

# FINAL REPORT

## ASSESSMENT OF THE USAID/BOLIVIA ALTERNATIVE DEVELOPMENT STRATEGY

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*Submitted to:*

**United States Agency for International Development/Bolivia**

*Under:*

**The Evaluation IQC AEP-I-00-00-00023-00**

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**May 15, 2003**

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## EXECUTIVE SUMMARY

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### INTRODUCTION AND BACKGROUND

The purpose of this assessment is to review the USAID/Bolivia Mission's past and current Alternative Development strategy and to make recommendations for future adjustments to that strategy.

The USG's principal foreign policy goal of maintaining a fragile and incipient democracy in Bolivia is closely linked to its second policy goal of removing the country from the international illicit trade in coca/cocaine. While the pillars of both the USG and the GOB strategies with regard to illicit coca have been, and remain, Alternative Development, Eradication and Interdiction, and Public Information it is clear that, unless significant efforts are made, the very future of democracy in Bolivia is threatened, as opposition from pro-coca political forces becomes increasingly violent.

Illicit coca cultivation and processing is driven by a series of issues based in poverty and on a lack of viable alternative economic opportunities, and is exacerbated by social and institutional factors. The closing of most of the country's mines in the late 1980s initially spurred migration by heavily unionized miners to the sparsely populated Chapare in the Cochabamba tropics, where they have responded to the enormous market demand for cocaine in the US, Europe, and elsewhere, and defended illicit coca production through a well-organized structure of unions and federations. Nevertheless, this has since changed in recent years with a majority of Chapare dwellers now emigrating from Bolivia's *altiplano* region according to the country's most recent census.

The lack of social cohesion in the region, due to waves of immigration which broke down social relationships, and a pattern of isolated, very small settlements with little social infrastructure or common traditions to bring people together, has made the union/federation structures the dominant social and political, as well as economic force. The lack of a viable state institutional presence, including functional services in the areas of justice, social services, land tenure and use, and municipal governance, has facilitated the ability of the well-organized unions and federations to dominate the existing institutional structure or impose a parallel, substitute structure where none exists. Social and institutional structures in the Yungas, the area near La Paz where coca has always been grown for traditional uses, are more robust, but still inadequate to respond to the needs of a population mired in endemic poverty, and attracted to the illicit coca trade not only for its economic benefits, but because coca is an accepted part of the culture, with the distinction between licit and illicit coca not always clear.

USAID began its support for Alternative Development in the Chapare in 1987, with an amendment to the Chapare Regional Development Project (CRDP). CRDP's goal was revised as "Reduced coca production in Bolivia," with the new purpose being, "To develop alternative sources of income for people who are engaged, or could be potentially engaged, in the production, processing, and marketing of coca in Bolivia." Crop substitution was the predominant guiding principle of the project. The CRDP was then followed in 1991 by the

Cochabamba Regional Development Project or CORDEP. The goal of CORDEP was to increase investment, productivity, and employment in licit activities to help Bolivia transform its economy from one that was based on the production of coca, to an economy based on the production of licit commodities. The concept of crop substitution was replaced by the concept of economy substitution. Implementation of the Counter-Narcotics Consolidation of Alternative Development Efforts project (CONCADE), which began in 1999 and is ongoing, was designed to support the Alternative Development component of the GOB's Dignity Plan, which was based on the above-mentioned pillars of Alternative Development, Eradication and Interdiction, plus Prevention and Rehabilitation. CONCADE assistance has focused on developing and strengthening licit economic alternatives, conditioned upon the recipient's farm being free of coca. Supplementary funds provided through Plan Colombia enabled USAID/Bolivia to support GOB efforts to expand the Dignity Plan into the Yungas, to help eliminate coca production over the legal limit for traditional use by supporting measures to increase household incomes or reduce household costs. The Yungas Development Initiative (YDI) is a multi-pronged, two-year (2001-2003) program supporting social and productive infrastructure, alternative economic activities, citizen participation and municipal strengthening, and health and sanitation improvements.

Between 1997 and 2002, great progress was made in coca eradication—coca land declined from 45,800 to 18,900 hectares. An unintended side effect, however, was a 400 percent increase in the price of coca, and rapid expansion of coca cultivation in the Yungas, where there is no eradication program because of the difficulties in distinguishing legal from illicit coca, the topography, local resistance, and GOB weaknesses.

So, while income from licit crops promoted by Alternative Development (AD) programs has increased, it is evident that it cannot keep pace with coca. Further, problems within the AD program itself have hampered effectiveness, such as marketing problems, lack of development of off-farm income opportunities, lack of participation and attention to the effects of the social and institutional issues noted earlier, and lack of an effective communications strategy. The situation has been aggravated by overall economic decline, which has maintained or increased poverty at high levels, particularly in rural areas, and by the highly unstable political situation. A new, delicately balanced coalition government took power in August 2002 by the slimmest of margins, narrowly beating a pro-coca, pro-socialist/populist candidate. Since the election, the government has continued to lose popularity and effective control, especially regarding issues surrounding coca/cocaine. This has led to an increased attitude of empowerment and militancy on the part of coca growers.

It is evident that the sustainability of the Alternative Development strategy is at stake, together with the sustainability of the broader anti-narcotics effort, and even, perhaps, of democracy itself. Accordingly, in support of the GOB's *Nuevo Compromiso* (New Commitment) anti-drug strategy, a new strategic approach is necessary. The GOB strategy calls for Alternative Development that is participatory, integrated and sustainable. Therefore, the recommendations for a new USAID/Bolivia strategic approach to Alternative Development, in line with these guiding principles, encompass a broad range of issues and interventions, addressing social and institutional, as well as economic development; emphasize participation and greater inclusion of groups which to date have benefited little from AD, including women and indigenous and young people of both genders; and are focused on achieving sustainability of the gains made by Alternative Development.

The areas for consideration in developing a new USAID/Bolivia Alternative Development Strategy, together with recommendations pertaining to each area, are summarized below.

## **A REORIENTED AND EXPANDED ALTERNATIVE DEVELOPMENT STRATEGY**

As mentioned in the Introduction, this section represents the “carrot” side of the strategy; those actions aimed at providing economic alternatives in a participatory, sustainable, and integrated way. It assumes that with effective eradication and interdiction the risk/reward ratio of illicit activities will be increasing while that for licit activities will be decreasing. Furthermore, it assumes that all potential beneficiaries in either the Yungas or the Chapare will not all be reached by USAID-funded programs. It is therefore necessary that all activities recommended below must attempt to reach as many people as possible, not to mention those which offer the possibility of replication. It is also incumbent on the GOB to search for additional donor support.

The following recommended changes in the current Alternative Development strategy are divided into two categories; those that are essential to improve USAID/Bolivia’s AD program and enhance its sustainability; and those that, while important to program effectiveness, are lower in priority than the first group. An attempt has been made within both groups to prioritize the individual activities. This prioritizing is, by nature, subjective, and was reached by using the assessment team’s relative weight estimates regarding each activity’s potential to lead to coca/cocaine reduction.

### **A. ISSUES OF PRIMARY IMPORTANCE**

#### ***1. The Establishment of a Permanent and Aggressive Marketing Structure***

- ▶ The marketing of agricultural commodities continues to be the principal barrier to putting more money in the pockets of intended beneficiaries, and therefore weaning them away from the cultivation of coca. This pertains to both those farmers that are growing AD crops, as well as those who are watching on the sidelines and waiting to see if alternative crops can approximate their economic needs.
- ▶ Neither CONCADE nor the YDI has taken full advantage of the opportunities presented by free trade agreements to increase export income. Of these, the Andean Trade Preference and Drug Eradication Act (ATPDEA) offers the greatest short-term potential for products produced in the Chapare, some of which can be exported to the US free of duties with minimal processing or transformation.
- ▶ Marketing issues that need greater attention, and which are within the capabilities of program managers to address, include the number and types of crops being promoted, the quality and market demand for specific commodities, crop yields, and specific market niches.
- ▶ A well-conceived, clearly understood marketing strategy, which takes advantage of the potential of domestic, regional, and international markets for the types of crops that can be grown in the Chapare and the Yungas needs to be put in place, and should be managed

by aggressive and experienced professionals. The concept of paying these individuals on a commission basis also needs to be explored.

## **2. *The Search for Non-Agricultural Employment and Sources of Income***

- ▶ The fact that the available agricultural land on which Alternative Development crops will grow in the Chapare is between 15 and 20 percent, and that this “agricultural frontier” is about to be reached, must be taken into consideration in developing, or readjusting, a new AD strategy. Greater attention should be given to on-farm activities including, but not limited to, sustainable forestry, agro-forestry, or silvo-pastoral programs based on zero grazing or controlled pasture rotation programs.
- ▶ Additionally, and perhaps as a longer-term strategy, the potential of off-farm employment and income generation needs to be given much more attention. In the immediate term, this could include the promotion of micro and small enterprises and micro and small credit programs. Other types of industries, such as export processing, may be viable in the future, once security and the rule of law are established and investors can be attracted once again.

## **3. *Participation, Social Capital, and Institutionalization***

- ▶ The new strategic approach to Alternative Development should encompass social and institutional, as well as economic development, seeking complementary interventions to facilitate and support access to increased economic opportunities and social well-being for all population groups, to improve the quality of life and lessen dependence on illegal income from coca. The following elements should be included in the new approach:
- ▶ All activities undertaken should be as participatory and as bottom-up as possible, to enhance participants’ involvement, ownership and responsibility, and thus the sustainability of the efforts undertaken. However, participation must be appropriate to the purpose of the activity and further achievement of its objectives. Specialized technical assistance is needed to develop the specific knowledge and skills among the participants for effective, participatory activities. Existing participatory models that have proven to be effective should be extended, replicated, and adapted as necessary, and support should be provided for the development, dissemination, and replication of new models as needed.
- ▶ In order to promote full participation, measures should be supported to develop leadership at all levels and among all groups (particularly those which have suffered from exclusion) and to enhance the ability of these groups to participate, including support for organization and motivation, confidence-building, and development of the necessary knowledge and skills to participate fully. Literacy and Spanish-language training may also be necessary, particularly for indigenous women.
- ▶ Close links between AD programs and the existing formal institutional structures should be sought out and strengthened, particularly the municipalities and *mancomunidades*. When feasible and consistent with requirements for accountability, some AD funds--for example, those for support of social infrastructure, including roads--should be allocated

through municipalities or *mancomunidades*, so that plans and budgets for AD projects at the community level can be developed as part of the participatory municipal planning (POA) process, as a normal part of community development, rather than as parallel, externally promoted activities.

- ▶ Efforts to increase participation and strengthen institutionalization should have a dual focus: on the one hand, to reach out to all groups, including opposition parties and organizations, to seek areas of common interest, solve common problems, and reduce confrontation and conflict; and on the other hand, to broaden opportunities for participation and create or strengthen organizational capacities so that the “silent majority” population can make its concerns heard, and eventually develop a level of influence proportional to its numbers, and so outweigh groups supporting illicit interests.
- ▶ Programs should measure social and institutional, as well as economic, outputs and impacts (for example, levels of participation, number and effectiveness of public services available, number of municipalities with effective participatory planning, level of satisfaction with services, etc.) and develop ways to relate social, institutional, and economic impacts to the well-being of people, and to the reduction of dependence on the illicit coca economy.

#### ***4. A Vastly Improved and Targeted Media Communications Program***

- ▶ In developing a media communications strategy, two targeted audiences need to be addressed: general public opinion concerning coca/cocaine, and the actual and potential coca growers in the Alternative Development areas of the Chapare and the Yungas.
- ▶ In order to counteract the influences of the pro-coca movement, a strong countervailing and continuous media communications program will need to be mounted entailing the purchase/subsidization of radio stations, television stations, and print media. Of extreme importance, however, is to present an image that is totally Bolivian, rather than external.
- ▶ Most importantly, the media communications program must be carefully coordinated with the first three issues of primary importance above.

### **B. ISSUES OF SECONDARY IMPORTANCE**

#### ***1. Land Tenure and Titling***

- ▶ The USAID/Bolivia Mission should implement the proposal for the granting of clear land titles to 80,000 hectares, either through its current Alternative Development institutional contractor, or through an alternative mechanism.
- ▶ If necessary, USAID/Bolivia should seek alternative means and financing to complete the task of issuing clear land titles for the remainder of the 465,000 hectares not titled.

## **2. *Producer Organizations***

- ▶ Producer organizations should continue to be used as a method of achieving economies of scale in providing technical assistance and in the selling of member crops.
- ▶ Since the methodology of allowing producer organizations to hire and fire their own technical assistance providers is a new, innovative approach, it will have to be closely monitored, and its results measured.

## **3. *Productive Infrastructure***

- ▶ Since AMVI is a relatively new concept in Bolivia, a monitoring system should be installed so that local roads and their maintenance can be evaluated on a periodic basis.
- ▶ The highly efficient and particularly labor-intensive methodology, and the proven all-weather nature of the AMVI system, should be maintained, as this activity is expanded to the Yungas.

## **4. *Gender and Other Social Exclusion Issues***

- ▶ All AD activities should incorporate a coherent, systematic strategy for addressing gender, and any other relevant social exclusion issues, which should also be crosscut by gender.
- ▶ Gender strategies should focus on maximizing participation and benefit by both women and men (of all relevant social groups) in all project activities, particularly economic activities such as production and marketing, participation in complementary “production chain” activities, and participation in producer organizations, municipal planning, and other decision-making arenas. Separate, women-only activities should be undertaken only when necessary to achieve mainstreaming, or to complement mainstream, integrated activities.
- ▶ Efforts to expand opportunities for young people, of both genders and from all ethnic groups, should be increased, to ensure that the alternative development patterns being promoted are sustainable over the longer term. Specifically, the Carmen Pampa scholarship program should be expanded. If possible, a similar approach should be used in the Chapare.
- ▶ All AD activities should emphasize collection and analysis of data by gender, cross-cutting any other relevant social variables (e.g., indigenous men/women, young men/women). The data collected should focus on impact, enabling AD activities to determine and report relevant types of impact (participation in organizations, in leadership, employment, and income) on different social groups.

## **5. *Social Infrastructure***

Social investment should be an integral part of the new strategic approach, not only as a direct incentive to reduce coca, but also as a means to strengthen the institutional framework and

promote sustainable, participatory development, which also strengthens alternative development efforts. The relative importance of social versus productive investment will depend on the situation and needs of a given region or community, and the likely effect on quality of life and sustainability of coca reduction. More specifically, the following should be done:

- ▶ Implement the plan for improving educational quality and human development in the Chapare.
- ▶ Implement the proposed health interventions in the Chapare.
- ▶ Provide organizational and technical support to help communities identify infrastructure needs and develop solutions, in selected Chapare communities.
- ▶ Expand support for community facilities, such as community centers, town halls, etc., which promote community organization and participation, in both the Chapare and the Yungas.
- ▶ Assess the need for additional educational assistance in the Yungas, with a view to increasing access for the most disadvantaged populations.
- ▶ Expand health services in the Yungas, in current assistance areas; include reproductive health (for both genders), if feasible.

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## LIST OF ACRONYMS

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ACDI/VOCA	Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ACOBOL	<i>Asociación de Consejalas de Bolivia</i>
AD	Alternative Development
AD/SOT	Alternative Development/Strategic Objective Team
AMVI	<i>Asociación de Mantenimiento Vial</i>
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BTBC	Bolivian Trade and Business Competitiveness
CIAT	<i>Centro Internacional de Agricultura Tropical</i>
CENCOOP	<i>Central de Cooperativas Cafetaleras</i> (association of coffee cooperatives)
CEPAL	<i>Centro Económica y Política para América Latina</i>
CONCADE	Counter-Narcotics Consolidation of Alternative Development Efforts
COP	Chief of Party
CORDEP	Cochabamba Regional Development Program
CRDP	Chapare Regional Development Program
CV	<i>Comité de Vigilancia</i> (Oversight Committee)
CWT	Hundred-Weight
DILOS	<i>Directorio Local de Salud</i>
DIRECO	<i>Dirección General de Reconversión Agrícola</i>
DDCP	Democratic Development and Citizen Participation Project
DEA	United States Drug Enforcement Agency
EU	European Union
ELN	<i>Ejército de Liberación Nacional</i> (Colombian)
FAO	Food and Agricultural Organization (UN)
GDP	Gross Domestic Product
GOB	Government of Bolivia
GTZ	German Development Assistance Agency
IBTA	<i>Instituto Boliviano de Tecnología Agrícola</i>
ILO	International Labor Organization (UN)
INE	<i>Instituto Nacional de Estadística</i>
INRA	<i>Instituto Nacional de Reforma Agraria</i>
IRs	Intermediate Results
JICA	Japanese International Cooperation Agency
LAC	Latin America and the Caribbean (USAID)
MAS	<i>Movimiento al Socialismo</i>
MAPA	Market Access and Poverty Alleviation Project
NTE	Non-Traditional Exports
NTAE's	Non-Traditional Agricultural Exports
NEP	National Economic Plan (Bolivia)
NAS	Narcotics Affairs Section (USG)
NGO	Non-Governmental Organization
NRECA	National Rural Electrification Cooperative Association
OTB	<i>Organización Territorial de Base</i>
PAS	Public Affairs Section (USG)
PDAR	<i>Programa de Desarrollo Alternativo Regional</i>

PNE	<i>Plan Nacional para la Economía</i>
POA	<i>Plan Operativo Anual</i>
PRAEDAC	<i>Programa de Apoyo a la Estrategia de Desarrollo Alternativo en el Chapare (EU)</i>
PSC	Personal Services Contractor
SOT	Strategic Objective Teams
SCAA	Specialty Coffee Association of America
TCO	<i>Territorios Comunales de Originarios</i>
UAAPRAMTROC	<i>Unión de Asociaciones Agropecuarios y Ramas Afines de los Municipios del Trópico de Cochabamba</i>
UNDCP	United Nations Drug Control Program
UNODCCP	United Nations Office for Drug Control and Crime Prevention
USAID	United States Agency for International Development
USG	United States Government
USIS	United States Information Service, now PAS
VIMDESALT	<i>Vice-Ministerio de Desarrollo Alternativo</i>
WTO	World Trade Organization
YCADF	Yungas Community Alternative Development Fund
YDI	Yungas Development Initiative

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# ASSESSMENT OF THE USAID/BOLIVIA ALTERNATIVE DEVELOPMENT STRATEGY

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## I. INTRODUCTION

The purpose of the following assessment is to review the USAID/Bolivia Mission's past and current Alternative Development strategy and to make recommendations for future adjustments to that strategy. It was conducted during the months of March and April, 2003 by four international development specialists with over 100 years of collective professional experience. Much of this experience has been with USAID programs, including Alternative Development activities in the Andean countries.

Since the original Terms of Reference for the assessment were written in late 2002, much has changed in Bolivia which directly impacts on both the current and future Alternative Development strategy including:

- ▶ A new, delicately balanced coalition government took power in August 2002 by a narrow margin, barely beating a pro-coca, pro-socialist/populist candidate. Since the election, the President, Gonzalo Sanchez de Lozada, has continued to lose popularity to the point where his government is unable to exercise either executive or parliamentary power, including control over the country's security forces, especially as it pertains to issues surrounding coca/cocaine. This has led to an increased attitude of empowerment and militancy on the part of coca growers in the form of protest marches, road blockades, and the reported collection of "taxes" from persons and vehicles traveling through the Chapare, not to mention death threats and other forms of intimidation against Alternative Development farmers and workers.
- ▶ On February 12 and 13, the army and police force were engaged in a firefight against each other in which several on both sides were killed or wounded, including civilians. This has exacerbated a serious vacuum in the rule of law in the country and particularly in the coca producing regions, the Chapare and Los Yungas.
- ▶ Beginning on March 25 and continuing to the present, the coca growers in the Chapare and those who support them, entered into a new and violent phase in their militancy in favor of their perceived "right" to grow and sell coca, as well as their opposition to Alternative Development programs. As such, several USAID and other donor-funded facilities, equipment, and Alternative Development farms and plantations have been, and continue to be, burned, sacked, or destroyed by pro-coca elements. The nascent hotel/tourism industry in the Chapare is said to be the next target. As a result, Alternative Development workers supported by the Mission and other donors have been withdrawn from the Chapare and their activities have been seriously affected.
- ▶ The recent discovery of heroin poppy near Sucre, and Peruvian and Colombian activists in the Chapare with links to the Shining Path and National Liberation Army (ELN) movements, respectively, means that the Bolivian war on drugs and drug trafficking has entered a new phase, which holds the potential to threaten the country's already fragile

democracy, if not its national sovereignty. This has been a signal to the GOB that narco-traffickers/guerrilla-linked groups are looking for fertile ground where democratic institutions are weak and where they can settle, given the intensified war on drugs in Colombia.

- ▶ The Vice-Ministry of Alternative Development (VIMDESALT) was recently broken into by “thieves” who removed the hard drives from over 25 of their computers, containing 20 years of AD information.

Given the above-described situation, it becomes obvious that the vast majority of the recommendations that the assessment team will make throughout this document must be prefaced or conditioned by a somewhat drastic change in the Development Hypothesis that heretofore guided the Mission’s Alternative Development strategy. This, until recently accepted yet unarticulated, hypothesis can be summed up as follows:

- ▶ If the area planted to illegal coca in Bolivia is maintained at legal levels through the elimination and suppression of new plantings and the eradication of old ones;
- ▶ If the risks versus the rewards from producing and selling illegal coca and its derivatives are maintained sufficiently high by effective law enforcement;
- ▶ If income from licit, alternative on-farm and off-farm enterprises are sustained and consolidated, thereby increasing household incomes significantly;
- ▶ If democratically-based community and/or farmer organizations are better prepared or empowered to manage available resources and make decisions that affect their involvement in licit economic, social, and cultural activities; then
- ▶ **Continuing with, or reverting to, illicit coca production in Bolivia can be prevented and the sustainability of strong licit enterprises and local institutions can be ensured.**

To this the assessment team would add:

- ▶ If the rule of law can be re-instituted and maintained;
- ▶ If Bolivia can rid itself of foreign, illicit influences;
- ▶ If sufficient levels of social and institutional, as well as economic development can be achieved;
- ▶ If the Bolivian public in general can be convinced of the dangers and perverse influences of the international narcotics trade; and
- ▶ **Bolivia can withdraw itself from the international trade in illicit narcotics thus restoring its national pride and image.**

A revised Alternative Development strategy must take into consideration the recent events mentioned earlier as well as the multiple caveats in the development hypothesis. First and foremost, however, is the requirement that the GOB, the private sector, and civil society in general demonstrate a strong commitment and the will to bring about change; since only in this type of an atmosphere can Alternative Development to exist, let alone thrive.

The development hypothesis demonstrates that for Alternative Development to become successful, it must continue to coordinate with other sets of activities in the war on drug trafficking including eradication, interdiction, and public information. (This only deviates

slightly from the past and current GOB strategy of AD, eradication, interdiction, and prevention/rehabilitation.)

In essence, Alternative Development is not much different from a traditional integrated rural development project; with conditionality being one of the larger differences. Much can be learned from that experience, some of which has been incorporated into the following strategy. In essence, the strategy is based on providing economic alternatives within an environment of security and improved social and civil infrastructure all done in a way that is as democratic or participatory as possible. This is the “carrot” side of the strategy that provides the incentives that farmers need to leave coca. A “stick” side composed of forced eradication and incessant interdiction, however, must accompany it. This stick side must be provided by a combination of GOB support and inter-agency coordination with the NAS and the DEA. Without the latter, the former is not possible and without the former the later becomes much more difficult.

