will adopt appropriate pest-management practices under the project and, to this end, the Government will promote those practices serving to increase the value of natural resources, particularly those that foster organic farming, biological controls, and the propagation and conservation of indigenous flora and fauna. The Government will take all reasonable measures to ensure that project implementation does not damage natural resources (water, land, flora and fauna, etc.) or property and territories of rural organizations and indigenous peoples in the project area.

11. IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account upon the occurrence of any of the events listed in the General Conditions or if the FDC statutes, project implementation manual, financial by-laws or any provisions thereof have been suspended, revoked, waived, amended or modified without the prior consent of IFAD and IFAD has determined that this suspension, revocation, waiver, amendment or modification has had or is likely to have a material adverse effect on project implementation.

12. No disbursements will be made from the loan for expenditures under project technical assistance:

- (a) to finance terrace rehabilitation under the management-of-natural-resources component until FDC and the National Anthropology and Archeology Directorate have signed an institutional agreement acceptable to IFAD confirming the directorate's commitment with a view to ensuring the achievement of project objectives and the specific benefits to the rural population;
- (b) to finance institutional capacity-building activities under the management-of-natural-resources component until FDC and MDSP have signed an institutional agreement acceptable to IFAD stipulating the means, monitoring indicators and expected outcomes of efforts to combat desertification; and
- (c) to finance the international technical adviser and the consultancy until IFAD has approved the terms of reference, contract conditions and selection of the consultant or consulting firm.

13. Effectiveness of the loan agreement will be subject to the following conditions precedent:

- (a) FDC has established the AIU and has selected and appointed a project director acceptable to IFAD and in accordance with the provisions of the loan agreement;
- (b) FDC has confirmed the composition and establishment of a Project Advisory Committee acceptable to IFAD and in accordance with the provisions of the loan agreement;
- (c) FDC and IFAD have agreed on the selection process for project personnel;
- (d) the Government has delivered to IFAD a copy of the signed subsidiary agreement, in form and substance acceptable to IFAD, certified as authentic and complete by a competent official of the Government, and the Government's and FDC's signatures and performance of their obligations thereunder have been duly authorized and ratified by all necessary institutional, administrative and governmental action;
- (e) the loan agreement has been duly signed, and the Government's signature and performance of its obligations thereunder have been duly authorized and ratified by all necessary institutional, administrative and governmental action;



ANNEX

- (f) the Government has presented IFAD with a favourable opinion, issued by the legal counsel designated by the Government and acceptable to IFAD, in form and substance acceptable to IFAD.

COUNTRY DATA

BOLIVIA

Land area (km² thousand) 1997 1/	1 084	GNP per capita (USD) 1998 2/	1 010
Total population (million) 1998 1/	7.9	Average annual real rate of growth of GNP per capita, 1990-98 2/	2
Population density (people per km²) 1998 1/	7	Average annual rate of inflation, 1990-98 2/	9.9
Local currency	Boliviano (BOB)	Exchange rate: USD 1 =	BOB 6.15
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-98 1/	2.2	GDP (USD million) 1998 1/	8 586
Crude birth rate (per thousand people) 1998 1/	32	Average annual rate of growth of GDP 1/ 1980-90	-0.2
Crude death rate (per thousand people) 1998 1/	9	1990-98	4.2
Infant mortality rate (per thousand live births) 1998 1/	60	Sectoral distribution of GDP, 1998 1/	
Life expectancy at birth (years) 1998 1/	62	% agriculture	15.4
Number of rural poor (million) (approximate) 1/	2.4	% industry	28.7
Poor as % of total rural population 1/	79.1	% manufacturing	16.5
Total labour force (million) 1998 1/	3.2	% services	55.9
Female labour force as % of total, 1998 1/	37.6	Consumption, 1998 1/	
Education		General government consumption (as % of GDP)	14
Primary school gross enrolment (% of relevant age group) 1997 1/	n.a.	Private consumption (as % of GDP)	75.2
Adult literacy rate (% of total population) 1997 3/	83.6	Gross domestic savings (as % of GDP)	10.8
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1996 3/	2 170	Merchandise exports, 1998 1/	1 104
Prevalence of child malnutrition (height for age % of children under 5) 1992-98 1/	26.8	Merchandise imports, 1998 1/	1 759
Prevalence of child malnutrition (weight for age % of children under 5) 1992-98 1/	7.6	Balance of merchandise trade	- 655
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 1990-98 1/	2.6	before official transfers, 1998 1/	-1 003
Physicians (per thousand people) 1990-98 1/	1.3	after official transfers, 1998 1/	- 673
Percentage population without access to safe water 1990-97 3/	37	Foreign direct investment, 1998 1/	872
Percentage population without access to health services 1981-92 3/	n.a.		
Percentage population without access to sanitation 1990-97 3/	42	Government Finance	
Agriculture and Food		Overall budget surplus/deficit (including grants) (as % of GDP) 1997 1/	-2.3
Food imports as percentage of total merchandise imports 1998 1/	8	Total expenditure (% of GDP) 1997 1/	22
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	54	Total external debt (USD million) 1998 1/	6 077
Food production index (1989-91=100) 1996-98 1/	134.1	Present value of debt (as % of GNP) 1998 1/	59.1
		Total debt service (% of exports of goods and services) 1998 1/	30.2
Land Use		Nominal lending rate of banks, 1998 1/	39.4
Arable land as % of land area, 1997 1/	1.7	Nominal deposit rate of banks, 1998 1/	12.8
Forest area (km ² thousand) 1995 1/	483.1		
Forest area as % of total land area, 1995 1/	44.6		
Irrigated land as % of cropland, 1995-97 1/	4.1		

