

USAID/OTI Bolivia Field Report

April-June 2006

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. 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 prefect-led departmental governments and helping indigenous groups increase their access to, and participation in, Bolivia's political system. Through June 2006, OTI committed over \$10 million to 291 projects through our partner Casals and Associates, which were implemented in collaboration with civil society organizations, indigenous groups, and local and national government bodies.

Country Situation

The series of national elections started by the Bolivian Congress in June 2005 has now continued for a full year, with the election of delegates to the Constituent Assembly and Referendum on Autonomy on July 2. The elections will assign the 255 representatives of the Constituent Assembly tasked with the crucial job of rewriting Bolivia's constitution. In addition, the referendum will allow citizens to vote "yes" or "no" on the question of expanding decentralization of Bolivia's system of government and thereby increasing regional autonomy. The extended campaign and presumption of Movement Toward Socialism (MAS) success in the joint processes dominated Bolivian media for months. Campaign rallies continued on a daily basis throughout the country, and nearly 4 million of Bolivia's 9 million people were expected to vote on July 2. The period was also marked by a noticeable increase in state-sponsored advertising on the radio, television and newspapers, primarily urging the electorate to vote 'no' in the referendum on autonomy.

During the second quarter, the MAS-led government sought to either reform or increase its authority over a number of key democratic institutions (e.g. justice, banking, and regulatory bodies), whose independence was characterized as a product of "neo-liberal policy." Morales' uncompromising tone seemed to be paying dividends with voters. Polls indicate that President Morales remains extremely popular among the Bolivian electorate with an approval rating of 80% after five months in office.

On April 5, President Morales approved a Supreme Decree that further clarified competencies and processes related to prefect-led departmental governments. On May 1, coinciding with the celebration of International Labor Day, President Morales signed a supreme decree declaring hydrocarbons a national resource. The decree does not explicitly expropriate all hydrocarbon-related capital held by private companies, but does subject private interests to stricter national control. In late May, President Morales proclaimed an "agrarian revolution" which called for more than 20 million hectares of land to be redistributed to poor families over the next five years. Most of the land is located in the Eastern part of the country, including the politically important district of Santa Cruz.

While the Morales administration tightened its relationship with counterparts in Cuba and Venezuela, uncertainty marked the evolution of its relationship with the United States. On April 29, the Presidents of Bolivia, Venezuela and Cuba signed two agreements in direct opposition to the U.S.-led push for a Free Trade Area of the Americas (FTAA). In the first agreement, Bolivia joined Venezuela and Cuba to become the third member of the "Bolivarian Alternative for the Americas" (ALBA), a largely symbolic initiative. The second agreement, Bolivia's "People's Trade Agreement," is an initiative President Morales said would run counter to regional free trade agreements promoted by

the U.S. Meanwhile, in May, Morales requested that the U.S. continue trade preferences to Bolivia under the Andean Trade Preference and Drug Eradication Act (ATPDEA). He also announced he would send his Vice President to the United States to lobby for continued trade preferences for Bolivia.

OTI Highlights

A. Narrative Summary

During the second quarter, OTI ramped up its portfolio of activities designed to build the capacity of departmental governments, and to offer indigenous groups increased access to democratic systems and processes. OTI implemented projects in coordination with key departmental governments - La Paz, Cochabamba, Tarija, Santa Cruz, Chuquisaca, and Potosí - that provide technical support and training for prefecture staff in the areas of strategic planning, budgeting and project management. Building institutional capacity related to financial and administrative systems, transparency mechanisms, communications and outreach was also pursued.

OTI approved new projects designed to help prefectures approach their responsibilities in regional economic development, departmental infrastructure and social services in a more efficient and strategic manner. OTI is also helping prefects establish themselves as legitimate and visible providers of balanced information on these key political processes, especially in the more remote, rural areas of their departments.

Finally, OTI embarked on new initiatives supporting the efforts of indigenous groups to build a new generation of Aymara, Quechua, and Guaraní leaders that are well-versed in democratic values and processes. OTI continues to foster community participation and support information diffusion activities on national issues in El Alto, the altiplano, and other rural areas of Bolivia.

B. Grants Activity Summary

During the second quarter, OTI approved a total of 34 projects for \$1,206,290. Sixteen of the new projects, totaling \$590,680, are being implemented in support of the decentralization process through strengthened departmental governments. One newly-approved series of grants is helping prefectures educate their constituencies about the link between decentralized government and healthy democracy. More than 150,000 informational booklets on the Constituent Assembly process, decentralization/autonomy, and the Bolivian Constitution are being distributed at the workshops for thousands of attendees to take back to their respective districts.

Ten newly-approved grants totaling \$367,710 will fund civic education and leadership training to emerging indigenous leaders in Santa Cruz and La Paz. The goal is to help local non-governmental organizations (NGOs) inform their communities about key national issues and encourage constructive dialogue between elected officials and local leaders from marginalized areas. One new grant will continue OTI's groundbreaking collaboration with local indigenous NGO Organizacion de Desarrollo to hold workshops on democratic dialogue and consensus-building at the Public University of El Alto (UPEA).