To the extent they are addressed, issues such as the administration of justice, trade, credit, the environment, conflict resolution and security are only touched on tangentially. They are, none-the-less, important to the development of a proper Alternative Development strategy and should be the topic of further study.

Chapter VII describes and prioritizes the interventions involved with implementing this strategy.

## **II. METHODOLOGY**

The methodology utilized in conducting the following assessment included the normal review of documents, interviews with informed individuals, and an iterative process of verbal and written presentations to USAID/Bolivia personnel and the incorporation of Mission feedback into the various assessment drafts presented (please see Annexes for a list of persons/organizations interviewed and a selected bibliography of documents consulted). Interviews with other USG agencies were also conducted, including the Public and Narcotics Affairs Sections of the US Embassy (PAS and NAS), and the Drug Enforcement Agency (DEA). Interviews were also held with several high-level GOB officials dealing with Alternative Development issues, including the Vice-Minister of Alternative Development and his staff.

Field data collection was somewhat constrained by issues of security and the time available to conduct the assessment. For example, due to the violence in the Chapare mentioned above in the Introduction, only one team member was able to travel to the Chapare, for one day. The rest of the team could not, but had to rely on interviews with current and ex-GOB, contractor, international organization, and Mission staff in Cochabamba. Several representatives of farmer organizations were also interviewed in Cochabamba. The team also traveled to the towns of Caranavi and Coroico in the Yungas for interviews with local officials and community leaders; the project staff of Mission- and other donor-funded activities; as well as program beneficiaries, both actual and potential. A trip was also made to the campus of the Catholic University at Carmen Pampa, in the Yungas, to ascertain the type of support that they could give to Alternative Development activities in the region.

During the first week that the full assessment team was in Bolivia, the team had the very fortunate opportunity to participate in a two-day workshop under the auspices of the *Cancillería de la República* (State Department or Ministry of Foreign Affairs equivalent) designed to give

guidance in the preparation of the GOB's new counter-narcotics strategy; a follow-on to the 1998-2002 Dignity Plan. This not only allowed the team to hear the opinions of a wide variety of GOB, international donor, program contractor and other personnel, but it also facilitated the setting up of future meetings and interviews with those attending the workshop.

### **III. PROBLEM STATEMENT**

The USG's principal foreign policy goal of maintaining a fragile and incipient democracy in Bolivia is closely linked to its second policy goal of removing the country from the international illicit trade in the coca/cocaine circuit. Indeed, over the past few years, and especially as a result of the August 2002 elections, the coca/cocaine "problem" has been transformed from one of Alternative Development, Eradication, and Interdiction to one of a political movement that threatens the very future of democracy in the country, as is evidenced by the events mentioned above in the Introduction.

The pertinent history surrounding the GOB/USG activities in the "war" against illicit coca/cocaine began in 1988 with the passage of Law 1008. This law permitted the growing of up to 12,000 hectares of "traditional" coca, primarily in the Yungas, identified an additional amount of coca land that would be "excess or in transition" towards the production of licit crops, and most importantly, declared all other coca to be illicit and against the law within a ten year period, primarily in the part of the country referred to as the Chapare. Furthermore, the law established a program whereby coca farmers would be provided financial incentives for voluntarily eradicating their coca. This voluntary program was gradually phased out by 1998, as it became obvious that farmers were eradicating some or all of their coca, collecting their incentives, and immediately replanting it again.

It should be noted that the growing of coca and its primary processing into cocaine base and paste is driven by a series of issues based in poverty, but exacerbated by the closing of most of the country's mines in the late 1980s and the settling of this heavily unionized workforce in the sparsely populated Chapare; an enormous and overwhelming market demand for cocaine in the US, Europe, and elsewhere; the wide availability of production inputs (precursors), including labor; the absence of the state and state institutions in the Chapare, especially the police and other security and law enforcement agencies; and weak public support for coca eradication that was perceived to be a "right" of the poor to make a living, as well as an "engine of growth" that was stimulating an otherwise stagnant economy.

1998 saw the implementation of the GOB's Dignity Plan, which set the ambitious goal of eradicating all of Bolivia's excess and illicit coca by the year 2002. It also switched the operating methodology from one of crop substitution to a broader one of economy substitution, and scrapped the individual farmer incentives for voluntarily eradicating their coca, in favor of community incentives for those communities willing to sign "zero coca" agreements. Forced eradication, as opposed to voluntary eradication, also began in the Chapare. In essence, the Dignity Plan took advantage of the passage of Law 1008 ten years before which declared that by 1998 all coca grown outside of the "Traditional" Yungas area would be considered illegal and subject to forced eradication.

Almost coinciding with the Dignity Plan and complementary to it, the CONCADE Alternative Development program was authorized and implemented by the USAID/Bolivia Mission; the

Narcotics Affairs Section (NAS)—which became heavily involved in supporting the GOB’s agency, DIRECO, in the forced eradication of Chapare coca; and the US Drug Enforcement Agency (DEA), which increased its efforts in the area of interdiction of cocaine base and paste as it moved from Bolivia through Peru to Colombia for further processing.

This leads to another important issue in the war against coca and its derivatives; it is a regional problem that has to be addressed with regional solutions. Coca can be grown on a wide variety of soils and under a wide variety of agro-ecological conditions, not only in the Chapare and the Yungas, but also throughout Bolivia and other Andean countries, such as Peru and Colombia. As such, as forced eradication began to meet with success in the Chapare in Bolivia, and interdiction began to have its effect in Peru, the cultivation of coca began to increase alarmingly in the Southern and other regions of Colombia, where it has been protected, first by large powerful “cartels” and then by extensive anti-government guerrilla forces that finance their activities through the international illicit drug trade. While a regional approach is necessary, it is beyond the scope of this assessment to make recommendations concerning regional issues.

Throughout the 1990s, US-supported initiatives gradually forced the cartels, first in Colombia and then in Peru and Bolivia, to disband, converting the industry from a few large “multi-national” cocaine syndicates to one of small, fragmented “cottage industries” that are now much more difficult to monitor and suppress. A further example of the regional nature of the war on drugs is that, as the effects of aerial herbicide spraying of coca fields in Southern Colombia begin to suppress coca leaf production, there is a real and present danger of its cultivation spreading into Northern Ecuador and the very real evidence of its cultivation being expanded in Bolivia. While DIRECO/NAS has achieved a balance of approximately 5,000 hectares in the Chapare, between eradication and replanting, the area under coca cultivation in and around the Yungas has increased by 2,000 to 6,000 hectares, depending on the source of information, in addition to the 12,000 hectares considered legal. One tactic being employed by many Chapare farmers who have had their coca eradicated has been to accept a certain amount of Alternative Development crops, but to keep a small coca field for ready cash income. Of further interest is that Law 1008 suggests the figure of 12,000 hectares and leaves open the possibility of readjusting the figure based on periodic estimates of actual demand for traditional purposes. Such a study is about to be commissioned by the GOB, although informed sources estimate the figure to be approximately 6,000 hectares.<sup>1</sup>

Additionally, it is becoming more and more clear that the legal coca market, which is the subject of a companion study to this assessment<sup>2</sup>, is out of control, and that a substantial portion of the legal and excess coca leaf production is finding its way into the illicit cocaine processing industry, primarily in the Chapare and the city of El Alto, near La Paz. It also appears that a substantial portion of the cocaine base and paste produced in Peru transits Bolivia on its way to Brazil, where it is either consumed or exported to Europe and elsewhere. Of further interest, as well as an additional demonstration of the fluid nature of the international coca/cocaine trade, is the fact that presently, only about one percent of Bolivia’s coca/cocaine production reaches US markets, which are now being supplied primarily by Colombia. However, this situation could change rapidly, as market forces and eradication/interdiction measures ebb and wane.

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<sup>1</sup> Alcaraz del Castillo, Franklin, “Coca Tradicional: Consumidores y Consumo,” 1997.

<sup>2</sup> Eduardo Musso, May 2003.

Given the intricacies of the international coca/cocaine trade, several difficult issues/questions have arisen in the course of conducting this assessment. One such question is why certain communities that have the agro-climatic conditions to grow coca, choose not to do so. Incomplete evidence suggests two probable answers. The first is that some indigenous tribes, which were never conquered by the Incas or the Spaniards, simply never developed the otherwise traditional uses for it, and therefore the custom of growing it. The other is that some communities have almost entirely converted to evangelical Christianity, which prohibits its cultivation and use. The Catholic Church, on the other hand, has adopted an ambiguous anti-drug but not anti-coca position in an attempt to not alienate local populations.

Another such issue/question is that of conditionality; that is to say, should the provision of financial incentives (still proposed by the GOB for the Yungas), community infrastructure, or alternative development services be conditioned through agreements on the part of farmers to eradicate, or simply not plant coca. The evidence as to whether or not conditionality results in reduced coca production is quite mixed and the issue remains controversial. It is fairly obvious however, at least in the Yungas, that it is far easier to sign conditionality agreements to not plant coca than ones to eradicate it.

Equally controversial is the issue of subsidies in promoting alternative development and their tendency to create dependencies and lead to unsustainable incentives to not plant coca. Without a doubt, the subsidies that are being provided to Alternative Development producers in the Chapare, be they in the form of free or reduced input costs and extension services, or direct payments for produce lost due to roadblocks, closed borders, or inefficient marketing chains, have been necessary to keep farmers in the production of alternative crops, rather than reverting to coca production. Also, it is clear that maintaining market contacts and linkages has been essential in order to keep the AD program alive. Nevertheless, these subsidies run counter to conventional development methodologies that call for the reduction, or elimination of subsidies as a way of promoting sustainability.

Other factors also affect the sustainability of the AD program, and contribute to the poverty in which illicit coca production has flourished. In the Chapare, particularly, both social capital and the institutional base are very weak. People live mainly in isolated, very small settlements with little or no social infrastructure to bring them together, which exacerbates the breakdown of social cohesion—common social patterns and relations--caused by the fact that the population has migrated to the region from various parts of Bolivia. This dispersion and lack of cohesion is aggravated by the lack of a viable state presence in the region. State institutions, particularly in the justice and social service sectors, tend to be weak or absent, or available only in the largest towns. This social and institutional vacuum has facilitated the ability of the well-organized unions and their federations to be dominated by coca interests, to impose their agenda and interests on the majority population, and to dominate the existing institutional structure, particularly the municipalities, which also control basic public services. Social and institutional structures in the Yungas are more robust, but still inadequate to respond to the needs of a population mired in endemic poverty, and attracted to coca not only for its economic benefits, but because it is an accepted part of their culture.

Sustainability is further undermined by the fact that the benefits of Alternative Development have so far gone mainly to male farmers growing alternative crops for the national or export markets. While participation and benefits are couched in terms of families, and while family

welfare is no doubt enhanced by increased income, direct participation and benefit by women has been very limited, thereby affecting their ability to improve their situation, gain access to greater opportunities, and contribute to family income. Similarly, lack of opportunities for young people of both genders is an issue, as is the exclusion and discrimination faced by many indigenous groups.

This assessment examines these issues and problems in the context of the current AD strategy, and offers recommendations for new strategic approaches for dealing with the multiple, and exceedingly complex, problems posed by illicit coca.

#### **IV. BRIEF REVIEW OF PAST AND PRESENT USAID ALTERNATIVE DEVELOPMENT STRATEGIES**

While USAID/Bolivia projects in the Chapare date back to the 1960s, it was not until 1987 that the concept of Alternative Development was initiated as an amendment to the Chapare Regional Development Project (CRDP). The goals of this project were to modify and improve the existing small farming systems by first harmonizing actual land use with land resource capabilities. This was followed by increasing agricultural production through the use of improved varieties, new cultivation techniques, and the judicious use of pesticides. Direct land-use improvement activities were complimented by improved infrastructure; better marketing techniques; farmer organizations; and, agro-processing. By 1987 the growing of coca in the Chapare was experiencing significant expansion and the CRDP's goal was revised to "Reduced coca production in Bolivia," with the new purpose being, "To develop alternative sources of income for people who are engaged, or could be potentially engaged, in the production, processing, and marketing of coca in Bolivia." Crop substitution was the predominant guiding principle of the project. This revision in the CRDP design also marked the first time where project assistance, particularly credit delivery, was conditioned on the reduction of the amount of coca grown by individual farmers.

The Cochabamba Regional Development Project, or CORDEP then followed the CRDP in 1991. The original goal of CORDEP was to increase investment, productivity, and employment in licit activities to help Bolivia transform its economy from one that was based on the production of coca, to an economy based on the production of licit commodities. The purpose of CORDEP was to develop alternative source of income and employment for people within the project area, the Chapare and the high valleys of Cochabamba. Project components included the marketing of selected agricultural commodities, productive infrastructure development, and sustainable small farmer production technologies for perennial crops. The concept of crop substitution had been replaced by the concept of economy substitution. Additionally, agro-forestry and reforestation activities implemented by the FAO, with funding from the United Nations Drug Control Program (UNDCP), were coordinated with those activities supported by CORDEP.

During the implementation of CORDEP (1991-1998), the GOB's major attempt towards a reduction in the area under coca cultivation consisted of cash payments or "compensation" to farmers, in exchange for voluntary eradication of their coca crop. This program eventually proved to be a failure, as farmers eradicated, received their payments, and then promptly replanted coca again.

The next chapter in the history of the Mission's and the GOB's attempts to control and reduce the area under coca cultivation included, respectively, the design and implementation of the Counter-Narcotics Consolidation of Alternative Development Efforts project (CONCADE), and the publication of the "Dignity Plan" on the part of the newly elected Banzer/Quiroga government. CONCADE's Results Framework differed from most USAID projects and programs in that it was based on inter-agency cooperation, namely with the DEA and NAS, thereby creating a more integrated "three pillar" approach, including Alternative Development, Eradication, and Interdiction. As such, the Results Framework included four Intermediate Results (IRs), as follows:

- ▶ IR1 New Coca Plantings Prevented;
- ▶ IR2 Increased Risks and Reduced Incentives for Coca Production and Marketing;
- ▶ IR3 Existing Coca Eradicated; and
- ▶ IR4 Sustainable Alternative Development Established.

While the first three IRs were the responsibility of the DEA and NAS, the fourth pertained solely to USAID/Bolivia and its prime contractor for implementation. Although close coordination between these USG agencies, including USIS (now PAS) for assistance in anti-coca, pro-Alternative Development media campaigns was originally intended, in practice this did not, and still does not happen, at least as closely as it should.

Parallel to the design and implementation of the CONCADE Results Framework was the GOB's aggressive Dignity Plan, which was an attempt to both articulate the government's counter-narcotics strategy, as well as to provide a framework within which other governments and international donors could offer assistance. In essence, the plan estimated that US\$ 952.0 million would be necessary to remove the country from the international coca/cocaine circuit by the year 2002. Based on its four "pillars," this total amount was to have been allocated as follows: US\$ 700.0 million (73 percent) for Alternative Development, US\$ 129.0 million (14 percent) for Interdiction, US\$ 108.0 million for Eradication (11 percent), and US\$ 15.0 million for Prevention and Rehabilitation (2 percent). Under the premise of "shared responsibility," the GOB was to have come up with 15 percent of this amount, or approximately US\$ 142.0 million, while the international community was to have come up with US\$ 809.0 million over the five-year life of the plan. While the USG's pledge to assist in the funding of the Dignity Plan came very close to its agreed upon share of this amount, that of other donors, particularly the UNDCP and the EU, did not.

Returning to IR4 "Sustainable Alternative Development Established," three secondary level IRs were also established, which still remain in effect, namely IR4.1 "Sustainable Farm Level Production Capacity Established"; IR4.2 "Sustainable Market Linkages Established," and IR4.3 "Sustainable Market Demand Established."

Beginning in 2001, the USAID/Bolivia Mission received supplemental funding through "Plan Colombia," allowing it to increase the funding for IR4 and to open a new front in the Yungas in the war against coca and cocaine trafficking. As a result, IR5 was created to deal with increased illicit coca planting in the Yungas. As presented in the "Amended Alternative Development Strategic Objective," IR5 Yungas was expressed as "Licit Net Household Income Increased in Targeted Communities," with four secondary-level IRs: IR5.1 "Increased Public Access to Municipal Resources in Targeted Communities," IR5.2 "Increased Volume and Value of

Sustainably Produced Licit Products and Services Marketed from Targeted Communities,” IR5.3 “Increased Employment Opportunities in Targeted Communities,” and IR5.4 “Improved Health in Targeted Communities.”

The additional funding provided through Plan Colombia not only increased the funding for IR4 and established IR5, but it also marked the beginning of a new USAID/Bolivia strategy of including other Mission Strategic Objective Teams (SOTs) in the overall Alternative Development Results Framework, especially Health and Democracy, but also Environment and Economic Growth, in order to address the problem more holistically.

In practice, the IR5 strategy was designed to have one “cornerstone” activity, the Yungas Community Alternative Development Fund (YACDF), and three supporting activities: an expansion of the Democratic Development and Citizen Participation project (DDCP); an expansion of health services through the local NGO, SERVIR; and, an expansion of the Market Access and Poverty Alleviation project (MAPA). The YACDF makes conditioned resources available for the construction of community-selected social and productive infrastructure, in exchange for negotiated coca reduction agreements. The DDCP project provides for the strengthening of selected municipalities, community organizations, and citizen oversight committees; participatory municipal planning, municipal tax administration, financial management, and service delivery; and, coordination with other donors providing financial and technical assistance to municipal governments. Expanded health services include water and sewerage systems, and tuberculosis and leishmaniasis detection and treatment. Expanded MAPA services include technical assistance and financing for tourism development planning in and around the town of Coroico, improvements in the quality and presentation of high altitude coffee in the Coroico and Caranavi municipalities, and, most recently, technical assistance and marketing support for tea. Lastly, a scholarship program for Yungas students at the Carmen Pampa campus of the Catholic University was also funded in order to provide future community workers in primary education, agronomy, veterinary science, and nursing.

## **V. PAST AND FUTURE CONTRIBUTIONS FROM THE GOB, THE UNDCP, THE EU, AND OTHERS**

Several donors in addition to USAID and the GOB have supported Alternative Development activities. Table 1 in the Statistical Annex demonstrates the amounts and timeframe for this support. Of significance is the fact that the concept of “shared responsibility” has been applied with the GOB providing 18 percent of total resources, while the US and other donors have supplied 82 percent. Furthermore, of total external resources, the US has supplied almost 77 percent. This is far more than the USG had initially planned upon while at the same time not being enough to reach the entire target population. This shortcoming on the part of other donors has meant that large numbers of potential beneficiaries are not being reached. (The current CONCADE contractor estimates that it is reaching 35 percent of the target population of the Chapare while the remaining 65 percent receives few, if any, Alternative Development assistance.

## VI. TOPICAL AREAS/ISSUES

The AD SOT identified the following topical areas and issues as items to be addressed by the assessment team in the preparation of a new Alternative Development strategy. Sections A through J are presented and discussed below, in a Findings, Conclusions, Recommendations format. The recommendations are then summarized in Chapter VII as a comprehensive strategy.

### A. THE CHANGING ECONOMIC, POLITICAL, AND SOCIAL SITUATION

This section is provided in order to frame the relevant strategic recommendations to follow. Compared with 1998, when the current counter-narcotics initiative was launched via the *Plan Dignidad* and the design of the CONCADE project, a radically different economic, political, and social environment has evolved. Beginning with a comprehensive national dialogue process, the GOB introduced unprecedented measures against drug trafficking, with particular attention to coca eradication. Since 1998, 59,000 hectares of illicit coca have been eradicated. However, due to expanded production, the Plan's objective to completely eliminate all illegal coca plantations by 2002 was not achieved, primarily due to replanting in the Chapare and elsewhere in the country. Unfortunately, due to impacts caused by repercussions resulting from this important accomplishment, the changed societal setting, and the absence of a once strong national support base, Alternative Development has become a lightning rod generating confusion and disdain.

#### 1. *The Economic Setting*

To help conceptualize this new situation, Bolivia's economy must first be cast in its dramatic break from three decades of state capitalism under the earlier import-substitution economic model. Beginning in 1985 under the *Plan Nacional Económica* (PNE), Bolivia became one of the first Latin American economies to introduce and aggressively embrace structural adjustment to advance private sector and market-based economic reform<sup>3</sup>. Since then, five democratically elected presidents have maintained generally consistent fiscal, exchange, and monetary policies and complementary trade liberalization reforms. In the context of Alternative Development, this section reviews the changing economic performance; poverty shifts with particular emphasis on the rural sector; and the related agriculture sector performance, including trade performance.

#### a. A Dramatically Contrasted Economic Situation

While, from 1980 to 1985, average annual GDP performance sank by a deplorable -1.9 percent, from 1986 to 1990, under NEP, it rebounded to an average 2.2 percent. Until 1999, GDP rates almost doubled, rising to 4.3 percent annually.<sup>4</sup> By comparison, between 1993 and 1996, LAC average performance was 3.2 percent. Responding to the *Plan Dignidad's* Stage Two and Three periods of focus on massive coca eradication and Bolivia's unprecedented economic growth, while in 1985 coca formed 10 percent of Bolivia's GDP, by 1999 it comprised less than 3 percent.<sup>5</sup>

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<sup>3</sup> Callisperis, E, 2000.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

In 1998, the economic boom peaked at 5.2 percent, just as the *Plan* was being launched. Since then, it has tumbled significantly. By 2000, the GDP fell to 2.3, and to 1.2 percent in 2001. Initial reports, according to the *Instituto Nacional de Estadística* (INE) estimates for 2002, are 2.5 percent. However, the *Centro Económico y Político para América Latina* (CEPAL) estimates 2002 growth at 1.5 percent. Today's grave economic crisis was caused by changes in trends on the macro-economic front; increased unemployment and underemployment, and credit shortfalls exacerbated by proliferating social and political uncertainties.<sup>6</sup> Prospects for the mid-term are that the economy will remain the same.

## **b. Mixed Progress Towards Poverty Reduction**

According to The World Bank, during this period of structural reform and expanding growth, some societal groupings showed only marginally reduced poverty levels. For the years 1993 and 1999, in large cities poverty and extreme poverty levels decreased from 52 percent to 50 percent and from 25 percent to 22 percent, respectively. In rural areas, however, the incidence of poverty and extreme poverty actually increased. For the years 1997 and 1999, the levels of rural poverty increased from 77 percent to 81.7 percent and 58.2 to 58.8 percent, respectively.<sup>7</sup>

## **c. The Rural Economy: A Limited Number of Remunerative Economic and Trade Activities**

Bolivia has traditionally relied upon its once rich mining sector, which has increasingly declined in importance. For years its agriculture sector received declining attention. Nonetheless, agriculture forms the largest economic sector. In 1998, it generated 15 percent of the national GDP and employed over 30 percent of the work force. The bulk of the sector's output is comprised of traditional, low farm-gate prices, and limited value-added activities. Based on a recent rural household survey in the Altiplano, Valleys, and the Yungas, the annual rural household income was \$1,258.<sup>8</sup> Not surprisingly, within the various economic sectors, poverty is highest in agriculture. World Bank data reveal that in 1999, the probability for poverty status in agriculture was 85.2 percent, and for extreme poverty, 63.2 percent.<sup>9</sup> In 1995, what little information that was available to small farmers disappeared with the ending of IBTA's role in providing extension services.