n.a. not available.

Figures in italics indicate data that are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 2000

2/ World Bank, *Atlas*, 2000

3/ UNDP, *Human Development Report*, 1999

PREVIOUS IFAD LOANS TO BOLIVIA

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approved Loan/Grant Amount	Disbursement (as % of approved amount)
Omasuyos-Los Andes Rural Development Project	World Bank: IDA	World Bank: IDA	I	27-Jun-79	28-Mar-80	31-Dec-86	L - I - 16 - BO	SDR	3 150 000	79%
Chuquisaca North Agricultural Development Project	IFAD	CAF	I	17-Dec-81	07-Feb-83	30-Jun-93	L - I - 86 - BO	SDR	1 170 0000	100%
Cotagaita-San Juan del Oro Agricultural Development Project	IFAD	CAF	HC	05-Apr-84	03-Dec-85	30-Sep-96	L - I - 149 - BO	SDR	1 135 0000	100%
Chuquisaca South Rural Development Project	IFAD	CAF	HC	03-Dec-87	17-Apr-89	31-Dec-98	L - I - 218 - BO	SDR	4 200 000	100%
Consolidation and Development of Smallholder Settlements in the Department of Santa Cruz Project	IFAD	CAF	I	02-Oct-90	23-Sep-91	30-Jun-98	L - I - 266 - BO	SDR	8 700 000	100%
Camelid Producers Development Project in the Andean High Plateau	IFAD	CAF	HC	20-Apr-94	23-Jun-95	30-Sep-03	L - I - 354 - BO	SDR	5 450 000	65%
Sustainable Development Project by Beni Indigenous People	IFAD	CAF	HC	06-Dec-94	30-Oct-96	30-Jun-03	G - I - 11 - BO	USD	100 000	63%
Sustainable Development Project by Beni Indigenous People	IFAD	CAF	HC	06-Dec-94	30-Oct-96	30-Jun-03	L - I - 373 - BO	SDR	4 300 000	39%
Small Farmers Technical Assistance Services Project (PROSAT)	World Bank: IDA	CAF	HC	29-Apr-97	30-Apr-98	30-Jun-04	G - I - 31 - BO	USD	42 000	96%
Small Farmers Technical Assistance Services Project (PROSAT)	World Bank: IDA	CAF	HC	29-Apr-97	30-Apr-98	30-Jun-04	L - I - 445 - BO	SDR	5 850 000	16%