The collaboration has been such a success that OTI has been asked to help UPEA institutionalize the program through a creation of a major on democracy studies.

Six newly-approved grants totaling \$184,200 are designed to help departmental governments generate economic opportunities for local citizens. One new grant supports an innovative youth vocational training and job insertion program that is the brainchild of La Paz Prefect José Luis Paredes. With OTI funding and a significant counterpart from the departmental government, prefecture staff from the Dirección de Desarrollo Económico will implement the 4-month program in partnership with local business association ODEPRO. Together, they will provide training and job opportunities for 900 youths.



Three young indigenous Aymara leaders read informational booklets about the Constituent Assembly process at an OTI-funded community workshop in Oruro.

SECTOR	New Grants in this Quarter (April-June 2006)		Total Grants Cleared (March 2004-June 2006)	
	Grants Cleared	Amount (\$)	Grants Cleared	Amount (\$)
Departmental Government Strengthening	16	\$590,680	28	\$1,034,280
Linkages between Indigenous Groups and Democratic Structures	1	\$25,200	5	\$266,200
Community Development and Economic Opportunity	6	\$184,200	94	\$3,158,629
Civic Education for Emerging Leaders	3	\$102,700	27	\$821,790
Information Diffusion and Dialogue	7	\$239,810	98	\$3,669,753
School Reconstruction and Education	1	\$63,700	39	\$1,076,412
Total	34	\$1,206,290	291	\$10,027,064

C. Indicators of Success

Maintaining infrastructure and creating jobs - Despite large budgets, Bolivian roads are poorly maintained and inadequate to bear increasing levels of inter- and intra-departmental traffic. One innovative OTI-funded project – which is creating jobs and promoting financial efficiency by departmental governments – supports efforts by the National Road Service (SNC) and participating prefectures to create microenterprises to maintain sections of departmental roads. These microenterprises are composed primarily of local citizens working together to maintain sections of road that line their respective communities.

The pilot project, a joint initiative involving the prefecture of Tarija, the SNC, and OTI, has been a huge success. With OTI support, the SNC provided training and equipment to 50 citizens to create 9 microenterprises that are now maintaining 200 kilometers of inter-departmental road. The prefecture committed to sustainability of the project by including in its annual budget funding for the generation of future microenterprises to maintain additional sections of road. The pilot project is now being replicated in Santa Cruz, Chuquisaca, Potosí, and Cochabamba with OTI funding.

Public Sector Reform in the Department of La Paz - Bolivian municipalities and prefectures face a major challenge in utilizing the resources allocated to them. Because of inefficient planning systems or difficulty meeting technical criteria, many local governments typically only execute about 50% of their budgets. OTI is helping prefectures develop financial planning and project management systems that will allow them to overcome this problem. This year, the Prefecture of La Paz expects to execute 79% of its budget, a significant improvement from last years 61%. With support from OTI, the prefecture's technical team created a model for budget planning and tracking that will ensure funding of priority projects, increased investment in public works and ongoing monitoring and evaluation of all department programs and works.

Chuquisaca and the Constituent Assembly - OTI is not only helping prefectures build institutional capacity and better communicate with their constituencies, but it is also helping prefectures provide non-partisan information on key political processes. The prefect of Chuquisaca, David Sanchez, will be in the spotlight when the Department

capital, Sucre, plays host to the upcoming Constituent Assembly. OTI helped the prefecture develop a three-phase public education campaign in Spanish and the indigenous Quechua language that provides technical information and outlines the prefecture's preparations for hosting the Assembly.

The grant, now being implemented by the prefecture's Communications Unit, which benefited from technical assistance and training through an earlier OTI grant, is part of a larger package of assistance to the prefecture of Chuquisaca totaling nearly \$200,000. Prefect Sanchez, elected on Evo Morales' MAS party ticket, said recently of the OTI support: "The Prefecture of Chuquisaca has had to operate in a very difficult political context. We would not have accomplished what we have to date without the technical assistance from USAID, which has been of critical importance to both the Administration and public profile of my Government."

Program Appraisal

The technical assistance model developed by OTI to strengthen departmental governments is producing significant results and having a positive overall impact. One lesson learned from providing immediate assistance to underdeveloped institutions is that the lack of institutional infrastructure is the largest obstacle to generating and implementing grants. Prefectures that are relatively stronger institutionally, such as Tarija and Santa Cruz, have been able to utilize OTI assistance much more efficiently than less developed departmental governments. OTI has faced the same challenge with respect to new project ideas generated by the prefectures - counterparts in various prefecture offices often lack the capacity and technical know-how to identify what high-impact activities would best serve the needs of citizens.

During the third quarter, OTI will initiate a series of outside evaluations to analyze how effectively the products and results of prefect technical assistance activities met expectations. Lessons learned from the activities will also feed into future institution-strengthening activities by the Mission's Democracy Strategic Objective Team.

Next Steps/Immediate Priorities

OTI will continue to work with departmental governments to help them increase their visibility and ability to respond to the needs of their constituencies during key democratic processes.