The NEP generated a macro policy framework that initially unleashed market-driven, national comparative advantages. Nevertheless, the economic crisis and the numerous impediments associated with the agricultural sector did not result in increased rural incomes, jobs, and sales of products. There are multiple causes for this, including the notable decline in public investments to the sector from 10 percent of the national public investment in 1989 to 4.4 percent in 1997<sup>10</sup>.

There is increasing concern about Bolivian non-competitiveness as numerous trade agreements have been entered into. Particularly vulnerable is the agriculture sector. However, on a brighter side, non-traditional exports (NTEs), which except for jewelry, are made up of agriculture and related value-added processing and industrial activities, which include livestock and forest

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<sup>6</sup> González Vega, Claudio, 2002.

<sup>7</sup> World Bank, 2002.

<sup>8</sup> Chemonics, 2003.

<sup>9</sup> World Bank, 2002.

<sup>10</sup> D. Montenegro-Ernst and A. Guzman Bowles, 2000.

products, have shown the most dramatic growth. Between 1992 and 2000, these NTAEs have more than tripled, from \$230 million to \$640 million<sup>11</sup>. Given the disturbingly increased rural sector poverty levels, such trade-driven activities force much needed associations between agricultural production and other sectors that can potentially forge essential multipliers for broad-based growth.<sup>12</sup>

## **2. Political and Social Dynamics**

From this increasingly deteriorating economic setting, divisive political and social forces emerge. Some of these basic themes include political and social dynamics evolving from the 1952 Revolution; demographic shifts that brought waves of Altiplano producers and miners to the Yungas, Chapare, and Santa Cruz; and the changing political economy evolving from the NEP. However, in the context of Alternative Development, this section focuses on ethnic-based power struggles; increasingly weakened state institutions; and the decentralization of authority.

### **a. An Emerging Ethnic-Focused Power Structure**

Due to traditional limited governmental presence in Bolivia's vast territory and de facto societal exclusions, for decades labor unions and federations of labor unions have served as the local bridge between rural communities, labor groupings, commodity associations, and the political power structure. Increasingly, as the economy has deteriorated and coca eradication expanded, certain political forces have moved to oppose the intent of *Plan Dignidad*. This was to a major degree sparked as politically steeped *Altiplano* miners migrated to the Chapare. They have helped stimulate six coca union federations that now serve as the principal power base from which pro-coca positions are increasingly promoted.

Increasingly, these federations of labor unions link with other labor unions and opposition political groupings around broader issues and class-based "empowerment" interests. These organizations have become increasingly radicalized, and are said to form the base of the *Movimiento al Socialismo* (MAS). Since 2000, in response to the notably increased success of eradication, these groupings have blocked roads, coordinated demonstrations to thwart the privatization of the Cochabamba water system, conducted *Altiplano*-based road blockades, attempted to promote the legalization of up to .5 hectares of legal coca per producer, and in late March, led fierce attacks to "defend their coca" on at least 13 USAID-funded, Chapare-based alternative development facilities, with the damage estimated at a minimum of \$0.5 million. This does not take into consideration losses that farmers must suffer when their crops cannot get to market. Intelligence reports indicate that such attacks will increase in the future, causing major set backs and disruptions to market access and program implementation, not to mention severe damage to Bolivia's image for potential investors.

### **b. Increasingly Weakened Institutional Base**

Effective governance on key issues is becoming increasingly difficult. A fragile national coalition tries to work with the increasingly divided and vocal Congress with decreasing results. Consequently, increasingly complex and sensitive issues are dealt with only on the margin. A

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<sup>11</sup> *Instituto Nacional de Estadística, 2001.*

<sup>12</sup> D. Montenegro Ernst and A. Guzman Bowles 2000, and World Bank 2002.

much-needed strategic response to promote broad-based economic growth is key and still missing after nine months in power. While Bolivia has signed an impressive number of trade agreements, enhancing national capacity to compete (particularly in the rural sector) receives scant attention. National internal security threats are not being firmly responded to, and increasingly, national institutions and political parties are viewed with declining respect. Consequently, opposition forces increase their extreme positions, national support for the governing coalition declines, and prominent societal groups organize efforts to form a constructive bridge to confront serious structural issues without success. In this setting, however, it is encouraging that the GOB has developed its “*Nuevo Compromiso*” (New Commitment) Plan to replace the *Plan Dignidad*, and has presented it to donors in Vienna at a UN-sponsored counter-narcotics conference. (Nevertheless, the GOB’s new counter-narcotics strategy was not vetted with opposition forces and does not have their blessing.) Within this divisive context, the coca issue becomes an increasingly polarizing one.

**c. Decentralization of Governmental Services**

Breaking centuries of centralist governance and decades of increasingly divisive labor union presence, the 1994 Popular Participation Law was launched to introduce much-needed reforms. Under this legislation, considerable powers and unprecedented resources are being delegated to the 314 municipal governments. Basic social facilities and road infrastructure are being funded from 20 percent of national revenues, based on population. Currently, in the Alternative Development areas, all mayors from the Chapare are from the MAS party, while in the Yungas, only one (of 8) is MAS-affiliated. How these new responsibilities in the program area are addressed so as to ensure appropriate mutual gains, offers another strategic challenge.

**B. IMPACTS FROM USAID/BOLIVIA’S ALTERNATIVE DEVELOPMENT PROGRAM**

Resulting from two dramatically different dynamics observed in the Chapare and the Yungas areas of the Alternative Development program, two distinctly different strategic thrusts and greatly different component parts are observed. This difference is best reflected for the Chapare in Table 2 in the Statistical Annex, which illustrates an extensive portfolio totaling over \$100.0 million since 1999 alone. For the Yungas, a similar overview is provided in Table 3 in the Statistical Annex, which lists the current portfolio (beginning in 2001), valued at over \$37.0 million.

Given the important driving force of economic and market dynamics that influence the Alternative Development agenda, this section focuses on these and related core activities. Other sections will analyze additional key Alternative Development elements. This section provides an Alternative Development overview of the Chapare; major findings for the “Agricultural Continuum” components, conclusions and recommendations; and an Alternative Development overview of the Yungas, the major findings for key components, conclusions, and recommendations.

## *Findings for the Chapare*

### **1. An Alternative Development Overview of the Chapare**

Since the early 1980s, the GOB has eradicated ever-expanding coca production from the Chapare, traditionally Bolivia's largest production area for base cocaine. In 1991, USAID/Bolivia launched its major collaborative field operations in the Chapare. The area contains approximately 500,000 hectares (the size of New Jersey) and bounds the Santa Cruz to Cochabamba highway. Soil conditions in this tropical area range from good to poor, with 15 to 20 percent of the land being appropriate for agricultural activities, 15 percent for livestock and pastures, and the rest for agro-forestry and forest management. The majority of the colonizing core population arrived over the last 25 years.

At the start of USAID's current core effort, the Counter-Narcotics Consolidation of Alternative Development Efforts (CONCADE) was launched more than a year after the *Plan Dignidad* was inaugurated. At that time, the population of the Chapare was estimated at 192,500, of which 10,000 were dedicated exclusively to coca production. Since then the population has continued to grow at about 4-6 percent per year, and is one of Bolivia's fastest growing areas. A dramatically different environment has evolved as reflected in USAID's August 2002 Amended Strategic Objective. By then, coca eradication was proceeding at the unprecedented rate of 50 hectares per day, so that between 1997 and 2002, coca had declined from 45,800 to 18,900 hectares. The Chapare population had also boomed to 220,000, and in this rapidly changing area, USAID's initial budget assistance was pegged to responding to the needs of only 30,000 farm families.<sup>13</sup> In this situation, by 2000, USAID requested additional resources to "better deepen, broaden, and accelerate Alternative Development."<sup>14</sup>

Under the CONCADE Results Framework, USAID's activities were "to provide Chapare farm families economically sustainable sources of farm incomes which can provide adequate living standards without the need to grow coca."<sup>15</sup> While farm income generation was crucial, it was linked to a broader, market-driven continuum focused on remunerative value-added processing and agro-industrial activities. To accomplish these key, but often times misunderstood functions, a new Chapare-based "Agricultural Continuum" of essential market-driven support activities was to be implemented by an institutional contractor, the same contractor that had been in charge of implementing its predecessor project, CORDEP, albeit with a six-month break in services.

The CONCADE design provided the major complementary activities to the eradication efforts for the participating producers being freed of coca. Although the same CONCADE core crop lines evolved from the CORDEP efforts launched in 1991, the rapid introduction of these medium-term activities (18-month growth cycles) and the accompanying high levels of expectations, required the most focused efforts across a wide range of service areas, including applied production and post harvest research; extension and technology transfer; and product marketing. It is also important to mention that, as CONCADE activities were being implemented, a gap between the pace of eradication and the pace of AD activities began to widen as the pace of eradication accelerated beyond expectations.

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<sup>13</sup> USAID, "Results Framework," CONCADE, 1998.

<sup>14</sup> USAID, Amended Alternative Development Strategy, 2002.

<sup>15</sup> USAID, 1998.

## 2. Agro-Ecological Conditions and Crop Selection

The agro-ecological conditions of the Chapare are not generally thought to be ideal. With annual rainfall in most areas in excess of two meters, and soils appropriate for the vast majority of crops amounting to between 15 and 20 percent of the total land area, there are few realistic crop choices for either CONCADE or farmers to make. (Coca, on the other hand, can grow under a much wider variety of rainfall and soil conditions.) In the early 1990s, the CORDEP project began with a list of 40 crops that held at least some potential for cultivation in the Chapare, and for which some degree of market potential also existed. As the years progressed, however, the list of 40 was gradually reduced for either agro-ecological or marketing reasons until the five major crops were settled on: bananas, pineapple, heart of palm, passion fruit, and black pepper. The selection criteria also included the fact that these five crops are permanent to semi-permanent, requiring substantial start up costs that would “tie” a farmer to them and reduce the risk of his eradicating them to plant coca. Nevertheless, the potential does exist for other crops such as cocoa, tea, and some spices, which might be attempted using alternative technologies.

In addition to crops, CONCADE has also worked in forestry and agro-forestry since 1999 through the FAO-managed C/23 project. C/23 is also working in the Yungas on environmentally friendly coffee and annatto processing.

Lastly, crop selection in the past did not follow environmental regulation 216 concerning assessments.

## 3. Production and Post Harvest Research Services

For years, the GOB’s public-sector agricultural research and extension system, the *Instituto Boliviano de Tecnología Agrícola* (IBTA), had been declining in capacity and outreach. However, in the absence of any suitable alternative at the time of the CONCADE design, IBTA’s Chapare-based experimental station at La Jota was chosen as the principal agricultural research agency. Under this arrangement, the contractor was to supervise IBTA’s activities as to its performance and particular relevance to the project’s market-based needs and producer requirements.

The contractor incorporated an IBTA institutional strengthening activity provided by a US Land Grant University that would also provide training for IBTA outreach services to NGO specialists/extension workers. The five commodity lines that had been developed under CORDEP received continued attention to improve productivity and produce quality. Additionally, given the important role that post harvest handling and food processing have in generating value-added employment opportunities, special attention was also provided in those areas.

CONCADE challenges required high-quality, market-responsive technologies to improve producer competitiveness and productivity. Subsequent management reviews showed that different technology and outreach methods were necessary. Therefore, the contractor has begun to work with a multi-faceted public/private/producer-based *Comité del Nuevo Sistema de Generación y Transferencia*. This body will be a much more participatory mechanism, bringing in the opinions of CONCADE-organized producer associations, the private sector, PDAR, municipalities, NGOs, and local universities. This “New IBTA” will replace the old IBTA, and

its facilities will be taken over and updated by a private foundation managed by the contractor. The Foundation is expected to be operational by June 2003.

It will be structured to capture and validate agricultural information and technology; train and develop communications aimed at NGOs and community-level promoters and farmers; administer and supervise contracts for the new extension services to be launched with the new foundation mechanisms; and provide agricultural services related to plant disease diagnosis and phytosanitary certification of plant materials, and other specialized services.

#### **4. Extension and Technology Transfer Services**

Throughout the implementation of the CORDEP project and continuing throughout much of the CONCADE project, agricultural extension and technological transfer was performed by a series of national and international sub-contractors to the principal institutional contractor. However, by mid-2001, it became apparent that this method was not working as well as it should, and by 2002, consistent complaints about the extension system from farmers became public.

The contractor therefore allowed its sub-contractors' contracts to expire and recently (April 2003) initiated a participatory, performance-based extension model whereby farmer associations working with the project are given vouchers with which to contract directly with their own extension agents from a short list of pre-qualified technicians, provided by the project. The value of the vouchers will vary according to each association's ability to pay for its own technical assistance, be it agronomic, post-harvest management, or business management services. This new institutional adjustment, at such a critical moment, is a risky enterprise that will require an excellent monitoring system and managerial skills, at all levels.

Table 4 in the Statistical Annex presents average yields for CONCADE's main products for high- and low-technology producers. In a relatively short period and without the best-developed delivery system, except for passion fruit, which is mainly for national markets, all crops are on the way to being competitive. There is a large gap, however, between the higher end producers and the lower end participants, which creates particularly important challenges.

#### **5. Product Marketing Services**

CONCADE was designed as a market-driven project. In order to gain market access, products must meet the quality and quantity demands of the various markets, be they domestic, regional, or international. While this has been the goal of CONCADE, it has not always been achieved, due to both external and internal problems. Each of the five commodities has been, and continues to be, susceptible to a volatile record of accomplishments requiring careful management and monitoring. Table 5 in the Statistical Annex provides a listing of major Chapare exports for the last three years

The contractor appears to have introduced a wide range of approaches to ensure the sale of the five commodities at both the international and domestic levels. These approaches have been adjusted to respond to the changing supply levels impeded by roadblocks or Argentina's continued economic malaise. Compared with 2001, last year exports of high-quality bananas increased by 32 percent, national sales of high-quality pineapple grew by 19 percent, and palm heart exports increased by 73 percent. Bananas definitely seem to be the crop that has achieved

the best performance. However, in light of the relatively excessive subsidies being paid by CONCADE and the initiation of new WTO regulations in 2005 severely limiting subsidies, the prospects for sustainability in the Argentine and Chilean market will become ever more challenging.

In the aggregate, these totals are impressive. However, several comments were received about the project's unreliable marketing system and the low prices obtained in comparison with rising coca prices. While this point highlights the ever-present dilemma facing the program, the options require further review. In effect, the vexing market challenges inherent to Alternative Development require not just that sales targets be met, but that the numerous constraints be addressed systematically, so that market efficiencies are improved to maximize returns to CONCADE participants.

No CONCADE product-marketing strategy has been developed that transcends individual personalities. Rather, personnel changes have meant that the established mechanisms for the marketing of each product line have not been institutionalized. Program realities require highly innovative and aggressive approaches that systematically respond to product lines, costs, and risks, as well as the large number of market uncertainties already encountered. Only five market-related studies have been completed (for pineapple and banana export crops and black pepper and papaya for national markets).

### ***Conclusions for the Chapare***

From 1999-2002, there has been a notable increase in the planting of CONCADE crops and related licit land use changes. Increasingly, this is closing the traditional land-use gap between area eradicated and farmers increasingly changing their land use to licit alternatives. As noted in Table 5 in the Statistical Annex, there has been a notable shift in the planting of licit crops in the Chapare since 1999, now totaling 127,012 hectares.

- ▶ Other potential crops need further research and testing so as to expand the “agricultural frontier” or maximize the income generating capability of the land currently planted to the five principal crops.
- ▶ While coca was being eradicated at an average of 11,559 hectares per year from 1999 to 2002, licit crops were expanding at an average of 6,159 hectares per year, and this rate is increasing. The recent CONCADE annual report notes that in 2002, there were 9,682 hectares of new CONCADE-assisted licit crops, as observed by extension workers. To show that the gap is narrowing in line with the *Plan Dignidad* is important. At the DIRECO/NAS current average eradication rate in the Chapare of 30 hectares per day (or a yearly rate of 8,690 hectares), it is keeping up with the approximately 5,000 hectares being replanted.
- ▶ There has been an increase in incomes, job creation, and exports attributable to the Alternative Development Program. Based on a sample of 256 Chapare families receiving extension assistance, total farm gate income derived from licit farm and livestock activities has increased. While the information available groups sources of income that in most cases cover income not directly attributable to CONCADE, between 1995, when

area farm incomes averaged \$1,636<sup>16</sup>, and 2002, they had jumped to \$2,138, according to CONCADE. Although each system has its own methodologies, this income is higher than the previously mentioned “Valleys” rural household survey figure, an average of \$1,258.

- ▶ Given area demographics reflecting a much larger younger population at a time when the agricultural frontier has for all intents and purposes been reached, consolidating and building from the productive base by generating increased on-farm and off-farm employment becomes a critical objective. While much of the current focus has rightfully been towards improving the production base via expanded external and domestic markets, the real growth is when these market-led activities are positioned to generate the much more remunerative jobs from expanded agricultural processing, transportation, and commerce.
- ▶ It is important to note that while the Chapare has gone through a major reduction in its economy resulting from extensive coca eradication, of Cochabamba’s 16 provinces it is in fourth place in terms of poverty reduction rates. Compared with the nation’s rural sector, where in 2001 a .09 percent growth was observed, the Chapare showed a 4 percent increase.<sup>17</sup>

### ***Recommendations for the Chapare***

- ▶ Research needs to be conducted to expand the number and range of existing alternative development crops.
- ▶ A successful transition to the new IBTA and new extension strategy is important to program success. This is a very crucial transition, since increasing access to the best technologies is the most critical input for competitive-based growth.
- ▶ Strategic planning investments made in the past, even though they may have been insufficiently supported, may be valuable for future development in the Chapare. Such investments may include market-based confirmation of the merits and approaches of the current commodity portfolio by international agribusiness experts; food security and other promising forestry, and silvopastoral systems, as possible new interventions; farm budget systems for selected project and non-project commodity-specific producers, to ensure that the GOB, donors, and clients are provided with the best guidance and strategies; and a study of alternative plant material development and supply systems, to facilitate appropriate private sector investments. Additionally, ways need to be sought to enable Bolivia in general and the Chapare specifically to be able to access markets through programs such as the Free Trade Area of the Americas and the Andean Trade Preferences and Drug Eradication Act of the US.<sup>18</sup>
- ▶ While it is beyond the scope of the Alternative Development program, there is a critical need to develop a bold national and export product market system to help orient producer

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<sup>16</sup> Ministry of Agriculture, 2002.

<sup>17</sup> Ibid.

<sup>18</sup> Please see: “National Export Strategy Under ATPDEA Preferences, Bolivia” February 2003 and “Plan de Trabajo, Bolivia Competitiva en Comercio y Negocios: BCCN, March 19, 2003.

decisions, crop research and extension systems, and agribusiness investments. Every effort must be made to ensure maximum producer-level gains via the marketing of quality products. CONCADE resources can help facilitate organic certification, “free trade” promotion, new advertising of product lines linking products with coca substitution, etc. During this transition period, the formation of new sustainable, targeted, mutually complementary investments has the potential to generate considerable gains.

- ▶ Conduct an education program dealing with the realities of the increasingly competitive global market place. There is no such thing as a guaranteed market. Many of the producers and/or their affiliated labor unions still expect the old state-supported, paternalistic, and highly inefficient market systems of the pre-NEP structure. This new-era system will not be easy and will require sacrifice and discipline, particularly at the base level.
- ▶ Environmental assessments according to regulation 216 should be part of any crop selection process.

### ***Findings for the Yungas***

#### **1. An Alternative Development Overview of Los Yungas**

The historical, social, and economic setting in the Yungas varies dramatically from the Chapare. The Yungas has been the traditional coca production center of Bolivia, giving it a special status, as formally established under Law 1008. This legislation established 12,000 hectares in the North Yungas and part of the South Yungas provinces as traditional, legal areas for coca production. The Yungas has also been settled much longer than the Chapare and its population tends to be indigenous rather than being composed of immigrants, especially ex-miners, as is the case in the Chapare.

It comprises an area of 390,000 hectares, of which 75, 000 are currently cultivated in coffee (which has been hit severely over the last three years due to substantially lower prices), citrus crops, and coca, in what is predominately an agriculturally based economy. As reported in the *Encuesta de Línea de Base*, a recent rural household survey in the Altiplano, Valleys, and the Yungas, the agricultural sector involves 79 percent of the population, is a much poorer area than the Chapare, and has a population that is declining.<sup>19</sup>

While the Yungas was to receive some forced eradication attention under *Plan Dignidad*, this was thwarted somewhat by the opposition raised by unions and union federations, who successfully employed their ancestral ties to coca and exerted strong and violent opposition. Sparked in part by noticeably declining coffee prices and production (for example, the average price for a *quintal* (cwt.) last year was \$40, compared with over \$100 four years ago); and the aggressive eradication of coca in the Chapare, and the resulting 400 percent increase in the illicit price of coca, the area planted to coca in both the traditional and illegal areas of the Yungas has greatly expanded, particularly in Caranavi and La Asunta. The Yungas now comprises Bolivia’s fastest growing coca-production area. The estimated area planted to coca, in addition to the

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<sup>19</sup> Chemonics, 2003.

12,000 hectares that are legally grown, range from 2,000 to 6,000 hectares, depending on the source. At the time of this writing large amounts of the Yungas are being planted to coca, principally in the “Traditional Zone,” i.e., Coroico, Coripata, and Chulumani .

USAID has less experience in the Yungas than in the Chapare. USAID initiated numerous infrastructure activities in the 1970s. Broader Alternative Development projects have been slow to mobilize. The first and only Alternative Development effort was the \$22 million UNDCP Agro Yungas project launched in 1983. With the signing of Law 1008 legalizing the growing of coca on 12,000 hectares of land in the Yungas, the UNDCP in effect lost its mandate for coca reduction. In response to illegal activities and supportive of *Plan Dignidad* objectives, USAID and NAS launched a series of small community-based projects focused on gaining initial local support for eradication efforts. The first USAID-managed efforts in the Yungas were launched in late 2000, with \$28 million from Plan Colombia to help expand the *Plan Dignidad* in both the Yungas and the Chapare.

## **2. The Community Alternative Development Fund**

USAID/Bolivia describes this fund as a “cornerstone for rural economic development activities.” Its purpose is to “support demand-driven, self-help initiatives for communities that have signed coca reduction/containment agreements.”<sup>20</sup> This fund builds on the lessons learned from an earlier similar experience supporting 35 high-priority immediate impact projects identified by eligible communities.

ACDI/VOCA and Save the Children are the implementers of this cooperative agreement, in coordination with the DIRECO certification system. The system is now well tested. A selection manual has been developed, and the process includes a technical review by VIMDESALT and USAID. Once approved, projects are sent to ACDI/VOCA for implementation.