LOGICAL FRAMEWORK

Resumen narrativo	Indicadores verificables	Medios de verificación	Supuestos importantes
<p>Objetivo superior</p> <p>Se redujo la pobreza rural y la desertificación.</p>	<p>Se cumplieron los índices metas acordados entre la cooperación internacional y el gobierno.</p>		<p>Información oficial disponible permite medir los impactos del proyecto.</p>
<p>Objetivo de desarrollo</p> <p>Pequeños productores rurales e indígenas, hombres y mujeres del Chaco y Valles Altos mejoraron significativamente su situación económica.</p>	<p>Se incrementó el valor referencial de la propiedad en el área del proyecto en 120%.</p> <p>Pequeños productores rurales e indígenas, hombres y mujeres, aumentaron ingresos 33%.</p>	<p>Registros visuales y estudios socioeconómicos muestrales.</p>	<p>Se dinamizará el mercado de tierras por una intensiva aplicación de la ley INRA.</p>
<p>Objetivo del proyecto</p> <p>Pequeños productores rurales e indígenas, hombres y mujeres del Chaco y Valles Altos manejan mejor sus recursos naturales y productivos orientados por los mercados.</p>	<p>Pequeños productores rurales e indígenas, hombres y mujeres, elevaron en promedio el valor bruto de ventas en cerca de 80%, y al menos duplicado el tipo de productos y servicios ofertados.</p> <p>Entre el inicio y el fin del proyecto se incrementa el número de organizaciones, mixtas y de mujeres, que permanecen (más de dos años) haciendo negocios en los mercados.</p>	<p>Registros visuales y estudios socioeconómicos muestrales</p> <p>Registros de impuestos.</p> <p>Registros de negocios en Municipios.</p> <p>Registros FDC.</p>	<p>Se mantiene la estabilidad macroeconómica del país.</p> <p>Oferta crediticia rural en expansión responde a las necesidades de destinatarios del proyecto.</p> <p>Otros agentes del comercio y negocios son atraídos por la estrategia del proyecto.</p>
<p>Resultados</p> <p>1. Pequeños productores rurales e indígenas organizados, hombres y mujeres del Chaco y los Valles Altos, tienen recursos naturales recuperados y mayor capacidad para manejarlos.</p>	<p>De las tierras deterioradas o en proceso de desertización o peligro de deforestación estimadas en 50% en el área del proyecto, aproximadamente en el 15% aumentó en al menos 40% su cobertura vegetal o la mantuvo.</p> <p>Del total de familias conducidas por hombres (75%) o por mujeres (25%), 50% introdujeron al menos 2 prácticas de manejo sostenible (de acuerdo a la lista de prácticas aceptadas).</p>	<p>Registros visuales y estudios socioeconómicos muestrales.</p>	<p>No hay eventos climáticos catastróficos</p>