The initial impetus was for a rapid process so that community acceptance and trust could be generated for voluntary coca reduction. Currently, seven projects have been completed, resulting in 56 hectares of coca having been eliminated and 60,000 hectares having been certified as areas where coca will not be planted. Projects require a 15 to 30 percent local contribution and must be completed in less than two years. While social projects predominated during the first phase, production-oriented projects are now being increasingly requested, with particular attention to coffee and other agricultural diversification activities. Currently all funds are obligated, with 42 projects under execution, 28 projects in the final design phase, and 4 pending decisions from VIMDESALT.<sup>21</sup>

## **3. MAPA and the FAO C23 Projects**

As identified in the amended Strategic Objective section dealing with agricultural technical assistance and marketing, these two projects increase the quality of selected regional crops (coffee and tea in the case of MAPA, and coffee and *achiote*/annatto in the case of F/23) and reduce market transaction costs. In addition, MAPA will provide assistance to improve tourism services in and around the town of Coroico. For both projects, coffee has been a particularly

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<sup>20</sup> USAID, “Amended Alternative Development Strategic Objective,” 2002.

<sup>21</sup> ACDI/VOCA, “Annual Report,” 2002.

important priority crop due in part to the extensive agronomic links with coca production areas and the tremendous potential for generating significant income improvements for producers, harvesters, and through value-added processing. From a product development perspective, Yungas coffee, if properly cared for at all steps of product processing, has special attributes. These include its superb taste, resulting from being organically grown at shaded, high elevations, from 1,200 to 1,800 meters, which allow it to be sold as specialty coffee. Due to the collapse of the global coffee market during the last few years and the already prevailing “penalty” price because of Bolivia’s poor product image on the New York commodity exchange, many of the mainly small producers have been abandoning or destroying their crops and some are now planting coca.

Building on initial work by the GTZ-sponsored DeD NGO, the current focus is on facilitating access to the highly discriminating specialty coffee market. Both MAPA and the C/23 project have given special attention to maximizing product potential. These efforts focus on improved cultivation practices, product harvesting, the provision of improved coffee fermentation tanks, and drying infrastructure. New drying facilities and 20 processing machines have been provided to organizations such as the *Central de Cooperativas Cafetaleras* (CENCOOP) in Coiroco, and three facilities in Caranavi.

With MAPA support, Bolivia’s first quality cupping contest was conducted last year). At that time, average-quality producers fetched a paltry \$45-\$55 per cwt. (on only 8-9 tons per hectare, compared to Peruvian competitors at 15). The winner now fetches a notable \$140 per cwt.

While MAPA become known for its support of the specialty coffee market, but it has also generated considerable interest in the Alternative Development program through its Coroico tourist development efforts. As a result of the soon to be inaugurated Cotapata-Santa Barbara highway, considerable time will be saved in traveling to one of La Paz’s most attractive tourist center. The project is serving as a major facilitator for matching basic tourist facilities and basic infrastructure intended to benefit the entire region.

### ***Conclusion for the Yungas***

- ▶ Over a relative short period, some of the essential project underpinnings for Alternative Development in the Yungas are becoming visible. For obvious reasons, there does not yet exist a Chapare-like program presence commensurate with the vexing poverty and rapidly expanding coca cultivation. Program experience has not yet coalesced around a common vision. In light of the anticipated major advances by the GOB under the *Nuevo Compromiso*, considerable efforts will be needed to focus and advance Alternative Development in the most constructive way. Some recommendations are provided to help this still nascent, but exciting, effort respond to its greatest challenges.

### ***Recommendations for the Yungas***

- ▶ For the special needs of the Yungas, Alternative Development must be cast differently. It does not have the Chapare’s advantage of 15 years of experience, and economically viable alternatives do not abound. Given the confusion in the Yungas between traditional and *excedentaria* (excess) coca, the newness of Alternative Development, its linkage with

eradication, and the inconsistency regarding conditionality by various USAID and USG collaborators, requires close continued coordination, including joint planning.

- ▶ Under the Community Alternative Development Fund, the trend is towards more complex project activities. Though they are responsive to community interest, they must also be efficient and sustainable. Hopefully, in time they can be strategically linked to the growing list of economic needs. The best technical and economic analysis should be incorporated into this program.
- ▶ Specialty coffee could likely become the first nationally important Alternative Development success story, generating economic gains for a large population. For this to happen, there must be a concerted effort to build on these initial experiences and develop much greater coordination and a common game plan around this highly sophisticated market place. Hopefully, an initial positive impression will be made by the first-ever Bolivian product line now being showcased at the Specialty Coffee Association of America (SCAA) trade show. The need at this critical juncture is to ensure optimal product development, marketing, and an institutional base for maximum gain. Perhaps as an immediate follow up to the SCAA event, an experienced team from the U.S. industry could visit with producers during the harvest period, and with Bolivian coffee and government leaders, to confirm the potential for the Bolivian specialty coffee industry, and suggest appropriate alterations to the current project portfolio.
- ▶ There is no purveyor of basic agricultural or livestock technologies in the Yungas. While USAID project implementers are increasingly providing such services during the life of the project, there is currently no means to sustain these essential services. At the same time, the established IBTA model has been discredited. The development of new institutional mechanisms (e.g., a foundation capable of receiving USAID funding) that link university, private, and public expertise in an applied manner is critical. While the Camen Pampa University has established ties with several U.S. universities, an appropriate system needs to be designed and supported. A variety of international models need to be considered, including the Pan-American Agricultural College (Zamorano) in Honduras. Ideas to be incorporated include involvement of the private sector as potential employers of graduates and providers of work-study opportunities; applied research centers to identify key priority market-driven crops; special short courses in home garden crops, small livestock, and key activities for priority crops for project personnel at all levels; and financing theses or publications on high-priority research activities by students or residents.

### **C. INCENTIVES AND DISINCENTIVES FOR ENHANCING LICIT ECONOMIC OPPORTUNITIES**

Though various eradication, interdiction, and alternative development efforts are being scrutinized within the dynamics of the GOB's *Nuevo Compromiso*, increasingly today's developments require attention to mundane price and economic shifts. In light of the increasingly inter-related socio-political conflicts, this section presents key themes related to eradication dynamics and historic coca income shifts; findings regarding appropriate responses from the established "Agricultural Continuum" portfolio, and other current Alternative Development components, e.g., forestry and livestock; a statement outlining current dynamics in

the context of the traditional “carrot/stick” strategic response; and related strategic recommendations different from those raised in the above sections, to help recast Alternative Development to better address unanticipated challenges and opportunities.

## ***Findings***

### **1. Massive Coca Eradication and Impacts on Illicit Incomes and Alternative Development Activities**

While over 100,000 hectares have been eradicated, over 50 percent of total eradication has occurred since the dissemination of *Plan Dignidad*.<sup>22</sup> By the end of 2001, the area under coca was reduced from over 60,000 hectares in 1996 to 17,000 hectares, including the 12,000 hectares of legal coca provided for under Law 1008.<sup>23</sup> This has also generated sizeable economic tolls; according to one of the most comprehensive studies, the economic loss from 1997 to 2001 was over \$600 million.<sup>24</sup> Also, most disturbing, is that since 2002, coca plantings have notably reversed earlier trends.

A seldom-discussed outcome from this effort was that these huge supply reductions sparked major price spikes for coca leaf. As reflected in Graph 1 (see Statistical Annex), whereas between 1991 and 1998 there were somewhat constant average prices per cwt., in response to radical eradication measures, supply and demand dynamics responded and prices suddenly shot up. Within the last two-year period, however, a five-fold price increase has been noted.

Such extremes create havoc on numerous fronts. Not surprisingly, in these less robust economic times, many producers now see unprecedented opportunities and, though the risks are greater, they have gone to or expanded operations in more isolated areas. Particularly noteworthy has been the expansion in the Yungas.<sup>25</sup> Also, in light of uncertainties and concomitant fears of expanded eradication, since 2001 coca producers have increasingly demonstrated against and targeted USAID-supported installations.

### **2. The Agro-Forestry and Forestry Project C/23**

The original CONCADE results framework provided great programmatic flexibility. The need for other land use options was recognized. Due to the high rainfall and fragile land base in the Chapare, much of the land is only appropriate for mixed agro-forestry or forest management. Therefore, the Mission contracted with the FAO C/23 agro-forestry project to expand its activities on lands appropriate for agro-forestry uses, thereby providing more income and employment for landowners and a sustainable resource base that would help protect these fragile lands. Since then, there has been significant work in the introduction of farm-based managed forest plans and agro-forestry expansion in both the Chapare and the Yungas. Some 6,700 families have been assisted and 114,475 hectares of native forests have been placed under managed forest plans, with 4,875 hectares under mixed agro-forestry systems.<sup>26</sup> This installed

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<sup>22</sup> This is said to have been a relatively peaceful achievement with only an average of 10 deaths per year over the past 15 years. See Eduardo Gamarra, “Conflict Vulnerability Assessment,” February 2003.

<sup>23</sup> Ministry of Agriculture, 2002.

<sup>24</sup> Rojas Farfan 1999.

<sup>25</sup> Ibid.

<sup>26</sup> UNDCP, AD/ BOL/97/C23, 2003

capacity must be placed in the broader context of the Bolivian forest and wood products areas in trade and enterprise development. According to a trade development strategy document commissioned by USAID/Bolivia, there is considerable interest in wood production to meet the growing domestic market, and the growing world demand for quality wood and wood products. Over time and with considerable work, Bolivia could become competitive, if work is intensified in improving forest efficiencies and improving industrial processing.<sup>27</sup> These are areas of broader consequences, but some of them are also areas of potential under C/23. These themes, along with support efforts focused on job and income generation, need further consideration to better enhance this large and valuable resource base.

### **3. Improved Pastoral and Livestock Systems**

The Amended Alternative Development Strategic Objective for 2002 provided for new productive projects responsive to changes in Chapare land use. Over the years, in response to shifting licit/illicit land use patterns, pasture areas have expanded the most. The region is blessed with one of Bolivia's and the region's richest pasture bases and there is growing interest in incorporating this resource in ways that generate improved farm income and job growth, in response to market opportunities in Santa Cruz. As proposed by CONCADE technicians, improved pasture management systems that incorporate much of the C/23 methodologies can provide sustainable income while avoiding forest incursion. Dual-purpose meat and dairy cattle breeds have proved to be productive and manageable for small farm operations, enabling them to make sustainable use of generally poorly utilized land unsuitable for crop production. The CONCADE staff will soon be presenting this proposal to USAID/Bolivia for its approval. Complementary technical assistance and proposal analysis may be considered from the *Centro Internacional de la Agricultura Tropical* (CIAT) in Cali, Colombia.

#### ***Conclusion***

- ▶ This discussion indicates that the intrinsic value of the key elements of the Bolivian counter-narcotics strategy can be strengthened. In the case of the Chapare, over time, achieving balance between a farmer's need for income and employment, and protection of the natural resource base, has shown limited results.

#### ***Recommendations***

- ▶ Beyond the aggressive exploration of the current agricultural activities recommended above and the concomitant consolidation needs described, there is an urgent need to plan around value-added product processing. The necessary market studies, product line, tax incentives and investment planning, and other features will provide a new vision for Chapare farmers and investors and the beginning of a more lasting base for accelerated income growth.
- ▶ The current price incentive structure for illicit and licit products probably cannot be shifted in the short term. This relates directly to incentive measures to give licit crop producers more market certainty. In the US and elsewhere, when such conditions exist, a broad range of market assistance mechanisms are often employed. For example, to

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<sup>27</sup> Tironi, 2002.

provide some stability to the fluctuations of certain basic crops, a “floor price” system is used for those products that meet the contracted, agreed-upon quality specifications. This would be linked to maintaining quality standards and would only apply for certain price drops, product conditions, and periods.

- ▶ In the case of the Yungas, since road transportation is so easily controlled and since coca maceration and processing is done in El Alto, the introduction of more systematic road interdiction and check points seems to be a much safer and less confrontational system than employing eradication.
- ▶ It is increasingly apparent that in the face of regional and worldwide trade liberalization, Bolivia’s rural sector will not be competitive. The country has not been able to take advantage of those treaties where it has been given special preferences.<sup>28</sup> In essence, this means that Bolivia in general and Alternative Development programs particularly must focus on issues of competitiveness.

#### **D. PRODUCTIVE INFRASTRUCTURE**

Further illustrating the diverse elements required to achieve CONCADE’s formidable objectives, this section outlines essential productive investment and infrastructure support mechanisms. If done appropriately, these provide the base for generating robust licit growth and sustainability long after USAID’s involvement ends. The focus will be on the Chapare, for this is where most experience has occurred. In the Yungas, access to investment assistance did not seem to be as widespread a concern as in the Chapare.

### ***Findings***

#### **1. Investment Services and Activities**

Throughout Bolivia, the lack or absence of credit is usually the first-mentioned constraint to enterprise development. A recent CONCADE proposal to create a Business Development Fund documents this void very comprehensively.<sup>29</sup> This is in part due to the low and declining domestic base for investment, especially in the Chapare. According to a recent USAID/Bolivia review of the trade and investment environment, national investment fell from \$300 million in 1993 to less than \$100 million in 2000.<sup>30</sup> This reality must drive any future strategy designs. Meanwhile security has declined and product access to markets is becoming more problematic.

Increasingly, within the ever-evolving Alternative Development reservoir of experiences, USAID/Bolivia has been reluctant to provide capital for farm production services. This position was in some cases because of fund diversion from other productive purposes or the belief by some borrowers that due to their now-formalized coca eradication links, loan forgiveness became an “entitlement.” Traditional, project-supported services and arrangements have declined over the years, and private sector institutions have not filled this critical void.

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<sup>28</sup> Ministry of Agriculture, 2002.

<sup>29</sup> CONCADE, “Quarterly Report and Yearly Summary, 2002,” DAI, February 2003.

<sup>30</sup> Tironi, 2002.

Under the CONCADE Results Package document, the need for such activities was to be monitored. Currently, the European Union provides an intermediary financial structure for three municipalities in the Chapare. This effort, the only fully donor-supported activity now functioning in the Chapare, provides over \$1.5 million to serve the short-term needs of over 570 families.<sup>31</sup>

Regarding medium- to long-term investment credit, USAID/Bolivia's Amended Alternative Development Strategic Objective provided assistance to support a long-term financial service mechanism for the Chapare. Under this arrangement, the contractor was to conduct a review and prepare a proposal in which up to \$2.3 million could be made available. As proposed, this would be for a fund to assist businesses and investors in key economic sectors, including agro-processing, tourism, and energy, among others.<sup>32</sup>

These developments are significant, and illustrate the need for a break from the highly paternalistic traditions of the past, in order to contribute to recapitalization. The emerging view is that in response to the considerable number of years of highly subsidized production-related services, the increasingly remunerative returns, and the considerable support for providing crucial risk-reducing services, including marketing support services, alternative structures are needed. Private-sector interests could be motivated to finance or seek loans for processing and agro-industrial facilities and related development activities, ranging from input supply centers to hotels. In fact, the contractor reports from survey data, that even in periods of increased civil strife, impressive expansion of private-sector investments is occurring.

Based on the survey network and exclusive of CONCADE investment funds, since 2000, investments for packers and processors, transport services, and agricultural and livestock services increased annually from \$33.4 million, to \$53.2 million in 2001, and to \$56.4 million in 2002.<sup>33</sup> Separate investments have supported project-related processing infrastructure crucial to ensuring sufficient stock supply for maximizing producer returns. These investments have permitted the creation of additional jobs, and have the potential for growth. Job growth figures were available only for agribusiness processing, transport, warehousing, container making, and input supply, and do not include logging, wood processing, or tourism. Since 2000, the number of jobs created through these investments almost doubled, growing from 367 to 682 by 2002.<sup>34</sup> In the context of the Chapare demographic shifts and land incursions beyond the agriculture frontier, and CONCADE economic growth objectives, this important development must be accelerated considerably.

Lastly, to maintain producer and buyer interest, CONCADE has entered into other arrangements, some of them unconventional. For example, as a result of the increased frequency of roadblocks impeding the access of CONCADE-supported fresh products to processing, packing, and market destinations, an Emergency Stabilization Support fund was created. For example, during the blockade of September 2000, an entire harvest of pineapple was lost, estimated at \$823,000. During the same blockade, losses of bananas and palm hearts totaled \$1.8 million. Project managers determined that maintaining the interest of AD farmers and private enterprise investors

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<sup>31</sup> Ministry of Agriculture, 2002.

<sup>32</sup> USAID, 2002.

<sup>33</sup> CONCADE, "Quarterly Report and Yearly Summary, 2002," DAI, February 2003. For a more complete financial record of the USG, the GOB, and other donors, see Tables 1 to 3.

<sup>34</sup> *Ibid.*

was critical. CONCADE therefore provided, via an amendment, \$2.5 million to establish support subsidies to 30 affected producer groups, and loans to 82 businesses.<sup>35</sup>

### ***Conclusion***

- ▶ In the absence of formal market support systems, CONCADE provided millions of dollars in planting materials and agronomic inputs that significantly helped to generate noteworthy contributions. The direct provision of these essential services over the years has eased capital limitations and assisted in the formation of a limited number of rural financial markets. Creative business-led and market-responsive formal systems now appear to be emerging, if ever so small. This process needs to be encouraged in the most responsible way. Backsliding to more paternalistic approaches, particularly in the increasingly sensitive political environment, would be counter productive.

### ***Recommendations***

- ▶ A professional review of the CONCADE investment proposal and feasibility studies is needed. This must factor in relevant lessons learned from the past, as well as new-era, market-led opportunities within the context of business efficiencies and sustainability. An external group of former Bolivian bank leaders, investors, rural financial market leaders, and other subject-matter specialists should be consulted.
- ▶ The initial capital base now existing will not do the job. A broader resource base is needed, particularly given the current low national capital base. This could include such mechanisms as current or future contractors undertaking a concerted effort to use their US-based networks to solicit contributions to a specially chartered Bolivian/US Alternative Development Capital Fund, to help in the war against drugs; and mobilizing the resources available under USAID/W's Development Credit Authority within the Global Development Alliance, which provides commercial banks with special loan guarantees for certain types of higher risk commercial loans.

## **2. Rural Roads Assistance**

### ***Findings***

One of the most notable outcomes of USAID's long involvement in the Chapare is the *Caminos Vecinales* program. USAID has given particular attention to road construction and maintenance in the Chapare. Since 1982, 292 kms of cobblestone roads have been installed, 1,016 kms of roads have been improved, 4,101 kms of roads have been maintained, and 112 bridges have been constructed.<sup>36</sup> This infrastructure has been indispensable in bringing products from farm to processing plants and markets, one of the most important of Alternative Development services.

Prior to this effort, little attention was given to road maintenance. In the past, CORDEP/CONCADE predecessors built the road and because of the system then employed, it became a government road, with no local responsibility for its care. Disrepair and system

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<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

degradation ensued and this affected overall program performance. While not linked, this anomaly came to an end in 1995 with the launching of the Popular Participation law. Among other things, the law empowered the municipalities with legitimate responsibilities and with resources to address them, albeit minuscule. Among the provisions in this law was the responsibility for road maintenance.

The *Caminos Vecinales* component of the project was instrumental in developing the new working relationships with the municipalities that proved crucial in establishing the previously lacking local ownership now observed throughout the region. Special efforts were made to empower municipalities and through that structure, to form local *Asociaciones de Mantenimiento Vial* (AMVIs). The AMVI serves as the local mobilizing force in identifying the roads to be maintained and mobilizing local contributions, to include 10 percent from the municipality, and organizing the local labor required.

All Bolivians contacted reported that there is no rural area in Bolivia that has road infrastructure in as good a condition as that of the Chapare.

### ***Conclusion***

- ▶ The AMVI is potentially an essential service and has provided an important institutional development function, including an opportunity for broader participation by municipalities.

### ***Recommendations***

- ▶ Since AMVI is a relatively new concept in Bolivia, a monitoring system should be installed so that local roads and their maintenance can be evaluated on a periodic basis. An attempt should be made to measure the different cost structures between maintaining an road through *Caminos Vecinales* versus using the AMVI methodology.
- ▶ The highly efficient and particularly labor-intensive methodology, and the proven all-weather nature of the AMVI system, should be maintained, as this activity is expanded to the Yungas.

## **E. SOCIAL INFRASTRUCTURE**

Social infrastructure, as defined in this assessment, comprises physical facilities, equipment, and services serving community needs, including education, health, water and sanitation, community centers, and similar public facilities serving social needs. To the extent information is available, both the general situation and status, and what has been accomplished through AD programs, will be described. Recommendations pertain specifically to AD programs.

### ***Findings***

#### **1. The Chapare**

*Education.* The education system in Bolivia is in the process of transformation, as a result of the Education Reform Law enacted in 1994. This law was enacted to address the major issues

affecting education in Bolivia, insufficient coverage and low quality of service. It emphasizes social participation and bilingual, intercultural education, allowing diversification within the curriculum to respond to local needs. Local committees at all levels are responsible for determining needs and overseeing the system, while directors at the school, nucleus/network, and district levels are responsible for administration and supervision. Teachers are paid through the central budget, but municipalities are responsible for infrastructure, equipment, and maintenance.<sup>37</sup>

In the Chapare, educational reform has been slow, both in decentralizing the system and in reforming the curriculum. Structurally, the system in the Chapare is divided into five districts, which correspond with municipal jurisdictions. Each district comprises a number of nuclei (*núcleos*), in the rural area, and networks, in the urbanized areas, for a total of 51 in the region. Each nucleus or network groups educational units--individual schools. Most of these in the rural areas are small, with only the first three primary grades, with an average of 50 students each, and one to three teachers, most often one to teach all grades. At least one central school in each nucleus offers the complete primary program. The networks in urban areas include secondary education. There are 320 public schools in the region, of which 131 go no higher than fifth grade, 125 cover sixth through eighth, 43 provide partial or complete secondary education, and 21 provide complete primary and secondary education.<sup>38</sup>

The fact that the majority of rural schools offer only the first three grades means that most rural girls get only three years of education; boys are more likely to be allowed to leave home to attend a school which offers more grades, since parents are concerned about girls' safety when the distance to school is greater, and also when the teacher is male, as are 54 percent of rural teachers, at the national level (no Chapare figure available).<sup>39</sup>

By far the greatest number of students is at the primary level—88.9 percent are in the basic and primary levels, and only 11.1 percent are in secondary, due to the high levels of dropouts, primarily due to poverty. The average level of education in the Chapare is five years of schooling. Quality is also an issue; standardized test scores indicate that Chapare students perform below departmental and national averages in language and mathematics. Factors affecting performance include poor health and nutrition, teacher quality and turnover, and lack of family support, as well as inadequate materials, equipment, and facilities.<sup>40</sup>

Adequate facilities tend to be found only in the largest towns; elsewhere, facilities are poor, and poorly maintained. Equipment is deficient nearly everywhere. Many schools lack basic services such as potable water, sewage, and electricity.<sup>41</sup>

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<sup>37</sup> *Diagnóstico de la Educación en el Chapare*, commissioned by CONCADE from Eco & Edu, no date.

<sup>38</sup> *Ibid.*

<sup>39</sup> Martin, Patricia, *Bolivia Gender Profile: Education* (draft), Cambridge Consulting Corp./USAID/WID, 1997.

Also, the study of Using Strategic Environmental Communication for Behavior Change to Achieve USAID/Bolivia's Strategic Objectives & Intermediate Results conducted in 2001, contains a list of proposed interventions for the AD program including social marketing for behavior change as well as specific proposals for interventions in environmental education. Implementation by a multidisciplinary promotion team would be excellent, but must include the environmental component. All training activities should contain some information related to environment fundamentals e.g. communication to strengthen municipal and local capacity could contain basic concepts of watersheds and their significance.

<sup>40</sup> *Diagnóstico*, op.cit.

<sup>41</sup> *Ibid.*

Social participation in the school system is through *Juntas Escolares* (school committees), which operate at each level of the system, including individual schools. However, these function imperfectly, and sometimes not at all, and coordination among levels is lacking, due mainly to inadequate information sharing and the reluctance of parents and community authorities to participate.<sup>42</sup> According to a recent study in the Chapare, of the 833 communities surveyed (of a total of 959 identified), only 43 percent had a school.<sup>43</sup>

Assistance by AD programs (both national and international cooperation funding from all sources, not just USAID) to the educational system to date has consisted of construction of facilities (in addition to the USAID/ILO vocational training program described in another section of this assessment). Between 1997 and 2002, AD funds built 8 educational centers, 11 rural schools, 5 multidisciplinary centers, 56 classrooms, and 5 libraries.<sup>44</sup>

CONCADE recently commissioned a diagnostic study of the educational situation<sup>45</sup>, recognizing that addressing education issues is important in consolidating alternative development in the region, since achieving sustainable social and economic development depends on having a solid educational base. World Bank studies in Southeast Asia, for example, indicate that 50 percent coverage at the secondary level is essential to reach the takeoff point for development.<sup>46</sup> Based on this study, the same consulting firm developed a plan for supporting quality education and human development in the Chapare, also commissioned by CONCADE. The plan proposes ten intervention areas, to be implemented in four phases over five years. Interventions do not focus on operations and infrastructure for which government agencies and municipalities are responsible, but on complementary interventions to help create conditions, including community involvement, so that educational reform can flourish. The ten interventions proposed are:

- ▶ School breakfast programs
- ▶ Student and family health
- ▶ Teacher housing
- ▶ Libraries and Telecenters
- ▶ Teacher training
- ▶ Training of school committees (*Juntas Escolares*)
- ▶ Values training
- ▶ Technical development
- ▶ Scholarship support
- ▶ School transportation

Implementation would be supported by a multidisciplinary promotion team, which would work with communities using participatory methods.<sup>47</sup>

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<sup>42</sup> Ibid.

<sup>43</sup> *Análisis e Interpretación de Resultados del Estudio "Mapa Sociocultural del Trópico de Cochabamba,"* Nov. 2002

<sup>44</sup> Waldo Tellería P. et al, *Desarrollo Alternativo y Erradicación de Cultivos de Coca*, Viceministerio de Desarrollo Alternativo, La Paz, 2002.

<sup>45</sup> See footnote 1.

<sup>46</sup> *Diagnóstico de la Educación en el Chapare*, op. cit.

<sup>47</sup> *Plan para la Promoción de una Educación de Calidad y Desarrollo Humano en el Chapare Tropical*, Eco y Edu, commissioned by CONCADE, no date.

*Health and Sanitation.* Like education, the health system has been decentralized. Under the Popular Participation and Decentralization laws, the health system has a participatory decision-making structure, the local health directorate (DILOS), through which local community representatives, municipal officials, and health sector professionals plan and manage health services. Responsibility for infrastructure and equipment has been transferred to the municipalities. The national budget covers salaries for health personnel.<sup>48</sup>

Health system coverage in the Chapare is limited, with the more densely populated areas having the best access to services. With regard to facilities, there are three second-level hospitals, in Villa Tunari, Chimoré, and Ibuelo, in Tiraque. There are five first-level hospitals, in Chipiriri, Ivirgarzama, Shinahota, Entre Ríos, and Bulo Bulo. The municipality of Villa Tunari has 4 health centers and 25 health posts; Chimoré has 6 health posts; the tropical portion of Tiraque has 1 health center and 3 health posts; and the tropical portion of Pojo has 2 health centers, for a total of 7 health centers and 34 health posts.<sup>49</sup> According to the aforementioned socio-cultural survey, only 10 percent of the 833 communities surveyed have a health post.<sup>50</sup>

Priority health needs in the region include prevention/slowing transmission of HIV/AIDS; dental health; attention to nutrition, anemia, and parasite infestation; basic services for riverine populations lacking road access; and insecticide-treated bed nets.<sup>51</sup> Lack of adequate potable water and sanitation systems, in schools and in general, is a serious problem contributing to poor health. Inadequate infrastructure, equipment, and maintenance are also problems affecting health services.<sup>52</sup>

According to available information, AD funding (national and international, from all sources, not just USAID) has supported construction and equipment for 2 regional hospitals and 11 health posts, plus construction of 5 sewer systems and 67 potable water systems.<sup>53</sup> Further opportunities for health assistance in the Chapare have been identified by the USAID/Bolivia Health Office, in collaboration with the Bolivian Ministry of Health, for possible funding through the AD program. Such assistance would be focused on strengthening the institutional structure by improving the capabilities of the health system, through interventions such as support for hospital infrastructure, equipment, and supplies; providing housing for medical specialists and health center personnel; improving maintenance capabilities; establishing a *casa de espera* for high-risk maternity patients; and providing temporary housing for families of patients in referral facilities. In addition, the priority health needs of the population, outlined above, may be supported.<sup>54</sup>

*Other Social Infrastructure.* Social infrastructure of all types is generally very limited in the Chapare, in all but the largest settlements. Most communities are informal groupings or villages, with no formal central structures. Of the 833 communities surveyed recently, 68 percent have a soccer field, but only 19 percent have potable water, only 15 percent have electricity, and only 5

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<sup>48</sup> Martin, Patricia, *Bolivia Gender Profile: Health* (draft), Cambridge Consulting Corp./USAID/WID, 1997.

<sup>49</sup> *Diagnóstico de la Educación en el Chapare*, op. cit.

<sup>50</sup> *Análisis e Interpretación de Resultados*, op. cit.

<sup>51</sup> Brems, Susan, *Possibilities for Health Assistance in the Chapare, Findings from Assessment Visit, March 12-17, 2003*, USAID/Bolivia.

<sup>52</sup> Ibid.

<sup>53</sup> Waldo Tellería, op. cit.

<sup>54</sup> Brems, op. cit.

percent have telephone service. About a third have a store, but only 5 percent have a restaurant, and 4 percent have a market. Nineteen percent have no social infrastructure at all, generally the smallest and newest settlements. A major factor contributing to this situation is the lack of civic organizations to generate demand and bring about improvements. The labor unions occupy and distribute land and support political leaders, but have no history of building or administering infrastructure projects.<sup>55</sup> AD support for other types of social infrastructure in the Chapare has been very limited. Between 1997-2000, support was provided for 18 community centers and 2 town halls.<sup>56</sup>

## **2. The Yungas**

*Education.* The educational system is structured in the same way as described for the Chapare, but no detailed information was available on number or type of schools or school enrollment. Through the Yungas Development Initiative, there has been some AD investment in educational infrastructure (in addition to the Carmen Pampa scholarship program described in another section). Initial Impact Grants made in six municipalities through July 2002 for educational infrastructure and equipment totaled US\$275,211, though there is no detail on number of schools, classrooms, etc.<sup>57</sup> The Yungas Community Alternative Development Fund (YCADF) is currently undertaking a number of education projects. Three projects to repair or enlarge schools are in the final design phase, while work is underway on six others: a secondary school with teacher housing in Caranavi; 3 student housing projects, also in Caranavi; and a school complex and a school enlargement project in South Yungas.<sup>58</sup>

*Health and Sanitation.* As for education, the structure of the health system is the same as described for the Chapare. According to the Ministry of Health web site, there are 2 basic hospitals, 1 health center, and 4 health posts in North Yungas; and 2 basic hospitals, 10 health centers, and 25 health posts in South Yungas.<sup>59</sup> The most common causes of illness and mortality are diarrhea and acute respiratory diseases, tuberculosis, gynecological and obstetrical complications, and accidents. The sub-tropical climate means that leishmaniasis, malaria and yellow fever are common.<sup>60</sup>

The YDI is supporting the work of a Bolivian NGO, SERVIR, to provide prevention and treatment for leishmaniasis and tuberculosis; to build basic potable water and sanitation facilities; and to provide health education. SERVIR works in close collaboration with the GOB health system. During 2002 (through August), SERVIR has made 412 community visits, identifying 613 possible cases of leishmaniasis; 151 possible cases have been identified by health personnel, and 420 positive cases are being treated. During the same period, 251 new cases of tuberculosis have been identified.<sup>61</sup> In addition, a specialized facility for the treatment of leishmaniasis and tuberculosis in Caranavi was enlarged, and a new departmental center for leishmaniasis was built in Chulumani.<sup>62</sup> The project design called for 16 potable water systems to be built; to date, 22

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<sup>55</sup> *Análisis e Interpretación de Resultados*, op. cit.

<sup>56</sup> Waldo Tellería, op. cit.

<sup>57</sup> Waldo Tellería, op. cit.

<sup>58</sup> *Matriz de Seguimiento del Fondo Comunitario de Desarrollo Alternativo*, updated to March 13, 2003.

<sup>59</sup> Ministry of Health web site, [www.sns.gov.bo](http://www.sns.gov.bo).

<sup>60</sup> Waldo Tellería, op. cit.

<sup>61</sup> SERVIR, *Boletín Informativo Trimestral*, Year 2, No. 4 (no date).

<sup>62</sup> Waldo Tellería, op. cit.

have been completed.<sup>63</sup> Community and school sanitary units installed total 47, serving 12,119 people.<sup>64</sup>

In addition, Immediate Impact Grants under the YDI, through July 2002, for basic sanitation and health equipment, totaled US\$97,006.<sup>65</sup> The YCADF has supported 41 potable water projects, completed or in various stages of design and execution. Two sanitary and storm sewer systems are in the initial design stage.<sup>66</sup>

*Other Social Infrastructure.* No general information on other types of social infrastructure in the Yungas was available. The YDI has provided some support for other types of social infrastructure. Immediate Impact Grants for sports infrastructure totaled US\$27,942, and unspecified urban infrastructure totaled US\$126,922.<sup>67</sup> The YCADF has in process 4 social center projects, one rural shelter (*albergue campesino*) and one market project.<sup>68</sup>

### **Conclusions**

- ▶ Substantial investments in social infrastructure, particularly in the Yungas, have been made with AD funding, as an incentive for communities to agree to not plant coca, or to reduce coca production.
- ▶ Social investment is closely linked with community participation and generation of organized demand. A clear factor impeding development of adequate social infrastructure in the Chapare is the lack of civic organization and organized demand for services. The situation in the Yungas is different, since participatory mechanisms for expressing demand are in place (see the following section on participation for further discussion).
- ▶ Adequate levels of health and education are necessary conditions for participation and development to occur. Improvements in educational access and quality are particularly important to overcome the gender gap, since girls and women—particularly rural and indigenous—have had less access and lower levels of education than boys and men (See the section on gender, below).
- ▶ Other types of social infrastructure, such as community centers, are important to facilitate organized participation and generation of demand and solutions to community problems, as well as to respond to a variety of social needs.
- ▶ Strengthening social infrastructure also strengthens the institutional framework, such as the ministries of health and education, as well as the municipalities, which is necessary for Alternative Development to become sustainable (See the following section on participation for further discussion).

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<sup>63</sup> Interview, Patricia Ballivián, SERVIR, March 14, 2003.

<sup>64</sup> SERVIR, *Boletín Informativo Trimestral*, op. cit.

<sup>65</sup> Waldo Tellería, op. cit.

<sup>66</sup> *Matriz de Seguimiento del Fondo Comunitario de Desarrollo Alternativo*, op. cit.

<sup>67</sup> Waldo Tellería, op. cit.

<sup>68</sup> *Matriz de Seguimiento del Fondo Comunitario de Desarrollo Alternativo*, op. cit.

## **Recommendations**

Social investment should be an integral part of the new strategic approach, not only as a direct incentive to reduce coca, but also as a means to strengthen the institutional framework and promote sustainable, participatory development, which also strengthens alternative development efforts. The relative importance of social vs. productive investment will depend on the situation and needs of a given region or community, and the likely effect on quality of life and sustainability of coca reduction. More specifically, the following should be done:

- ▶ Implement the plan for improving educational quality and human development in the Chapare.
- ▶ Implement the proposed health interventions in the Chapare.
- ▶ Provide organizational and technical support to help communities identify infrastructure needs and develop solutions, in selected Chapare communities (including indigenous communities). Such communities should be selected to encourage concentration and counteract extreme dispersion (See the following section on participation).
- ▶ Expand support for community facilities, such as community centers, town halls, etc., which promote community organization and participation, in both the Chapare and the Yungas.
- ▶ Assess the need for additional educational assistance in the Yungas, with a view to increasing access for the most disadvantaged segments of the population, including rural indigenous girls.
- ▶ Expand health services in the Yungas, in current assistance areas; include reproductive health (for both genders), if feasible.

## **F. PARTICIPATION, SOCIAL CAPITAL, AND INSTITUTIONALIZATION**

### **Findings**

First, it is important to define the above terms, as understood in the discussion that follows.

- ▶ **Participation** refers to the involvement of citizens and beneficiaries in key aspects of decision-making regarding AD-related activities, including identifying and prioritizing problems and planning and implementing solutions. Simply providing labor or materials does not in itself qualify as participation, although it may complement other forms of participation. Participation, as defined, is the first step towards assuming ownership and responsibility for activities, and thus is essential to achieving the sustainability of such activities.
- ▶ **Social capital** refers to the explicit and implicit social, economic, and political relations within social groups, characterized by cooperation and mutual interdependence.
- ▶ **Institutionalization** (*institucionalidad*) refers to the existence of local, regional and national institutions in a given area, particularly public or state institutions, including municipal and departmental government, and public agencies and services covering health, education, law enforcement and justice, social security, land tenure, etc. Private sector and non-profit institutions, associations of various interests, community groups and

other such organizations are also essential, but should exist in addition to, rather than as substitutes for, normal public functions and services.

## **1. The Chapare**

Participation and development of social capital have not been major objectives of the current Alternative Development strategy or of specific AD activities now being carried out in the Chapare, other than in the very limited sense of strengthening farmer and producer organizations to promote economic and organizational sustainability. The general goal of a series of USAID-supported activities in the region, including the current CONCADE project, has been to increase investment in productive infrastructure, and to expand productivity, markets and employment in licit economic activities, to help transform the economy to one that does not rely on coca production. The design of the CONCADE project assumed that other multilateral and bilateral donors would provide significant assistance, including social development support, to Chapare farm families, which did not adequately materialize. CONCADE's structure did not envision, or allow time for, very much participation or decision-making by beneficiaries, beyond the decision to participate in project activities, or not. Also, a broad, participatory approach, particularly trying to incorporate municipalities, was not politically possible in the past. As is well known, participation, and the promotion processes necessary to foster and support participation, requires an open-ended, consultative process which can take considerable time to demonstrate results. It is also clear, however, that participatory processes, while they require significant investments in time and capacity building, enhance sustainability over the longer term.

Social development in the Chapare offers significant challenges. Because the region was colonized by settlers from other parts of the country, there is little sense of social cohesion among them, aggravated by the extreme dispersion, small size, and isolation of settlements (70 percent of communities have between 13 and 70 families<sup>69</sup>). Although many migrants are Quechua speakers from the highlands (many of them former miners and their families who migrated when the state-run mines were closed), traditional social organization, which remained strong among the early colonists, has tended to break down as a result of large-scale migration during the coca boom of the 1980s. Because the migration was driven by the economic opportunity presented by coca cultivation, both as a result of internal economic crisis and the rise in external demand for cocaine, people settled in dispersed, isolated areas lacking any kind of social services or infrastructure, based solely on suitability for illicit coca production. Further, people engaged in illicit production are particularly vulnerable to violence and intimidation. Organizational patterns followed those used by miners and other groups in their areas of origin: unions, centrals, and federations. These organizations represent predominantly male workers and heads of household, and are not necessarily democratic or participatory in nature, but hierarchical. They have become the principal means to defend the production of coca, and may use coercion, such as threats to land rights and even violence, to keep their members in line and to ensure participation in blockades and other such actions.

These organizations have grown into de-facto governments--for many communities, the unions register births, deaths, marriages, and resolve land disputes, among other functions--in the absence of state institutions, or have come to dominate the formal institutional structure, such as

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<sup>69</sup> *Análisis e Interpretación de Resultados del Estudio "Mapa Sociocultural del Trópico de Cochabamba,"* Nov. 2002, p. 8.

the municipalities, creating a "state within a state" focused on production of and protection of profits from an illicit crop, rather than on the socio-economic development of the communities within the region and the benefit of all inhabitants. Because of the lack of development of social structures and social capital outside the coca-dominated unions and federations, and the lack of viable, independent public institutions, a minority population of coca producers has been able to dominate a much larger, "silent majority" population.

The licit producer organizations supported by the AD strategy to some extent comprise a parallel structure to the coca federations, but lack their cohesion and political power. They were never intended to do more than provide support for productive, processing, and marketing activities, and have not placed a strong emphasis on participatory decision-making, social organization, or developing broader leadership capabilities. Leaders of UAAPRAMTROC, the federation of licit producer associations, for example, indicated that there was a great need to develop local leadership capacity to address both social and economic issues.<sup>70</sup> Further, based on interview information, producer organizations appear to be identified as AD entities, rather than as local organizations. CONCADE itself does not tend to be seen as representing the GOB, but rather as a separate actor. Similarly, AD is seen as coming from the outside, not as something that involves local people. Linkages with the municipalities or other GOB institutional structures in the Chapare are also largely lacking, in part because the use of USG AD funds to collaborate with coca-dominated municipal governments was prohibited until recently, as well as the general weakness or absence of institutional structures.

Recently, efforts have been made to address these perceptions of AD as an external, non-participatory phenomenon, and to make some aspects of the AD program implemented by CONCADE more participatory, in order to enhance their effectiveness and sustainability. Such participatory efforts include the Road Maintenance Association (AMVI, *Asociación de Mantenimiento Vial*) in the western Chapare, the "learn by doing" marketing system being used by some producer associations, and the new extension system currently being put in place by CONCADE.

The AMVI, a private, non-profit association based on a Central American road maintenance model, was incorporated in August 2001. While CONCADE has supplied the road maintenance equipment and supports the personnel, the AMVI board is controlled by members of the producer associations involved in alternative development in the municipalities of Villa Tunari and Shinahota. After initial resistance, the pro-coca unions have also become enthusiastic supporters of AMVI. Local communities share the costs: road users are required to make cash counterpart contributions before AMVI will undertake to maintain a stretch of road. Local residents may be required to provide in-kind labor. These contributions keep costs down while building local participation and ownership. Counterpart contributions to AMVI construction projects for the third quarter of 2002 reached 13.5 percent, compared with 2.65 percent previously obtained by the government road agency.<sup>71</sup> The mayor of Villa Tunari, a member of the pro-coca MAS party, while generally criticizing CONCADE for failing to coordinate with the municipalities in the Chapare, indicated that AMVI was an exception, and that due to participation by the community and the municipality, AMVI was very effective, and roads were

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<sup>70</sup> Interview with Edgar Arizpe, Bernardino Zurita, UAAMPRAMTROC, Cochabamba, March 20, 2003.

<sup>71</sup> S. Huffstutlar, "Grassroots Road Maintenance Spurs Conflict Resolution," in *Developments*, Fall 2002, Development Alternatives, Inc., p. 16.

better maintained, at lower cost.<sup>72</sup> AMVI, created to maintain roads, has also succeeded in creating common ground in communities divided between coca and AD interests, creating an area of collaboration between municipalities and the AD program, and thus bringing together otherwise contentious factions in the region.<sup>73</sup>

The "learn by doing" (*aprender haciendo*) approach has recently been applied to developing marketing skills and mechanisms by producer groups. Currently 20 groups are in the process of applying this approach. Broadly, the approach, which has been successfully applied by IICA in Colombia, consists of four sequential steps, each of which is essential:

- ▶ Organization of a marketing committee within a producer association, to market the crops of members, on a consignment basis.
- ▶ Provision of support services to these associations and committees by CONCADE, consisting of 1) extension services in rural marketing, to add value through appropriate harvesting, storage and pre-processing steps, in accordance with market demand; 2) extension services for distribution and sales, based in urban areas, to help producers develop sales agreements, export contracts, etc.; 3) information on prices and marketing opportunities, transmitted by marketing correspondents to the rural marketing extensionists, and by them to the producers; 4) marketing studies for new and traditional crops; 5) support for development of agro-industrial activities; and 6) accounting, administrative, and management advice and support.
- ▶ Establishment of a "learn by doing" marketing fund to help cover risks and make the learning process viable. Each member contributes periodic quotas (usually in kind) to help conserve the fund.
- ▶ Provision of marketing credit funds to groups that have "graduated" from the learn-by-doing process.<sup>74</sup>

Two of the 20 producer groups (handicrafts and cassava) are comprised solely of women; the rest are mixed, on average women comprise about 25 percent of the membership. However, it was reported that, although women traditionally do most of the marketing, men usually select other men to serve on the groups' marketing committees, although women are often involved in promoting the idea to others.<sup>75</sup>

This process is very new, but reportedly profits have increased for producer groups using this approach.<sup>76</sup> Finding adequate technical staff with sufficient cultural sensitivity and patience to support this participatory approach was noted as a problem, since bringing about attitudinal change and establishing horizontal, participatory relationships is a difficult challenge.<sup>77</sup>

The new extension system being developed by CONCADE has been described under the "productive infrastructure" section. Suffice it to say here that the new system is intended to be bottom-up in nature, ensuring that extensionists respond to the needs of producers, and giving

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<sup>72</sup> Interview, Felipe Cáceres, Villa Tunari, March 19, 2003.

<sup>73</sup> S. Huffstutlar, op. cit., p. 1.

<sup>74</sup> G. Mendoza, "Bases para una Estrategia de Comercialización Asociativa," CONCADE/DAI, August 2002, pp. 5-8.

<sup>75</sup> Interview, Cristina Arcos, DAI/CONCADE, March 21, 2003.

<sup>76</sup> Interview, Luis Ampuero, DAI/CONCADE, March 20, 2003.

<sup>77</sup> Interview, C. Arcos.

producers a role in selecting and rating extension services through use of a non-cash voucher system to obtain services from a pre-qualified pool of extension providers, putting the producers rather than the extension providers in control.<sup>78</sup>

These three initiatives are focused on enhancing CONCADE's impact on productivity and marketing, rather than on social development per se; nonetheless, they offer promise in enhancing results and sustainability, developing local capacity, and in helping to change the prevailing perception of AD as externally-directed and top-down, but they are all somewhat isolated and marginal in the context of the overall project, and, with the possible exception of AMVI, too recent to have had much impact at this point.

## **2. The Yungas**

The situation in the Yungas is quite different, both with regard to the AD program approach, and the social and institutional context. The Yungas Development Initiative (YDI) supports GOB efforts to reduce excess coca in the traditional, legal coca-producing area near La Paz. The project is posited on the hypothesis that voluntary, non-forceful reduction of coca can only be accomplished if household incomes are increased and/or household costs reduced and the quality of life is improved. Alternative Development assistance is conditioned upon the signing of agreements between the GOB and farmer federations that ensure the reduction of existing, excess coca, or prohibit planting new coca. The YDI distributes alternative development funds across several USAID/Bolivia strategic objectives, to support a range of complementary social and economic development activities. Unlike CONCADE, which has focused only on alternative economic activities through a single large contract, the YDI, through a variety of programs and mechanisms, encompasses social as well as productive infrastructure, including schools, roads, electricity, and potable water and sanitation systems. It supports municipal development and participatory municipal planning through the DDCP, and supports health and disease prevention activities, and university-level training for local residents in fields important to rural development.