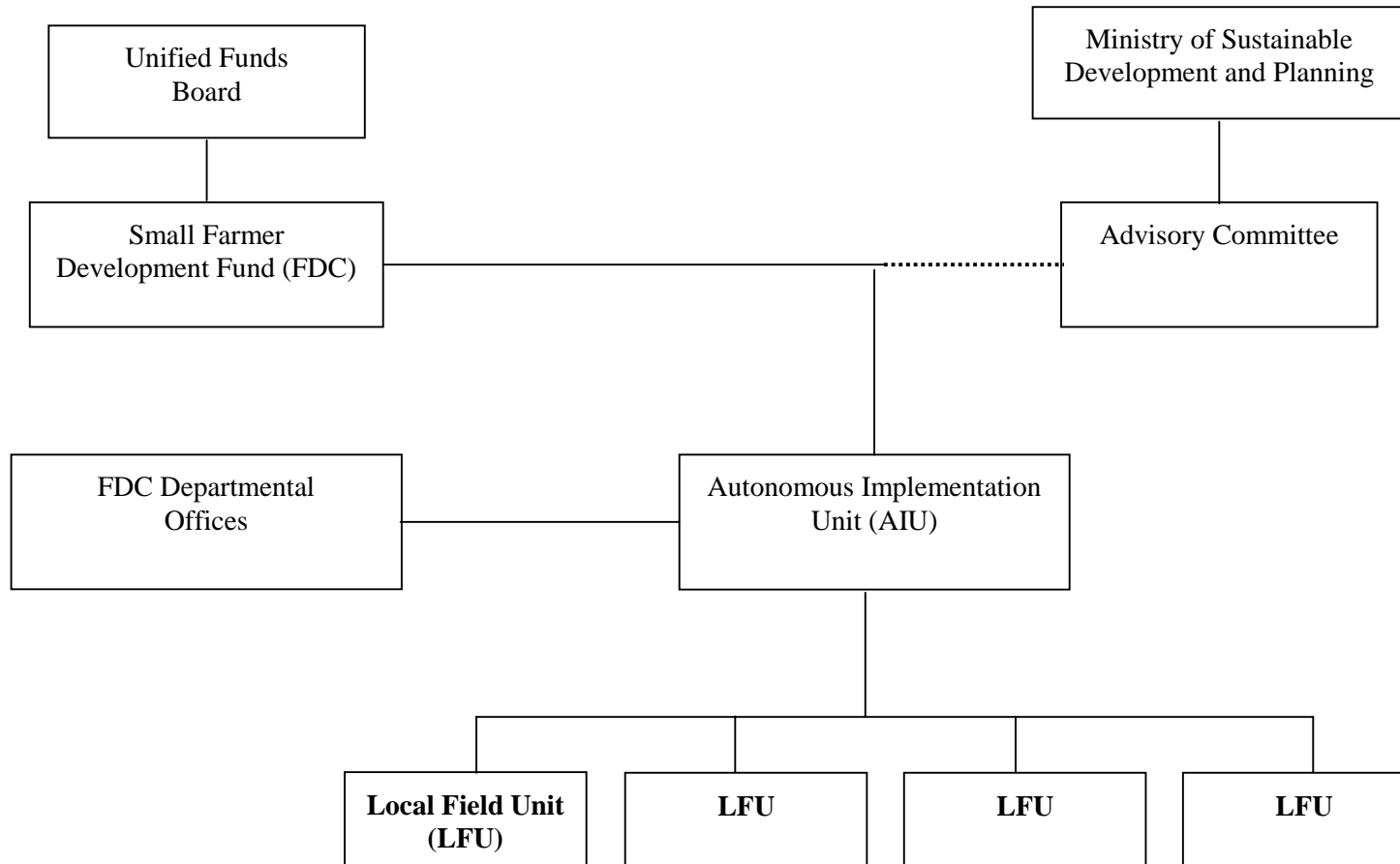
Resumen narrativo	Indicadores verificables	Medios de verificación	Supuestos importantes
<p>2. Pequeños productores rurales e indígenas organizados, hombres y mujeres del Chaco y los Valles Altos, tienen acceso permanente a mercados de servicios rurales no financieros.</p>	<p>Entre el inicio y el fin del proyecto se reduce, como promedio, el porcentaje de subsidio a la contratación de servicios rurales no financieros técnica contratada por las organizaciones demandantes.</p> <p>Se incrementó anualmente el número de organizaciones (mixtas y de mujeres) que contratan servicios de asistencia rural y al menos el 90% de los contratos se cumplen.</p> <p>A partir del 4to. año del proyecto, por cada 3 organizaciones hay 1 asistente que trabaja por lo menos 8 meses al año y, del total de asistentes, el 20% son mujeres.</p>	<p>Registros FDC.</p> <p>Cuentas bancarias de beneficiarios</p> <p>Registros de avances.</p> <p>Estudios de medio término y final.</p> <p>Contratos registrados por el FDC.</p>	<p>No se dificulta la transferencia directa de fondos a los beneficiarios, ni se crean programas que distorsionen el mercado de servicios rurales.</p>
Actividades	Indicadores	Supuestos importantes	
<p>1.1 Establecer un mecanismo operacional y seleccionar al personal de las Unidades de Trabajo Local (UTL).</p> <p>1.2 Promocionar la propuesta y metodología del componente y suscribir convenios con los municipios de las áreas.</p> <p>1.3 Promocionar entre otras organizaciones locales (ONG, organizaciones de productores, etc.).</p> <p>1.4 Campaña radial de difusión.</p> <p>1.5 Convocatoria a dirigentes de OTB en municipios y visita a asambleas comunales para explicar la propuesta.</p> <p>1.6 Concurso de propuestas entre OTB. Exposición de resultados en municipios.</p> <p>1.7 Firma de contratos, formación de grupos competitivos y determinación de actividades a realizar.</p> <p>1.8 Transferencia a OTB de recursos del Fondo de Manejo de Recursos Naturales. Nombramiento de animadores comunales.</p> <p>1.9 Organización de los concursos, elaboración de bases, convocatorias y designación de jurados.</p>	<p>Selección de 16 personas entre coordinadores (4), profesionales (4), asistentes administrativos (4) y choferes promotores (4). Instalar Unidades en Charazani, Inquisivi, Monteagudo y Villamontes. Equipamiento por USD 159 200.</p> <p>Convenios con 26 municipios.</p> <p>Compromisos de participación de otros actores locales.</p> <p>Spots y contenidos en programas de radios con cobertura rural. Se emplearán en las cuatro áreas y en los cuatro primeros años del proyecto con una inversión de USD 22 400.</p> <p>186 premios por USD 111 600.</p> <p>Participación de 738 organizaciones con 15 424 familias. Se firman contratos con estas organizaciones.</p> <p>Se transfiere USD 250 como promedio a cada organización por semestre. La organización debe aportar USD 25. En cuatro semestres se transfiere hasta USD 1 500 y las organizaciones contribuyen con USD 150 (USD 1 107 000).</p> <p>Preparación de cartillas con bases de los concursos. Designación de jurados los que recibirán viáticos por un total de USD 163 800</p>	<p>General:</p> <p>Legislación ambiental se mantiene favorable a la estrategia del proyecto.</p> <p>FDC o entidad que lo sucede asegura autonomía de UEA y UTL</p> <p>No se dan cambios climáticos sustantivos en las áreas del proyecto.</p> <p>En el horizonte del proyecto no se dan eventos extraordinarios que dirijan las prioridades de los destinatarios a otros ámbitos.</p> <p>Los distintos niveles de gobierno realizan y mantienen la red vial.</p> <p>El sistema de conciliación arbitral facilita que se honren los contratos.</p> <p>Se aplica programa anticorrupción.</p>	