Unlike the Chapare, the traditional social fabric and structures are relatively intact, although the Yungas has also received substantial migration, and so is a combination of the traditional Aymara and Quechua populations and migrants from the cities, together with a black population descended from slaves originally brought to work the Potosí mines. The problem is that coca is an accepted part of the traditional social and economic context, since coca has been grown for traditional uses in the Yungas since before the Spanish conquest. However, coca production now exceeds licit demand by more than three times, with the excess going into the illegal drug trade. Therefore, since forced eradication, as in the Chapare, is not possible in this traditional coca-growing area, it is necessary to change attitudes and practices, through the use of incentives and disincentives, to encourage people to distinguish illicit from legal, traditional consumption. The strategy tries to build social cohesion and pressure against infractions by rewarding communities which reduce coca cultivation or refrain from new cultivation with basic social and productive infrastructure, heretofore beyond the means of the small, poor Yungas communities, in order to increase licit household income, reduce productive costs, and increase access to and control of public goods and services, including health and effective local governance. The nature of this

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<sup>78</sup> Interview, Steven Huffstutlar, DAI/CONCADE, March 20, 2003.

strategy requires a participatory approach, to build public conscience in favor of licit rather than illicit activities and income.

This participatory approach is exemplified by the support the DDCP project is providing to six of the eight municipalities in the Yungas, through the *Mancomunidad de los Yungas*, in participatory municipal planning and municipal strengthening, including financial management, tax administration, and institutional strengthening of the *Mancomunidad*. In line with the Popular Participation Law, effective citizenship is promoted through organized community groups (OTBs), which, together with other interested local groups, determine local needs and help develop the municipalities' annual operational plans (POA) and determine investments in municipal projects. Technical specialists on the *mancomunidad* staff, trained by the DDCP project, support these efforts, and guide the participatory planning process through a series of well-defined steps. As a result of the integration of attention to gender issues in the participatory municipal planning methodology promoted by the DDCP (the methodology was field-tested in two Yungas municipalities), women's participation in the planning process has increased and projects of particular interest to women are now being supported by municipalities, including a pig-raising productive project undertaken by a women's organization in Coroico. Based on this success, women in three additional municipalities have also organized, with the expectation that they can gain municipal support for other such projects. In this aspect, as well as in others, such as the incorporation of a broader array of groups in the participatory planning process (women's organizations and producer groups, for example), Coroico has served as a model for other municipalities in the Yungas.<sup>79</sup> DDCP is planning to introduce a participatory municipal planning model for health in the Yungas, and possibly also a similar participatory methodology for environmental planning and conservation.<sup>80</sup>

The DDCP is the main link with the municipalities for the AD program in the Yungas; it was described by staff as spearheading, or opening the way for other AD projects to work with OTBs and municipalities. The participatory approach and close relationships with the municipalities have helped to dispel doubts and gain acceptance for projects supported by AD funding. For example, the MAPA project invited mayors, council members, and members of the citizen oversight committees (CVs) to meet, to share information about the project, but most refused to attend because MAPA is seen as being AD-funded. Further conversations involving DDCP staff facilitated their attendance and approval of the project. It was noted that there is much misunderstanding and misinterpretation of laws such as Law 1715 (Agrarian Reform, INRA) and Law 1008 (Coca) by local people, and a request has been made to DDCP for workshops on these laws by the *Mancomunidad* and the Municipality of Caranavi. Strong unions in some areas, such as Irupana, have also been a source of problems for the *Mancomunidad* and the municipalities, since they want their union central organizations to take the place of the *cumbres* (municipal planning meetings bringing together representatives of OTBs and other organizations) in the municipal planning process.<sup>81</sup> If this were to happen, it is likely to significantly weaken the municipal structure, as has happened in the Chapare, where the unions and federations dominate the municipalities.

A participatory approach also characterizes other AD interventions in the Yungas, including the health program carried out by SERVIR, a Bolivian NGO; the MAPA project; and the Yungas

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<sup>79</sup> Interview, Juana Pinnel, Coroico, March 15, 2003.

<sup>80</sup> Interview, Melvy Lemus, DDCP, March 14, 2003.

<sup>81</sup> *Ibid.*

Community Alternative Development Fund, the largest AD program in the Yungas, carried out by ACDI/VOCA and Save the Children, in collaboration with DIRECO, the state agency in charge of eradication.

SERVIR carries out programs in preventive health, including health education in the schools, focused on infectious diseases, including prevention and treatment of leishmaniasis, tuberculosis, malaria, and yellow fever; and the provision of basic sanitation and potable water. Simple water systems and sanitary works are built with community labor and local materials, and community committees, gender-integrated to the extent possible, are trained to manage and maintain the systems; health education for both women and men in the communities is included, and attendance counts toward their labor requirement. SERVIR would like to add reproductive health; the only such services now available are through the Caranavi hospital.

SERVIR's methodology includes a gender focus, working with both women and men to improve community health, and ensuring that women have access to services by raising the consciousness of men as well as women. Among the barriers the program has encountered are the lack of education and low literacy levels among the population, particularly among women. Political opposition to AD from coca interests has also been a problem, dividing communities and fostering opposition to AD programs, although SERVIR has been better accepted than other programs, since the communities value the water systems and health services provided, and SERVIR collaborates closely with the GOB health system, and works across party and political lines.<sup>82</sup> Programs such as SERVIR walk a fine line, trying to increase overall acceptability and defuse opposition, while at the same time facing criticism from AD agencies if they are not explicit about their AD orientation and objectives.

The MAPA project uses a participatory approach in working with communities to support economic development activities, including the development of tourism and specialty coffee production and marketing, in an environmentally sustainable manner. The objective is to stimulate development and economic growth, increase employment and income, and contribute to integrated, sustainable development in the Yungas. Support for specialty coffee production includes raising the awareness of small producers of the importance of quality control, and providing technical and financial support to improve processing. Tourism development is based on participatory planning, through the Municipality of Coroico, to identify and prioritize projects, incorporate them in the POA, and identify sources of funding.

The Yungas Community Alternative Development Fund (YCADF), conceived as the cornerstone for rural economic development efforts, supports a variety of demand-driven projects prioritized by communities, in exchange for agreements to reduce coca production or to not plant new coca fields. The Fund is a grant fund administered by ACDI/VOCA in partnership with Save the Children. Communities, through a participatory planning process, select projects that either increase licit income opportunities or reduce household expenses through improved social services, in negotiation with DIRECO, which is in charge of the coca reduction agreements; YCADF then provides grants to cover technical and financial costs for execution of the projects. More than half the projects to date are for potable water, followed by other social infrastructure, primarily school construction, additions, and repairs, together with a few community centers and other similar projects, accounting for 74 percent of all projects. Productive infrastructure, such

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<sup>82</sup> Interview, Patricia Bolivian, SERVIR, March 14, 2003.

as processing or production facilities, improvements in crops and pest control, and storage facilities, account for 26 percent. While communities determine priorities, the projects selected are not always feasible or appropriate, and reprioritization or redesign is sometimes necessary. A lack of clear guidelines for projects was identified as a problem, as well as a relative lack of emphasis on productive projects, for which the current project design is not well suited (The funding for the current contractor is, at least for the time being, short-term. Productive projects are, by their very nature, more long term.) Another problem noted is the geographic extension of the project area, which makes adequate supervision and control very difficult. Further, it has been difficult to capture the impact of the projects, beyond tallying numbers of projects and investment totals, such as improvements in quality of life, increased income, and reduced household costs.<sup>83</sup>

The YDI-supported scholarship program at the Carmen Pampa campus of the Catholic University in La Paz supports local social and economic development through the formation of local human resources likely to remain in the region and contribute to strengthening local social capital and licit economic activity. The program currently supports 33 students through their entire course of study, with plans to increase the number to a minimum of 55. Scholarship students agree to return to their communities as extension agents for one year for each four semesters of scholarship aid. The fields offered are essential to rural social and economic development: primary education, nursing, agronomy, and veterinary medicine. Programs have a strong participatory focus, in which the students learn by doing, by becoming involved in activities to benefit local communities. Enrollment is gender-balanced, and both male and female students participate in all fields of study, crossing traditional gender-role lines--there are 23 women among the 150 agronomy students, and there are also men in the nursing and primary education programs.

The YDI began in 2001, and was initially conceived as a two-year effort. It has undertaken an array of activities that have benefited many communities and helped to bring people together to solve problems and improve their own situation and that of their communities. The ultimate impact of this broad, participatory approach in reducing coca production is still to be determined, but it is clear that it has contributed to social, economic, and institutional development, particularly at the municipal level.

### ***Conclusions***

- ▶ It is evident that much more attention has been given to participation, strengthening institutions, and social issues in general in the Yungas Development Initiative than in CONCADE, recognizing that the CONCADE design contemplated that attention to such issues would be supported by other donors, which has not as yet adequately occurred. Social, economic, and institutional development are complementary and mutually reinforcing; it is difficult to achieve any of them separately without the others.
  
- ▶ The economic impact of AD activities in the Chapare has been hampered by the lack of social cohesion and viable institutions, which has made it easier for the coca federations to maintain political dominance and disrupt licit economic activities. While guarantees of success in reducing coca are elusive with either a narrow, economic approach or a

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<sup>83</sup> Interview, Treena Bishop and José Ibarra, ACIDI/VOCA, March 14, 2003.

broader, social, economic, and institutional development approach, the evidence available indicates the limitations of a narrow approach in terms of both acceptability and sustainability.

- ▶ The form and extent of participation will vary according to an organization's purpose, and such participation must be informed in order to be effective. In other words, effective participation requires developing the required knowledge and skills, and may require considerable time and technical assistance to become sustainable. Opening activities and organizations to participation without such preparation can result in chaos, paralysis, or takeover by factions with a separate agenda.
- ▶ Geographic dispersion and the lack of local capacity and leadership make effective social, economic, and institutional development more difficult.
- ▶ Strengthening normal public institutions, such as municipal government and agencies providing services such as health, education, and justice, is essential to counteract the influence of parallel institutions, such as the coca federations. AD efforts which work through such institutions contribute to strengthening them, while AD entities that are themselves perceived as parallel, external and/or monolithic structures may be counterproductive in political, public relations, and institutional terms.
- ▶ Municipal governments employing participatory municipal planning offer broader scope for increased participation and involvement of the "silent majority," and people not now reached by AD programs and susceptible to turning to coca, than do entities with more limited purposes, such as the labor unions, federations or licit producer associations, since the municipal participatory planning process is specifically designed to bring in representatives of all groups and interests. This is particularly important with regard to increasing participation by excluded groups, such as women and indigenous populations, as will be discussed further below.
- ▶ Participation is most effective as an integral approach, which pervades all activities from their inception. Retrofitting is not only difficult to achieve successfully, but faces the additional hurdle of overcoming existing perceptions and resistance created by an initial non-participatory approach.
- ▶ The impact of AD cannot be adequately measured if impacts on people, such as increased participation in local governance and decisions on the use of resources, improved income, improved health, and other measures of well-being; and impacts on strengthening institutions, are not effectively captured.

### ***Recommendations***

The new strategic approach to Alternative Development should encompass social and institutional, as well as economic development, seeking complementary interventions to facilitate and support access to increased economic opportunities and social well-being for all population groups, to improve the quality of life and lessen dependence on illegal income from coca. The following elements should be included in the new approach:

- ▶ All programs and activities undertaken should be as participatory and as bottom-up as possible, to enhance participants' involvement, ownership and responsibility, and thus the sustainability of the efforts undertaken. However, developing effective, participatory activities requires developing specific knowledge and skills among the participants, and requires specialized technical assistance, sometimes over a considerable period of time. Participation must be appropriate to the purpose of the activity and further achievement of its objectives, whether improved production and marketing, road maintenance, municipal planning, or any other activity. Existing participatory models which have proven to be effective should be extended, replicated, and adapted as necessary, including DDCP's gender-sensitive municipal planning model, as well as the more specialized, limited-purpose participatory models developed under CONCADE—if their results prove to be positive—including AMVI, the “learning by doing” approach, and the new extension system. Support should be provided for the development, dissemination, and replication of new models as needed.
- ▶ In order to promote full participation, measures should be supported to develop leadership at all levels and among all groups (particularly those which have suffered from exclusion) and to enhance the ability of these groups to participate, including support for organization and motivation, confidence-building, and development of the necessary knowledge and skills to participate fully. Literacy and Spanish-language training may also be necessary, particularly for indigenous women, who are most likely to be illiterate and speak only indigenous languages. Such training (which should be available to both sexes) could be combined with values/civic education training, and also health and nutrition education programs.
- ▶ Close links between AD programs and the existing formal institutional structures should be sought out and strengthened, particularly the municipalities and *mancomunidades*. When feasible and consistent with requirements for accountability, some AD funds—for example, those for support of social and productive infrastructure—should be allocated through municipalities or *mancomunidades*, so that plans and budgets for AD projects at the community level can be developed as part of the participatory municipal planning (POA) process, as a normal part of community development, rather than as parallel, externally promoted activities. This might be done on a limited, experimental basis, in one or more carefully selected municipalities, in order to assess feasibility for broader application. Where such integration is not possible, areas of common interest should be sought to promote joint participation and collaboration, such as the AMVI road maintenance program. Wherever possible, social development projects such as health and education should seek to enhance the municipal role in planning and maintenance, and strengthen municipal capabilities, as well as to promote collaboration with central and departmental GOB programs, thus strengthening performance and sustainability. Approaches that work through existing institutions are likely to be more acceptable, and hence more successful, than approaches that create parallel institutions.
- ▶ Efforts to increase participation and strengthen institutionalization should have a dual focus: on the one hand, to reach out to all groups, including opposition parties and organizations, to seek areas of common interest, solve common problems, and reduce confrontation and conflict; and on the other hand, to broaden opportunities for participation and create or strengthen organizational capacities so that the “silent

majority” population can make its concerns heard, and eventually develop a level of influence proportional to its numbers, and so outweigh groups supporting illicit interests.

- ▶ Strengthening social services and productive infrastructure and capabilities within carefully selected population centers is likely to contribute to the growth of centers of development (*polos de desarrollo*) and thus help develop greater social cohesion and overcome the extreme dispersion that particularly affects the Chapare. In this regard, SERVIR’s budget should be increased to include reproductive health as a service.
- ▶ Programs should measure social and institutional, as well as economic, outputs and impacts (for example, levels of participation, number and effectiveness of public services available, number of municipalities with effective participatory planning, level of satisfaction with services, etc.) and develop ways to relate social, institutional, and economic impacts to the well-being of people, and to the reduction of dependence on the illicit coca economy.

## G. GENDER AND OTHER SOCIAL EXCLUSION ISSUES

### *Findings*

#### 1. The Chapare

The CONCADE project design did not include any reference to gender (or any other social issues). Nonetheless, during implementation some initiatives were taken to organize and assist women’s groups to undertake micro-enterprise activities, such as handicraft production and agricultural and food processing. A micro-finance program has also been supported, which provides credit to women using a village banking/solidarity group methodology, which has been successful at increasing family income and maintaining a default rate under one percent. In addition, CONCADE support for packing and processing facilities has resulted in employment for many women. However, the project’s mainstream activities did not incorporate any particular attention to gender issues, and no special effort was made to promote the participation of women as well as men in the production and marketing of AD crops, or in working to strengthen the producer associations. Recognizing that CONCADE activities involved and benefited men to a much greater extent than women, CONCADE brought in consultants in mid-2002 to undertake a gender assessment and develop a gender strategy, and held a series of workshops for both executive and technical staff to develop a gender plan of action covering all activity areas.<sup>84</sup> CONCADE has just hired a senior gender specialist (March 2003) to oversee and support implementation of the gender strategy and plan of action.

A major issue noted in the gender assessment, strategy, and workshop reports concerns the marginal nature of the activities undertaken to date with women’s groups (the same issue arises in the C/23 Project, which also places more emphasis on working with women in women-only groups than as part of mainstream activities). Because these activities have no strategic focus, they remain isolated, small-scale efforts, with marginal results in terms of contributing to family

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<sup>84</sup> Andrea Allen et al, *Gender Assessment and Strategy: Consultancy Report*, CONCADE/DAI, June 2002; A. Allen et al, *Gender Strategy 2002-2005: Increasing Inclusion for Greater Results*, CONCADE/DAI, November 2002; M. Crespo, F. Saenz, *Sistematización de Talleres de Planificación en Género, Hacia una Estrategia de Género para el Proyecto CONCADE/DAI*, November 2002

income. Focusing on women-only groups, while taking into account women's particular problems of time constraints, low literacy and education levels, and reluctance to participate in mixed groups, also means that women remain on the margin of mainstream project activity, unable to substantially increase their capacity to absorb and use resources to improve their situation. Grants to women's groups, for example, account for less than one percent of total funds under the CONCADE grants program, principally because the groups are poorly organized, have difficulty meeting grant requirements such as filling out forms, and work on a very small scale.<sup>85</sup>

Women's participation in producer organizations supported by CONCADE has been limited to date. The producer associations are set up with one vote per household, and the man, who may or may not consult with his wife, except in the case of widows or women-headed households, exercises that vote. Women usually only attend meetings if the husband cannot attend, and rarely exercise leadership roles. Increasing women's participation in these organizations will require both institutional and attitudinal changes, as well as reducing other barriers to women's participation, such as time and mobility constraints and illiteracy, as well as more problematic issues such as male opposition, which is sometimes manifested in domestic violence.

As a result of their low involvement in producer associations, women have benefited far less than men from the technical assistance CONCADE provides in production and marketing. Women also are far less likely to hold title to land, and thus are not seen as targets for technical assistance, or for credit. Women participate in both production and marketing, but are generally categorized as family labor, and are thus much less likely to receive technical assistance or to receive and control the income from production and marketing. While women have a substantial role in harvesting, drying, bagging, and marketing coca leaves, when communities leave coca production, women tend to lose the status (and income) derived from these activities, since they are less likely to be involved in alternative crops.<sup>86</sup>

In addition to such participation and benefit issues, it is evident that CONCADE is not capturing the full impact of even the limited gender-related activities undertaken to date, since the grants program appears to be tracking gender impact only in terms of grants to women's groups (the aforementioned one percent). The true impact of the grants program could be shown to be much greater if it included the impact on family income of the grant to the CRECER credit program, which is targeted exclusively at women (as well as tracking the number and amounts of loans). Similarly, grants for processing and packing plants create substantial numbers of jobs, predominantly for women, which should be tracked by gender. The resulting increase in income could also be tracked by gender, to give a much more accurate picture of impact on women, men, and families. While time did not permit a review of other CONCADE data collection efforts, it is likely that improved disaggregation of data by gender (and ethnicity as well) would give a more complete view of both participation and project impact on income and family well-being. The gender strategy provides guidance on gender-disaggregated indicators, which, if implemented, could resolve this problem.

Another major category subject to social exclusion is that of indigenous people (half of whom, of course, are women, who suffer double discrimination, based on both ethnicity and gender).

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<sup>85</sup> Interview, Joe Brubagh, Grants Program, CONCADE/DAI, March 21, 2003

<sup>86</sup> A. Allen, *Gender Assessment and Strategy*, op. cit.

There are two distinct categories of indigenous people in the Chapare: the majority of Chapare inhabitants are migrants from the highlands and valleys, most of whom are Quechua speakers, together with a smaller number of Aymará speakers; and people indigenous to the lowlands, speaking Yuracaré, Trinitario, and Yuqui, among other languages. According to a recent study of 833 communities, Quechua is the principal language of 88 percent; Aymará is spoken in 18 percent, and lowland indigenous languages in 5 percent, accounting for about 3 percent of the population. The lowland indigenous population is concentrated in the Indigenous Territory of the Isiboro Secure National Park and the Indigenous Community Territories (*Territorios de Comunidades de Origen*, TCOs) of Yuracaré and Yuqui.<sup>87</sup> In these areas, there are 36 indigenous communities, most of which lack road access. Those with road access are often in danger of invasion of their territory by colonists.<sup>88</sup> The TCOs are organized in councils, rather than unions and federations, as in the rest of the Chapare. The majority of those speaking Quechua and Aymará are bilingual, speaking Spanish as a second language. Bilingual populations are more likely to collaborate with alternative development programs than are those who speak only indigenous languages.<sup>89</sup> Although figures by gender are not given in this study, it is usually the case that women are more likely than men to speak only indigenous languages.

The lowland indigenous communities in the Chapare receive very little alternative development assistance, and also lack social investments.<sup>90</sup> CONCADE and other AD institutions have provided assistance to organize 9 indigenous councils representing the communities, as well as a third-level organization grouping the councils, Coordinator for Indigenous People in the Cochabamba Tropics (*Coordinadora de Pueblos Indígenas del Trópico de Cochabamba*, CPITCO), to help them protect their territory against incursions by farmers and the timber industry, including clarifying title to the most vulnerable areas. Plans call for basic infrastructure assistance to the councils and CPITCO during the 2003-2005 period, including communications, transport, and operating costs. There are also plans to assist with agricultural, forestry and craft production, including training, as well as community development and infrastructure.<sup>91</sup> While the majority population is of (highland) indigenous descent, there is no indication that any particular attention has been given by CONCADE to this fact, beyond efforts to seek Quechua-speaking staff. The new gender strategy does indicate that significant barriers exist for indigenous women in access to secondary and university education, due to racism, sexism, language barriers, and socio-economic issues, and that efforts should be made to increase opportunities for both indigenous women and men.<sup>92</sup>

A third frequently excluded group is young people, again, half of whom are female. It must be noted that exclusion and discrimination are cumulative, making young indigenous rural women the most disadvantaged population, due to the effects of gender, ethnic, and generational discrimination inherent to patriarchal social systems characteristic of both the Spanish colonizers and the conquered Andean societies, all of which contribute to low socio-economic status. A common manifestation of this problem, as noted above for indigenous women, is favoritism toward males in access to education, especially in rural areas. This is linked to the prevailing

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<sup>87</sup> CONCADE, *Análisis e Interpretación de Resultados del Estudio "Mapa Sociocultural del Trópico de Cochabamba,"* November 2002

<sup>88</sup> CONCADE, FIMA (*Fortalecimiento, Infraestructura y Medio Ambiente*) Unit, *Plan enero-mayo 2002.*

<sup>89</sup> CONCADE, *Análisis e Interpretación de Resultados del Estudio,* op.cit.

<sup>90</sup> Ibid.

<sup>91</sup> CONCADE, FIMA Unit, op.cit.

<sup>92</sup> A. Allen et al, *Gender Strategy 2002-2005,* op. cit.

concept of males as household heads, holders of title to property, representatives of family interests in the public sphere, and primary wage earners.<sup>93</sup>

USAID has supported the International Labor Organization's (ILO) vocational training program for youth in the Chapare, targeting young people from farm families participating in AD activities, to enable them to obtain employment or engage in micro-enterprises, and thus support themselves or contribute to family income, reducing their likelihood of engaging in illicit coca cultivation. Training is oriented towards activities in support of primary agricultural activities, such as packing and processing of export crops, or creation of related service micro-enterprises, or training in skills such as computer operation. Training is also offered in business development. As of the end of 2002, vocational training had been provided to 1594 participants, 41.5 percent women. Of those trained, 172 had obtained employment away from their farms or in complementary activities, including 30 women (17 percent).<sup>94</sup> These figures appear to indicate that employment and income-earning opportunities are limited, even for those with specialized training, and that young men are more likely to gain employment or earn money from self-employment than are young women.

## **2. The Yungas**

Gender is being addressed to greater or lesser degree in most YDI initiatives, briefly synthesized below.

*DDCP.* While the first phase of the DDCP Project gave little attention to gender, it was recognized that such attention was needed when the 2001 Democratic Values Survey indicated there had been little change in women's participation in municipal planning meetings relative to men's, though men's participation had increased substantially. Consequently, the project undertook a series of initiatives to address gender issues, including assistance to the Bolivian Association of Councilwomen (ACOBOL) and integration of gender into the participatory municipal planning methodology, together with training of municipal federation and *mancomunidad* technical staff in disseminating and implementing the methodology. Most DDCP-assisted municipalities are now using this gender-sensitive methodology, but figures are not yet available on its impact on women's participation.<sup>95</sup> As noted earlier, the methodology was tested in the Yungas, and did result in significantly increased participation by women. Interviews indicated that the methodology is being used in Coroico, and that it has resulted in significantly increased support for the women's association, increasing their POA allocation from B.12,000 to B.60,000. DDCP was also instrumental in convoking women for a series of meetings in Coroico, which resulted in the establishment of a women's association, and other municipalities have followed suit. While the main interest of the women's associations is in productive projects to increase family income, the association in Coroico is also concerned with social problems, particularly the issue of family violence, and in helping women who are victims of violence.<sup>96</sup>

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<sup>93</sup> Luis Tapia Mealla, "Exclusión Social: La Dimensión Generacional," in *La Estrategia Boliviana de Reducción de la Pobreza y la Problemática de la Exclusión Social*, DFID, November 2002.

<sup>94</sup> AD/BOL/00/EO7 Project: Vocational Training and Promotion of Microenterprises in Support of Coca Reduction Strategy in the Cochabamba Tropics, *2002 Activity Report with Additional USAID Funds*, January 2003.

<sup>95</sup> Martin, Patricia, *Annex C: Gender Assessment of DDCP Phases I and II and Gender Integration Strategy for Phase III* in DDCP Evaluation, Development Associates, November 2002.

<sup>96</sup> Interview, Juana Pinnel, previously cited; interview, Eva Soria, Coroico, March 16, 2003.

*MAPA.* This nationwide program supports economic development activities, and is supported with AD funds in the Yungas. The project has incorporated women into training and extension activities. Women are significantly involved in coffee production, and are responsible for much of the harvest and some of the post-harvest processes. The project does not have a gender integration plan; data collection focuses mainly on tracking participation in training.<sup>97</sup>

*SERVIR.* As noted in the previous section on participation, SERVIR incorporates a gender focus, working with both men and women to increase preventive measures and access to and the use of health services. Efforts are made to have both genders on water/sanitation committees, although it is sometimes difficult to get women to participate because of time constraints and educational and other barriers.

*Carmen Pampa.* This program gives excellent attention to gender, seeking to get both women and men into non-traditional programs, and has achieved overall gender balance in enrollment. The university also takes active measures to sensitize male and female students to gender issues and to counteract gender discrimination, as well as to address gender-based barriers to enrollment and the completion of studies.<sup>98</sup>

*Yungas Community Alternative Development Fund.* The extent to which gender is addressed in this program is less clear, although both women and men participate in the project selection process. Data available for the project tracks the number, type and amounts of grants made, but does not measure the impact of these grants on people of either gender, or on family well-being or income. The household survey conducted in both the Yungas and the Chapare tracks the impact of alternative development on household production and income, but does not adequately capture the impact of activities on different household members.<sup>99</sup>

*Other Considerations.* With regard to indigenous people, information is scarce. As noted earlier, the population is largely of Quechua and Aymará descent, together with migrants from the cities, and a minority black population. The Aymará are reported to be the most closed group to outside influences, in an effort to protect their cultural identity, and the most discriminated against. They also have the highest illiteracy levels. The black population is said to be much more open and less rigid, with no illiteracy, and interested in improving their situation. Low education levels are a major barrier to advancement and participation for most of the population, particularly for women. An estimated 35 percent of men and 60 percent of women are illiterate.<sup>100</sup> There was no indication of any special measures taken by any of the AD activities with regard to working with different ethnic groups, beyond seeking staff with appropriate language capabilities.

The only YDI activity specifically targeting young people is the scholarship program at Carmen Pampa, which trains young people of both sexes in agronomy, veterinary medicine, nursing, and primary education. While the YDI-supported scholarship students have not yet graduated, most

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<sup>97</sup> Caro, Deborah, *Preliminary Visit to Assess Gender Issues for the USAID/Bolivia 2004-2010 Strategy* (draft), January 20-24, 2003.

<sup>98</sup> Interview, Sister Damon Nolan, Carmen Pampa, March 15, 2003.

<sup>99</sup> Caro, Deborah, *op. cit.*

<sup>100</sup> Interview, Patricia Ballivián, previously cited.

graduates of these programs are reported to have found employment, many of them in the Yungas, though detailed information was not available.<sup>101</sup>

### ***Conclusions***

- ▶ Gender crosscuts all other forms of social exclusion or discrimination, making it necessary to take into account the effects of gender within all social groups.
- ▶ Attention to gender in AD activities has been uneven, although most activities are now making some effort to address gender issues, even if gender was not integrated from the beginning. Few AD activities have done any systematic analysis of the degree of participation and benefit in terms of gender or other factors such as ethnicity and age groups. Only two projects, CONCADE and DDCP (in addition to the ongoing gender-sensitive institutional orientation of the Carmen Pampa university programs), have developed systematic strategies or methodologies for gender integration and/or reducing the gender gap in participation and benefit between men and women. There do not appear to be any similar systematic strategies with regard to indigenous populations or youth, and relatively little attention has been given to these types of social exclusion or discrimination.
- ▶ There has been a tendency to focus on women-only activities rather than integrating women into mainstream project activities by supporting measures to overcome gender-based barriers.
- ▶ There has been insufficient attention to collection, analysis, and reporting of data disaggregated by gender, and even less across ethnicity and/or age groups, making it difficult to assess the participation by different population groups in AD activities, and the degree of impact of AD on these different groups.

### ***Recommendations***

- ▶ All AD activities should incorporate a coherent, systematic strategy for addressing gender, and any other relevant social exclusion issues, which should also be crosscut by gender. Implementation of existing gender strategies and methodologies (CONCADE and DDCP) should be a priority; other existing activities should develop such strategies; and new AD activities should incorporate them from the beginning, as an integral part of their design.
- ▶ Gender strategies should focus on maximizing participation and benefit by both women and men (of all relevant social groups) in all project activities, particularly economic activities such as production and marketing, participation in complementary “production chain” activities, and participation in producer organizations, municipal planning, and other decision-making arenas. Separate, women-only activities should be undertaken only when necessary to achieve mainstreaming, such as preparing groups of women to participate in mainstream activities by building confidence, knowledge, and skills; or as a complement to mainstream activities, rather than a substitute, such as undertaking

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<sup>101</sup> Interview, Sister Damon Nolan, previously cited.

female-dominated economic activities selected on the basis of market demand and income potential, rather than on the basis of gender alone.

- ▶ Attention to gender (among all relevant social groups) should include measures to reduce gender barriers to access, participation, and benefit, to the extent possible within project limitations. These include practical barriers such as time and mobility constraints and lack of childcare; and socio-cultural constraints such as illiteracy, lack of Spanish-language skills, discriminatory attitudes and practices, and domestic violence.
- ▶ Efforts to expand opportunities for young people, of both genders and from all ethnic groups, should be increased, to ensure that the alternative development patterns being promoted are sustainable over the longer term. Specifically, the Carmen Pampa scholarship program should be expanded to incorporate more young men and women, concomitant with skills needed to strengthen licit development efforts in the region, and employment opportunities. Not only are the skills taught contributing to development in the region, but also the gender-sensitive approach of the program is very important in changing traditional attitudes and practices that work against participation, democracy, and economic growth. If possible, a similar approach should be used in the Chapare. It may also be useful to initiate or enhance programs such as Junior Achievement, in both regions.
- ▶ All AD activities should emphasize collection and analysis of data by gender, cross-cutting any other relevant social variables (e.g., indigenous men/women, young men/women). The data collected should focus on impact, enabling AD activities to determine, and report relevant types of impact (participation in organizations, in leadership, employment, and income) on different social groups.

## **H. COMMUNICATIONS AND MASS MEDIA ATTEMPTS**

### *Findings*

#### **1. The Chapare**

The goal of the various media programs in the past was to support the Mission's Alternative Development projects and to promote a positive image for the USG's and the GOB partnership. However, the programs' content did not contain sufficient emphasis about the dangers of a coca-based economy, allowing the pro-coca coalition and the MAS party to gain acceptance, legitimacy, and credibility, principally through print and radio broadcast media. Future planning should integrate lessons learned from this project's missing elements towards an effective follow-up campaign.

Efforts to combat the drug traffic in Bolivia have not yielded positive results. Since the 1970s, numerous projects have tried a variety of approaches, most recently the past government's *Plan Dignidad*, which resulted in positive cutbacks in the eradication of coca. *Plan Dignidad* demonstrated a move towards social progress backed up with alternative development projects funded by the USG. This plan, however, did not become part of an image promotion communications program.

a. *The CELIN Survey*

Following are three “comparison interviews” performed by CELIN, which give a sense of current public opinion:

**Comparison 1: Opinion Makers – General Population/2002**  
**“Excess coca eradication is \_\_\_\_\_ for the country.”**

					TOTAL
	Beneficial	Harmful	Don’t know	No answer	%
	%	%	%	%	
Opinion makers	76.8%	16.2%	2.1%	5.0%	100.0%
General population	59.8%	31.3%	6.7%	2.2%	100.0%
Total	64.2%	27.3%	5.5%	2.9%	100.0%

Source: CELIN – BOLIVIA

Most of the opinion makers (76.8%) and general population (59.8%) believe excess coca eradication is beneficial for the country; however, 31.3 percent of the common urban people and 16.2 percent of the opinion makers in Bolivia think coca eradication is harmful. The “do not know” column included, 6.7 percent of the general public and 2.1 percent of the opinion makers.

**Comparison 2: Opinion Makers — General Population/2002**  
**“Do you think excess/illegal coca production should be eliminated?”**

					TOTAL
	Yes	No	Don’t Know	No Answer	%
	%	%	%	%	
Opinion makers	90.2%	6.2%	1.1%	2.5%	100.0%
General population	83.7%	10.7%	4.4%	1.3%	100.0%
Total	85.4%	9.5%	3.5%	1.6%	100.0%

Source: CELIN – BOLIVIA

The majority (opinion makers 90.2% and general population 83.7%) thinks excess/illegal coca eradication should be eliminated. Only 6.2 percent of the opinion makers and 10.7 percent of the general population think excess coca should “not” be eliminated.

**Comparison 3: Opinion Makers – General Population/2002**  
**“If excess/illegal production is to be eliminated, do you think eradication should cover \_\_\_\_?”**

					TOTAL
	The Whole Country	Specific Areas, like the Chapare	Don’t Know	No Answer	%
	%	%	%	%	
Opinion makers	60.8%	32.4%	2.6%	4.2%	100.0%
General population	52.1%	38.7%	6.9%	2.4%	100.0%
Total	54.4%	37.0%	5.7%	2.9%	100.0%

Source: CELIN – BOLIVIA

Likewise, most of the interviewees, including the opinion makers (60.8%) and general population (52.1%), believe excess/illegal coca should be eliminated throughout the country; while 32.4 percent of the opinion makers and 38.7 percent of the common people in Bolivia think eradication should only cover specific areas, such as the *Chapare*. The “do not know” column included, 6.9 percent of the general public and 2.6 percent of the opinion makers.

*b. Gallup Inc., 2002*

Another study performed by Gallup Inc. in 2002 in the *Chapare* yielded conflicting results. Direct quotes from respondents pointed to stagnation in economic activities of the region. Under the title of “Extreme and Evident Poverty,” the following quotations were selected.

- ▶ People do not have enough to eat.
- ▶ People have stopped sending their kids to school.
- ▶ Teachers’ declared that kids came to school dressed in rags.
- ▶ Parents declared they had no money to buy school supplies.

Eradication themes researched in the *Chapare* 2002 report also included similar statements:

- ▶ The number of people that said that the situation was critical due to the eradication of coca.
- ▶ Farmers think that it is coca what helps them survive.
- ▶ Eradication is the root of all evil.
- ▶ Violence is brought about by eradication

The difference is directly related to the group queried. The first research study from CELIN interviewed leaders of opinion, gatekeepers, and a segment representing a general public. The second study group interviewed *Chapare* farmers. Bolivian farmers hold the key and the answer to the success of eradication.

Program scripts reviewed demonstrated sound production quality and information aimed at a general audience promoting the alternative development program. However, their messages did not address the image problems within a society whose economy is drug related. In the productions the farmers appeared pleased and proud to demonstrate their products. It is apparent to a viewer that progress was made through alternative development. What was not expressed on tape was the overall importance of eradication to improve and/or continue social progress.

The Gallup and CELIN research demonstrates the complexity of producing programs without targeting a specific audience. If farmers hold the answer to eradication why were the programs not aimed at them?

The Programs' content included:

- ▶ Products grown in the *Chapare* and the *Yungas*: the programs, mini-documentaries, described fruits, vegetables, and products of the regions.
- ▶ Examples of drug abuse problems associated with the use of 'ecstasy,' a drug not widely available in Bolivia.

- ▶ Radio, television, newsletters, product labels, and news releases.

## **2. PDAR**

PDAR also suffers from an absence of research to determine program content. Newsletters, films, radio documentaries, television programs, and product/labels information, designed by PDAR, were descriptive and colorful but not educational. The transfer of knowledge that could improve farming techniques and yield better crops was absent from their materials. In the future, educational materials should become part of a learning package intended to fill this gap.

Field promoters, working for PDAR in the Chapare, yielded interesting information with similar results as cited above. Their duties included talking with farmers and plant workers in the Chapare to arrange for news items that would be included in the monthly newsletter and brochures. It is important to note that they communicated with their clients in *Quechua*. The newsletters that PDAR produced are in Spanish and do not reflect the culture of the farmers. Culturally acceptable materials should be included as well as the use of the spoken language of choice

Newsletters did not correspond to the educational level of the farmers. Information gathered demonstrated that workers could not read but were content to see their pictures in the newsletters. It is evident that these newsletters were not pre-tested for reading comprehension. The promoters pointed out that children read to their parents.

PDAR's promoters also contributed information about the health of the Chapare workers. Chapare's illnesses, they said, included malaria, anemia, malnutrition and poor dental health. PDAR's materials hardly addressed these problems. Health information should be a part of a complete package of media materials aimed at the Bolivian farmer.

None of the multi media projects produced in Bolivia for the alternative development program considered the use of social marketing strategies. The complex health and social problems facing the farmers makes this approach ideal to overcome barriers and meet stated objectives.

Regarding the use or availability of multi media equipment in their houses, farmer's families volunteered that everyone had a radio, most battery-run. Few farmers have televisions, and movie theaters do not exist in the region. As to listening habits, the potential audience listens to radio early in the morning and after work. They prefer programs in *Quechua*. In addition, they prefer a soap opera format.

PDAR and PAS produced radio programs in Spanish and *Quechua*, which included *Nos Conoceremos*, *Radio Verano*, and *La Otra Cara*. It is difficult to ascertain whether the materials produced for the Chapare and the Yungas met their stated objectives. Much of the reviewed materials revealed commercial style designs aimed at potential business buyers not messages aimed to inform the public about coca reduction.

Future programs aimed at farmers and a general audience should address the evils and dangers of the international drug traffic. They should emphasize narcotics and their influence on a few delinquents rather than all coca growers. Message design should adopt social marketing

strategies to incorporate health and achievements of social well being found through the work of alternative development methods.

PAS programs for the *Chapare* also included:

**Nos Conoceremos a historical documentary about the Chapare. Everyone enjoyed it, yet it did not contribute to coca eradication or build consensus on this issue. The same critique can be applied to most of the PDAR/CONCADE productions.**

*Los Otros Retonos* produced by PDAR describes the products of the region. The messages do promote positive attitudes for the alternative development projects. The meaning is lost in a sentence that states that alternative development is more than bananas, palm hearts, and pineapples. There is no mention of coca eradication or progress through the elimination of a coca dependent economy.

*La Otra Cara* portrays negative images of drugs not commonly found in Bolivia. Why teach people about ecstasy if it is not available in Bolivia? This program promotes use and not prevention.

*El Parto de las Nuevas Asociaciones del Chapare* has some positive images. The problem is the overload of messages. Pre-testing would tell if the audience digests all the information.

### ***Conclusions for the Chapare***

- ▶ This assessment concludes that the programs produced in Bolivia for the USAID Mission are insufficiently rooted in behavioral research. The programs lack solid research methodologies and, therefore, are ineffective conduits for inducing behavioral change on behalf of the project's intended audience: the Bolivian coca farming community, the media gate keepers/opinion makers, and the general public. Additional research is still required to confirm the achieved outcomes of the programs and objectives met.
- ▶ A communications campaign that integrated proactive mass media strategies to combat negative influences was missing from most of the alternative development projects. Its absence stifled progress. Social momentum was a missing element that would have promoted stability among the working farmers. Future programs must address the evil and dangers of the international drug traffic and narcotics.
- ▶ Moreover, the *cocaleros* and their leader succeeded in destroying the alternative development and the UNDCP projects via radio messages transmitted in *Quechua and Aymara*. Therefore, this project's next phase must address the cultural issues of the diverse population and use radio to dissuade Bolivian farmers from growing coca.

### ***Recommendations for the Chapare***

- ▶ That the USAID/Bolivia Mission implement a new approach in communications programs that encompass research methodologies, such as qualitative, quantitative, and formative research methodologies, to design and produce education/training materials and mass media events.

- ▶ That the USAID/Bolivia Mission consider development of new programs aimed at farmers and farmer communities as their prime audience. Opinion makers should be seen as a secondary target followed by the general public.

Future programming recommendations include:

- ▶ Not relying solely on ad agencies to do all the work. Agencies can be a part of a team, but a media expert who is well versed in the knowledge of educational program production must oversee the communication project.
- ▶ Do not underestimate the use of radio; it is the medium of choice of the Bolivian Farmers.

Future media attempts should consider the following suggestions:

- ▶ Purchase and /or subsidize radio stations.
- ▶ Solicit support from television station owners. Seminars should be presented to discuss the important issues related to supporting a drug economy and creating curriculum based content to include culture and native lexicons.
- ▶ Reinforce all messages and programs with print media. As an example, a one-minute spot on radio and television can reinforce newspaper ads, billboards, and comic strips.
- ▶ Create media plans to improve the persuasiveness of communication outreach efforts. A closer look at cultural preferences may yield activities that are easily understood by a target audience. Use this activity to incorporate messages.
- ▶ Develop profiles and segment the intended audience.
- ▶ Develop strategies to overcome barriers of diversity of culture and language within the intended audience (i.e., tailor messages to reach a heterogeneous population).
- ▶ Strategize the use of media: as examples, television for opinion makers and gatekeepers, radio for farmers and a general audience, newspapers for opinion makers, *foltonovelas* for farmers and a general audience, etc.
- ▶ Ascertain the target audience's educational level to measure attention span vs. message length. Without this element, it is impossible to determine whether the audience retained the information for use in their daily lives.
- ▶ Ensure that solid research supports program content so that newsletters and product information are educational to the audience.
- ▶ Design/produce simple messages that persuade and are easy to adopt in farmers' daily lives. Educational materials should be simple and designed to reflect the culture of the audience.

- ▶ Reinforce television and radio messages with support print media. An example would be that for each one-minute spot on the radio, the message be reinforced with print medium. Use comic books, comic strips, ads, and posters.
- ▶ Develop only one message per program. Repetition produces recall.
- ▶ Research the needs of the audience.
- ▶ Grass roots packets/materials should be developed and distributed to farmer groups. Promoters should be trained to deliver the packets in conjunction with radio.
- ▶ In the future, all programs should adopt social marketing strategies.
- ▶ Develop a media plan to reach each target audience; radio for farmers, television for gatekeepers and a general audience.

## ***Findings***

### **1. The Yungas**

The Alternative Development program disseminated a plethora of multimedia programs intended to change behavior. Program content was informative but failed to persuade many Bolivian farmers to adopt AD crops.

Bolivian ad agencies failed to utilize persuasion, an important function of marketing that is a key in selling intangible ideas and products. A review of the programs produced by in-country ad agencies revealed a low level of sophistication that did not achieve impact. Furthermore, an examination of advertising “spots” aired on Bolivian television and radio clearly demonstrated that ads, and collateral materials, did not adequately develop persuasion techniques.

Developed countries employ modern marketing techniques that encourage target viewers to purchase products; others try to change buyer preferences. Voter confidence is solicited through persuasion. For example; “Sesame Street” targeted and persuaded children to learn through game playing. In their social marketing production, “*Minutos de Salud*,” CTW produced persuasion/marketing methods that were used to encourage changes regarding health habits among South American audiences, *Novela* soap opera formats delivered credible messages to audiences in 21 countries throughout the continent. Messages in Portuguese aired in Brazil. The final evaluations yielded positive results.

Messages disseminated by the MAPA/CONCADE in the Yungas region did not identify the Bolivian farmer as the most important target audience; such focus would have been the key to success in coca eradication and/or control. Future programs should recall this experience and produce programs that persuade Bolivian farmers and their families. When research includes culture and diversity within the target audience, program testing should measure impact. Testing would include:

- ▶ Attention/impact — how well it captures the audience’s attention.
- ▶ Persuasion — how it convinces.

- ▶ Cultural acceptance — how well it coincides with signs, symbols and language.

Plan *Dignidad* messages implemented during the early years represented the closest that AD had come to achieving persuasion in their messages. Messages however, never identified the Bolivian farmer as the most important target audience; such focus would discourage the growth of illegal coca in the Yungas; moreover, they lacked the power to persuade.

*a. Absence of a Public Information System*

The GOB lacks a public information plan that shares information among the various agencies within the central government. The GOB must design and implement a comprehensive plan to improve internal communications and strengthen public relations. The general population will benefit from a government that pays attention to the needs of its people and communicates effectively. Trained communications directors would improve all communications within governmental agencies.

*b. MAPA*

MAPA promotes organic/select coffee grown at high altitudes. MAPA's goal is to increase the production of organic/select coffee for a niche market in the Yungas region. MAPA desperately needs to develop a Grass Roots learning package to include radio and print for promoters and farmers. This learning package would include strategies to teach Bolivian farmers quality control.

*c. Radio Uchumachi in Yungas*

Radio Uchumachi in Coroico is a non-profit radio station subsidized by the Coffee Growers Central Cooperative. The station transmits programs in Aymara to farmers within their limited radius, from 5:00-8:00 AM daily and in Spanish from 8:00 AM to 10:00 PM. The station needs programs that will enable their listeners to cope with multiple health problems. The station also needs funds for a transmitter to extend its audience reach immediately. A recommendation would include making funds available to this radio station so that new programming be designed to include radio announcements for promoters and farmers.