Actividades	Indicadores	Supuestos importantes
1.10 Contratación de campesinos y técnicos especializados en manejo de recursos naturales como visitantes y promotores de las mejores prácticas.	Se contratan a 220 técnicos en manejo de recursos naturales visitantes (USD 131 724)	<p>En el área del proyecto no se ejecutan inversiones que signifiquen movimientos de población.</p> <p>El proceso de titulación de tierras garantiza el derecho propietario.</p>
1.11 Contrataciones de asistentes en manejo de recursos naturales a cargo de las propias OTB.	738 organizaciones con fondos para contratación durante seis semestres.	
1.12 Organización de festivales y exhibiciones con cada municipalidad.	Uno por municipio y por semestre.	
1.13 Concursos de organizaciones, familias, temas especializados, de mujeres y escuelas.	546 concursos comunales, 4 428 de familias en comunidades, 195 concursos especializados, 180 concursos para grupos de mujeres y 198 entre escuelas.	
1.14 Entrega de premios por concursos comunales, de familias, especiales, de mujeres y escuelas en ceremonias especiales.	1 638 premios comunales, 8 856 premios familiares, 390 premios especiales, 540 premios para grupos de mujeres y 594 premios para escuelas. Un total de USD 2 217 300	
1.15 Pasantías para los mejores animadores, dirigentes y participantes.	4 120 pasantías a campesinos en tres años por valor de USD 494 400	
1.16 Talleres de trabajo para mujeres en manejo de recursos naturales e ideas de negocios.	156 talleres de mujeres con 3 120 participantes	
1.17 Cursos regulares de gestión para participantes, hombres y mujeres.	104 eventos con 2 080 participantes	
1.18 Cursos regulares de gestión para participantes, hombres y mujeres.	130 eventos con 6 500 participantes	
1.19 Organización de festivales, encuentros y mesas de negocios en las capitales municipales.	131 becas	
1.20 Becas para especialización y actualización de oferentes de servicios rurales	12 premios municipales USD 480 000 y 12 premios OTB, USD 240 000	
1.21 Premios finales para las mejores OTB y municipios.	Se apoya con un profesional especializado, un centro de transferencia tecnológica y estudios de catastro arqueológico. USD 254 mil.	
1.22 Asistencia técnica especializada de DINAAR para recuperación de terrazas preincaicas con valor turístico y cultural Se apoya al punto focal en la lucha contra la desertización	Apoyo con profesional especializado, estudios, publicaciones y talleres. USD 229 mil.	

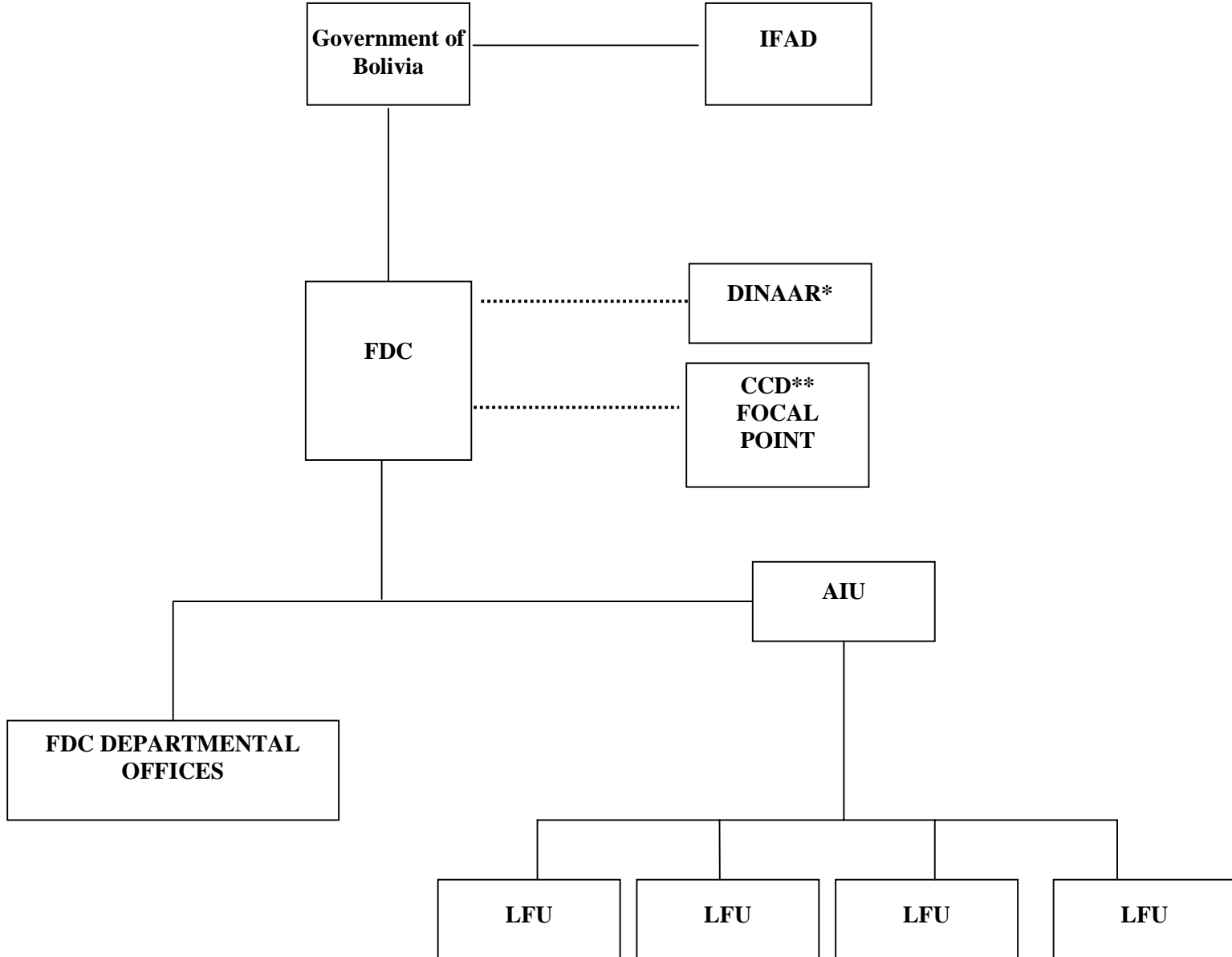
Actividades	Indicadores	Supuestos importantes
<p>2.1 Recibir y evaluar las demandas de servicios de asistencia rural identificadas por las organizaciones de pequeños productores e indígenas, hombres y mujeres, y expresadas en planes de negocios.</p> <p>2.2 Establecer una línea especial de preinversión accesible a grupos de mujeres.</p> <p>2.3 Aprobar en forma descentralizada y transparente las solicitudes de asistencia técnica.</p> <p>2.4 Suscribir contratos o adendas con las organizaciones solicitantes y realizar los desembolsos a sus cuentas en virtud de los contratos firmados entre las organizaciones y los asistentes elegidos por ellos.</p> <p>2.5 Evaluar y ajustar el proceso y difundir los resultados.</p>	<p>489 organizaciones con 20 familias participantes en promedio. Se atiende a 4 879 familias en promedio por año.</p> <p>USD 216 000 para tres años para 36 organizaciones con unos 720 participantes.</p> <p>Se suscribe 1 301 contratos con organizaciones. Se desembolsa a las cuentas de las organizaciones USD 3,3 millones y los productores aportan USD 1,7 millones de recursos propios.</p>	<p>General:</p> <p>FDC o entidad que lo suceda asegura descentralización y desembolsos del PROSAT.</p> <p>Legislación ambiental se mantiene favorable a la estrategia del proyecto.</p> <p>No se dan cambios climáticos sustantivos en las áreas del proyecto.</p> <p>En el horizonte del proyecto no se dan eventos extraordinarios que dirijan las prioridades de los destinatarios a otros ámbitos.</p> <p>Los distintos niveles de gobierno realizan mantienen la red vial.</p> <p>El sistema de conciliación arbitral facilitan que se honren los contratos.</p> <p>Se aplica programa anticorrupción.</p> <p>En áreas del proyecto no se brinda asistencia técnica gratuita.</p>
Actividades	Indicadores	
<p>Gestión del Proyecto</p> <p>Proporcionar una administración especializada y autónoma al proyecto, de bajo costo, eficiente para contratar, efectuar los desembolsos y supervisar, dotado de instrumentos para medir la eficacia de su intervención y efectuar ajustes permanentes.</p>	<p>Asistencia Técnica internacional por dos años (USD 200 000)</p> <p>Selección de profesionales (USD 30 000) y capacitación para la ejecución (USD 100 000)</p> <p>Personal responsable de la Unidad Ejecutora Autónoma (UEA) en el FDC (Coordinador, Administrador y Asistente de Seguimiento)(USD 286 000)</p> <p>Asesoría de género, 16 meses por cuatro años (USD 32 000).</p> <p>Equipamiento oficina central UEA (USD 11 400)</p> <p>Otros gastos operativos (Overhead) (USD 300 000)</p> <p>5 auditorías (USD 100 000)</p> <p>Tres estudios muestrales para determinar línea de base y avances del proyecto (USD 180 000) y estudios complementarios (USD 70 000)</p>	



ORGANISATIONAL CHART



FLOW OF FUNDS





MONITORING AND EVALUATION INDICATORS

The following variables identified in the Logical Framework will be used as indicators

Land

- Existence and characteristics of land transactions
- Referential values used in transactions
- Referential value of land leasing
- Property rights in accordance with current legislation

Income

- On-farm income
- Services income
- Other, including migration

Production

- Gross value of sales of agricultural products and livestock
- Gross value of sales of non-agricultural products, by number and type
- Gross value of services provided, by number and type

Organizational

- Number and type of grass-roots organizations, farmer enterprises, producer associations, groups of rural women, differentiated by the legal character of the organization
- Access to credit and amounts
- Business ventures by type

Institutional

- Number and type of public and private institutions
- Number and type of rural development services
- Number and specialization of technical assistance providers
- Type and modalities of technical assistance provided

Environmental

- Degree of erosion, desertification, deforestation
- Type of practices used by target population

**ECONOMIC AND FINANCIAL ANALYSIS**

	IRR %	NPV (USD 000)
Full Project	15.0%	4 232
Benefit/cost	0.36	
Sensitivity Analysis	IRR %	NPV (USD 000)
Reduction of Benefits		
5%	13.4%	2 053
10%	11.9%	-127
Increase in costs		
5%	14.5%	3 644
10%	14.1%	3 057
Project delays		
1 year	9.9%	-2 039
2 years	6.3%	-4 348