*d. PAS*

The U.S. Embassy's main campaign goal is to inform the public of the war on drugs and the alternative development program. To date, programs have not demonstrated success due to the absence of pre-production research and audience testing. Programs disseminated general information that did not lead to behavioral change. Programs were informative and entertaining, but PAS personnel are not trained producers or researchers. Their attempts to redress the problem have been inadequate. VOA also produced programs that aired on Yungas radio stations. Themes were interesting but did not produce change. Data on audience acceptance or program recall is not available.

PAS databased findings and analysis of the nation's newspaper editorials is accurate. The last report, dated March 3, 2003, demonstrated the low image of alternative development projects

and popular criticism of coca eradication efforts. Criticisms of USG-GOB policies argued that assistance does not compensate eradication costs.

Programs disseminated included a series called Café Tinto produced by PAS and Voice of America and intended for Yungas region. It aired on eleven stations in the Yungas on a weekly basis from August to December 2001. Each 15-minute program has a specific topic that showcased the economic and touristic potential of the region and what the GOB, with bilateral and international assistance, was doing to improve overall quality of life in the region. The program completely ignores the target audience.

The main characters name was John, an odd choice for a Bolivian audience. John spoke about honey and the scientific by-products produced by bees. The content was too sophisticated for the audience who would have understood it better expressed in *Aymara*. Additional programs were of interest but also where not aimed at Yungas farmers.

### ***Conclusions for the Yungas***

Hours of mass media products disseminated entertainment and information about substitute crops to a wide audience within the Bolivian population. However, programs did not have the key to success in coca eradication. Future programs should recall this experience and produce programs that persuade the Bolivian farmers and their families. If research includes cultural aspects and diversity within their audience, program testing should produce positive results and objectives met. Testing should include:

- ▶ Attention/impact-how well it captures the audience's attention.
- ▶ Persuasion- how it convinces.
- ▶ Cultural acceptance-how it coincides with signs, symbols, and language.

Several NGO's, affiliated with AD-produced materials within their projects, these materials were distributed or disseminated to a wide audience. Materials reviewed include radio, television, and print. One of these NGO's, MAPA/CONCADE, produced materials about coffee projects for field promoters. Their booklets lacked appeal, and their pictures did not explain the problems it should have. The information contained in the manuals needs to be adjusted to farmer's educational levels. In contrast, MAPA's brochures for coffee buyers were attractive and appealing to an international audience.

### ***Recommendations for the Yungas***

- ▶ Research grass roots plans to reach Bolivian farmers.
- ▶ The USAID/Bolivia Mission encourage and promote the use of modern marketing techniques to persuade the Bolivian farmers to eradicate coca and stop illegal cocaine production.
- ▶ The USAID Mission, encourage the formation of an advisory board to oversee all program development.
- ▶ All collaborating agencies should share information and communications about programs to guarantee message quality.
- ▶ Develop a centralized public relations/communications program to strengthen the dissemination process among the many Alternative Development components.

A USAID/Mission Communications Plan should have the following elements:

- ▶ Employ research methodologies for each program target audience.
- ▶ Intensify the use of radio message.
- ▶ Reinforce each message with print.
- ▶ Use television to reach opinion makers and gatekeepers.
- ▶ Research and design programs that produce a desired impact.
- ▶ Promote positive images.
- ▶ Most work in the fields.
- ▶ Prefer pale shades of reds, orange and blues.
- ▶ Like to listen to *novelas*.
- ▶ Prefer squares and triangles.
- ▶ Do not like round shapes.
- ▶ Few can read or write in Spanish.

## **I. PRODUCER ORGANIZATIONS**

### ***Findings***

Producer organizations are essential to most agricultural development projects. Among many attributes, they especially make the process of technological transfer much more efficient, as well as achieving economies of scale in the marketing of their commodities. The granting and collection of credit is also often facilitated through producer organizations.

In the case of the Chapare, there are approximately 380 producer organizations, 345 of which have chosen to receive technical assistance from the CONCADE project.<sup>102</sup> Of that number 184, or 48 percent, pay partially or totally for their technical assistance; 50, or 13 percent, pay totally for their technical assistance; while 65, or 17 percent, are legally established and generate revenue from two or more sources through the services that they provide to their members.<sup>103</sup> In the case of those who do not fully pay for their technical assistance, the remainder is subsidized by the project. The principal sources of income are through deductions from the value of member produce sold through their organizations, periodic fees, the sale of agronomic inputs and planting materials, and the rental of farm equipment.

The types of technical assistance that these organizations receive include training in agricultural methods and post-harvest handling, the quality demands of the marketplace, business management, organizational development, the use of revolving credit funds, accounting, and financial sustainability. Many of the organizations are still managerially weak and require constant supervision and guidance in their operations.

As was discussed above under Productive Infrastructure, this type of technical assistance was until recently provided by traditional technical assistance providers through the project. Since, April 2003, the farmer organizations are now able to hire and fire their technical assistance providers based on guidelines established and overseen by the project. The salaries of these

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<sup>102</sup> As of December 2002, Quarterly Report, October through December 2002, CONCADE, Development Alternatives, Inc. February 2003.

<sup>103</sup> Ibid.

technical assistance providers are paid totally or in part out of a pool of grant funds and then charged to each recipient organization based on their ability to pay.

In the Yungas, a combination of MAPA and C/23 project resources is supporting approximately 20 organizations of coffee growers in the pre- and post-harvest management of their crop. In some cases, these organizations are cooperatives, while in others they are committees. One organization deals solely in the growing and selling of annatto.

### ***Conclusion***

- ▶ Producer organizations can provide valuable services to their members and, over time, can become self-sufficient and sustainable entities.

### ***Recommendations***

- ▶ Producer organizations should continue to be used as a method of achieving economies of scale in providing technical assistance and in the selling of member crops.
- ▶ Since the methodology of allowing producer organizations to hire and fire their own technical assistance providers is a new, innovative approach, it will have to be closely monitored, and its results measured.

## **J. LAND TENURE AND TITLING**

### ***Findings***

Issues of land tenure and titling have plagued Bolivia since colonial times. Although the 1952 revolution held the promise of a massive agrarian reform, in reality it was only a partial reform that was unevenly applied throughout the country, mainly in the *Altiplano* and in the Cochabamba valleys. Indeed, between 1954 and 1983, when the reform essentially stopped, less than 40 percent of land then being cropped (which excluded large expanses of uncultivated land and forest, including pastures) changed ownership. In the past twenty years, the agrarian frontier has advanced greatly, thereby reducing this 40 percent by over half.

With the closing of the mines in the Sierra in the mid to late 1980s, thousands of mine workers were laid off, but remained true to their labor union mentality. Throughout the eighties and nineties, many of these unemployed miners began a process of seasonal migration to the Chapare, where they were each allocated parcels of approximately 20 hectares per family by farmer unions, which had in turn received usufruct rights, if not outright titles, from the central government. This lack of clear title and ownership on the part of individual farm families has led to a series of problems, including:

- ▶ An abuse of power on the part of the unions, in the form of threatening to take away the land of members if they do not follow the orders of their leaders, especially in terms of political party affiliation, and more recently, in terms of pro-coca and anti-Alternative Development protests and blockades. While the unions do not actually have this right, the mere threat of land confiscation made to uneducated and uninformed farmers is often enough to make them fall in line.

- ▶ The lack of clear and unambiguous title to land greatly impedes farmers' access to credit, or their willingness to invest in their land. By extension, this lack of clear title also often leads to misuse of the land and its eventual degradation.

Several international donors over the years have provided assistance to the GOB for the issuing of clear land titles in various parts of the country. Although agreements were signed in July 2001 and April 2002 between the National Agrarian Reform Institute (INRA) and the Program to Support the Alternative Development Strategy in the Chapare (PRAEDAC) of the European Union, to carry out a land titling process in 565,000 hectares of the Chapare, as of February 2003, only 56 titles have been granted, through a slow and cumbersome process. As part of the agreements signed between INRA and PRAEDAC, the former was to have provided clear title for 100,000 hectares, while the latter was to have done the same for 465,000 hectares by the end of 2002. INRA is said to be close to granting titles to approximately 20,000 hectares, leaving 80,000 yet to be done, while PRAEDAC has finally entered into a contract with a European firm by the name of Kadaster to do the rest.

Given the lengthy procedures that INRA is using and that Kadaster plans to use, the Alternative Development contractor commissioned a recent study that recommends that INRA adopt and fully implement the concept of "internal land titling" (*saneamiento interno*) for the remaining 80,000 hectares that it is responsible for<sup>104</sup>. This concept involves taking as a base the originally stipulated boundaries of the lands granted to the Chapare unions, and then allowing the individual farmers that have usufruct rights to parcels within those boundaries to self-determine the boundaries of their individual plots. Once this is done, INRA will be advised and will send its technicians to validate the internal boundaries, issue individual titles, and register them in the Land Registry (*Derechos Reales*). Additionally, PRAEDAC has expressed interest in utilizing this methodology, once it has been attempted on the 80,000 hectares and has been proven successful and accepted by the farmers and the Bolivian judiciary.

Concerning the demand from Chapare farmers, it is best to quote from the Diez and Barthel document cited above:

"The areas where land titling is going to take place have been selected on the basis of the demand received by INRA and PRAEDAC. In addition, four of the seven Federations of Colonizers have expressed interest in resolving the legal status of their properties. Although leaders of two of the other Federations have shown themselves to be against land titling, some of their members have privately indicated that they would like their land to be titled."

"The CONCADE Project has undertaken surveys that indicate that at least 50 percent of families in the Chapare freely express their interest in receiving clear title to their land. Another percentage have expressed their interest in a more subtle manner to avoid appearing to disagree with their union leaders."<sup>105</sup>

Concerning the need for land titling in the Yungas, the issue is one of degree. Until the 1952 revolution, much of the land in the Yungas was held in large *haciendas*. In the early reform

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<sup>104</sup> Rafael Diez y Kevin Barthel, "Proyecto de Sameamiento y Titulación Rápida y Masiva de Tierras Agrarias en el Trópico de Cochabamba," *Development Alternatives*, February 2003.

<sup>105</sup> *Ibid.*

processes that took place soon after the revolution, these *haciendas* were broken up and distributed to the families that had previously worked these lands. Official titles were granted at that time and registered in the Land Registry in La Paz. However, over the years, as families grew and the land was further subdivided and given to heirs, the land was gradually transformed into *minifundio*. Additionally, many other types of informal land transfers took place. In most cases these informal transfers, including those within families, were not recorded and no new titles were granted. This compares in part to the situation in the Chapare, where the original boundaries are known and legally recognized, but where the internal boundaries are known only to the inhabitants of the land and are not legally recognized.<sup>106</sup> However, in contrast to the Chapare, since these lands were given directly to families, rather than unions, the problem of union power being vested in the land does not exist.

### ***Conclusions***

- ▶ The absence of clear land titles in much of Bolivia, and especially in the Chapare, strengthens the power that current union leaders exercise over their members. Furthermore, it weakens farmers' ability and interest to invest in their land and provide proper custody over it.
- ▶ The ability of INRA to facilitate the emission of clear land titles is very weak and the willingness of international donors to assist in the process has been slow and protracted.
- ▶ The problem of clear land titles for the farmers of the Yungas is not as serious as that of the Chapare, since the people there, even in the absence of clear land titles, do feel that they own their land.

### ***Recommendations***

- ▶ That the USAID/Bolivia Mission implement the proposal by Diez and Barthel, for the granting of clear land titles to 80,000 hectares, either through its current Alternative Development institutional contractor, or through an alternative mechanism.
- ▶ That the USAID/Bolivia Mission monitors the progress of PRAEDAC and its contractor, Kadaster, to make sure that it is meeting its commitments to INRA and the GOB in a timely fashion. If it is determined that its commitments are not being met in a timely fashion, then the Mission should seek alternative means and financing to complete the task of issuing clear land titles for the remainder of the 465,000 hectares not titled.

## **VII. A REORIENTED AND EXPANDED ALTERNATIVE DEVELOPMENT STRATEGY**

As was mentioned in the Introduction, this chapter represents the “carrot” side of the strategy; those actions aimed at providing economic alternatives in a participatory, sustainable, and integrated way. It assumes that with effective eradication and interdiction the risk/reward ratio of illicit activities will be increasing while that for licit activities will be decreasing. Furthermore, it assumes that all potential beneficiaries in either the Yungas or the Chapare will

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<sup>106</sup> Interview with the current mayor of Coroico, Enrique Huanca Rojas.

not all be reached by USAID-funded programs. It is therefore necessary that all activities recommended below must attempt to reach as many people as possible, not to mention those which offer the possibility of replication. It is also incumbent on the GOB to search for additional donor support.

The following recommended changes in the current Alternative Development strategy are divided into two categories; those that are essential to improve USAID/Bolivia's AD program and enhance its sustainability; and those that, while important to program effectiveness, are lower in priority than the first group. An attempt has been made within both groups to prioritize the individual activities. This prioritizing is, by nature, subjective, and was reached by using the assessment team's relative weight estimates regarding each activity's potential to lead to a reduction in Bolivia's coca/cocaine production.

## **A. ISSUES OF PRIMARY IMPORTANCE (IN ORDER OF PRIORITY)**

### ***1. The Establishment of a Permanent and Aggressive Marketing Structure***

- ▶ The CONCADE project, and to a great extent, the Yungas Development Initiative, were designed as market-oriented and driven activities, yet the marketing of agricultural commodities continues to be the principal barrier to putting more money in the pockets of intended beneficiaries, and therefore weaning them away from the cultivation of coca. This pertains to both those farmers that are growing AD crops, as well as those who are watching on the sidelines and waiting to see if alternative crops can come close to fulfilling their economic needs.
- ▶ From the beginning of this assessment, and embodied in the terms of reference, it has been understood that the institutional contractors of both CONCADE and the YDI are not being evaluated. Nevertheless, it is obvious that neither program (the specialty coffee programs of the MAPA and C/23 projects are exceptions to this although their scope has been limited.) has taken full advantage of programs such as the Free Trade Zone of the Americas, the Andean Trade Preference and Drug Eradication Act (ATPDEA), and the Mercosur Trade Zone. Of these, the ATPDEA offers the greatest short-term potential for products produced in the Chapare, some of which can be exported to the US free of duties with minimal processing or transformation, such as fruits and nuts (passion fruit and pineapples), vegetables (heart of palm), and spices (black pepper), and others that are inputs to other exportable products, such as leather (for clothing, shoes, handbags, and briefcases) and tropical hardwoods (for furniture, picture frames, and plywood).<sup>107</sup>
- ▶ While it is understood that problems external to the management of these two programs—blockades, the deterioration of the Argentine economy, the closing of borders to Bolivian products, and others—have had a strong negative impact on market access, there are other marketing issues that need to be stressed more fully, and which are within the capabilities of program managers to address, such as the number and types of crops being promoted, the quality and market demand for specific commodities, crop yields, and specific market niches.

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<sup>107</sup> For a further discussion see, Araujo Ibarra & Asociados, "Plan Nacional de Exportaciones con Especial Enfasis en la Promoción del ATPDEA-Bolivia, February 2003.

- ▶ Aside from the specialty coffee program mentioned above, there has also not been a well-conceived, clearly understood marketing strategy that transcends the ability of individual marketing directors and which takes advantage of the potential of domestic, regional, and international market for the types of crops that can be grown in the Chapare and the Yungas. Such a strategy needs to be put in place and needs to be managed by aggressive and experienced professionals. The concept of paying these individuals on a commission basis also needs to be explored.

## 2. *The Search for Non-Agricultural Employment and Sources of Income*

- ▶ It has been stated by several reliable sources that the available agricultural land on which Alternative Development crops will grow in the Chapare is between 15 and 20 percent, and that this “agricultural frontier” is about to be reached. (One of the problems of coca is that it will grow in a wide variety of soils and often under stress conditions, which allow it to overcome the agricultural frontier of most crops.) This reality must therefore be taken into consideration in developing, or readjusting, a new AD strategy. This could take the form of increased on-farm activities including, but not limited to, sustainable forestry, agro-forestry, or silvo-pastoral programs based on zero grazing or controlled pasture rotation programs. If done the right way, both forestry and livestock activities (e.g. the rearing of multi-purpose cattle) hold a great potential to be both economically viable and environmentally sound.
- ▶ Additionally, and perhaps as a longer-term strategy, the potential of off-farm employment and income generation needs to be given much more attention. In the immediate term, this could include the promotion of micro and small enterprises through training programs currently being promoted by the ILO in the Chapare, with partial USAID/Bolivia funding, and micro and small credit programs through NGOs such as CIDRE.
- ▶ In the longer term, and especially once security and the rule of law are established in the Chapare, and foreign and domestic investors are convinced that their investments are within the realm of manageable risks, the concept of “duty free industrial zones,” often referred to as *maquilas* or *maquicentros*, could be promoted to provide additional stability, jobs, and alternative income sources to the people of the Chapare. While this latter concept offers a longer term potential, many preconditions must exist before it can approach reality. Nonetheless, it could take advantage of the ATPDEA mentioned above, especially as it relates to clothing, textiles, and woven goods.<sup>108</sup> However, there are other economic, political, and social factors that should be considered before supporting such interventions. These include the fact that *maquila* industries do not develop local industrial capacity and transferable skills, so little benefit is left when they leave a region or country, beyond what they have paid in wages; the fact that Bolivia has a strong union history, and it is likely that pressure would quickly develop to increase wages and/or improve working conditions, making it likely that *maquilas* would move on to less troublesome places within a short time; and the fact that these industries tend to be exploitative, relying on cheap, docile labor, particularly female labor, which works against USAID efforts to empower women and advance gender equity. Other forms of

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<sup>108</sup> Ibid.

industrial development, particularly locally based processing industries, may be preferable in view of these considerations.

### **3. Participation, Social Capital, and Institutionalization**

The new strategic approach to Alternative Development should encompass social and institutional, as well as economic development, seeking complementary interventions to facilitate and support access to increased economic opportunities and social well-being for all population groups, to improve the quality of life and lessen dependence on illegal income from coca. The following elements should be included in the new approach:

- ▶ All programs and activities undertaken should be as participatory and as bottom-up as possible, to enhance participants' involvement, ownership and responsibility, and thus the sustainability of the efforts undertaken. However, developing effective, participatory activities requires developing specific knowledge and skills among the participants, and requires specialized technical assistance, sometimes over a considerable period of time. Participation must be appropriate to the purpose of the activity and further achievement of its objectives, whether improved production and marketing, road maintenance, municipal planning, or any other activity. Existing participatory models which have proven to be effective should be extended, replicated, and adapted as necessary, including DDCP's gender-sensitive municipal planning model, as well as the more specialized, limited-purpose participatory models developed under CONCADE—if their results prove to be positive—including AMVI, the “learning by doing” approach, and the new extension system. Support should be provided for the development, dissemination, and replication of new models as needed.
- ▶ In order to promote full participation, measures should be supported to develop leadership at all levels and among all groups (particularly those which have suffered from exclusion) and to enhance the ability of these groups to participate, including support for organization and motivation, confidence-building, and development of the necessary knowledge and skills to participate fully. Literacy and Spanish-language training may also be necessary, particularly for indigenous women, who are most likely to be illiterate and speak only indigenous languages. Such training (which should be available to both sexes) could be combined with values/civic education training, and also health and nutrition education programs.
- ▶ Close links between AD programs and the existing formal institutional structures should be sought out and strengthened, particularly the municipalities and *mancomunidades*. When feasible and consistent with requirements for accountability, some AD funds—for example, those for support of social and productive infrastructure—should be allocated through municipalities or *mancomunidades*, so that plans and budgets for AD projects at the community level can be developed as part of the participatory municipal planning (POA) process, as a normal part of community development, rather than as parallel, externally promoted activities. This might be done on a limited, experimental basis, in one or more carefully selected municipalities, in order to assess feasibility for broader application. Where such integration is not possible, areas of common interest should be sought to promote joint participation and collaboration, such as the AMVI road maintenance program. Wherever possible, social development projects such as health

and education should seek to enhance the municipal role in planning and maintenance, and strengthen municipal capabilities, as well as to promote collaboration with central and departmental GOB programs, thus strengthening performance and sustainability. Approaches that work through existing institutions are likely to be more acceptable, and hence more successful, than approaches that create parallel institutions.

- ▶ Efforts to increase participation and strengthen institutionalization should have a dual focus: on the one hand, to reach out to all groups, including opposition parties and organizations, to seek areas of common interest, solve common problems, and reduce confrontation and conflict; and on the other hand, to broaden opportunities for participation and create or strengthen organizational capacities so that the “silent majority” population can make its concerns heard, and eventually develop a level of influence proportional to its numbers, and so outweigh groups supporting illicit interests.
- ▶ Strengthening social services and productive infrastructure and capabilities within carefully selected population centers is likely to contribute to the growth of centers of development (*polos de desarrollo*) and thus help develop greater social cohesion and overcome the extreme dispersion that particularly affects the Chapare.
- ▶ Programs should measure social and institutional, as well as economic, outputs and impacts (for example, levels of participation, number and effectiveness of public services available, number of municipalities with effective participatory planning, level of satisfaction with services, etc.) and develop ways to relate social, institutional, and economic impacts to the well-being of people, and to the reduction of dependence on the illicit coca economy.

#### ***4. A Vastly Improved and Targeted Media Communications Program***

- ▶ In developing a media communications strategy, two targeted audiences need to be addressed; general public opinion concerning coca/cocaine, and the actual and potential coca growers in the Alternative Development areas of the Chapare and the Yungas. In hindsight, media communications programs directed at both audiences were not given sufficient emphasis in past Alternative Development programs. This has allowed the pro-coca and, more recently, the MAS party to gain acceptance, legitimacy, and credibility, principally through print and television media, in the case of the general public, and through modern and powerful radio broadcasts from stations in the Chapare and the Yungas, in the case of farmers. Ironically, both pro-coca radio stations have been donated by sometimes well-meaning, sometimes politically motivated European NGOs who seemingly do not make the connection between helping the poor, downtrodden, marginalized masses and the international drug trade.
- ▶ In order to counteract the influences of the pro-coca movement, a strong countervailing and continuous media communications program will need to be mounted entailing the purchase/subsidization of radio stations, television stations, and print media. Of extreme importance, however, is to present an image that is totally Bolivian, rather than a mere organ of the US Embassy and its agencies and contractors. At the level of the general public, the message has to be against the evils of the international trade in narcotics and their influence on a relatively few “delinquents,” rather than against the coca growers

themselves. At the level of the farmers, the message has to be of the potential of Alternative Development activities, combined with other related messages such as health, agricultural practices and prices, education, community development, and the like.

- ▶ Most important of all, however, is that the media communications program must be carefully coordinated with the first three issues of primary importance above; an aggressive marketing program, the development of alternative off-farm income and employment activities, and participation and social and institutional development.

## **B. ISSUES OF SECONDARY IMPORTANCE (IN ORDER OF PRIORITY)**

### **1. *Land Tenure and Titling***

- ▶ The USAID/Bolivia Mission should implement the proposal by Diez and Barthel, for the granting of clear land titles to 80,000 hectares, either through its current Alternative Development institutional contractor, or through an alternative mechanism.
- ▶ The USAID/Bolivia Mission monitors the progress of PRAEDAC and its contractor Kadaster to make sure that it is meeting its commitments to INRA and the GOB in a timely fashion. If it is determined that its commitments are not being met in a timely fashion, then the Mission should seek alternative means and financing to complete the task of issuing clear land titles for the remainder of the 465,000 hectares not titled.

### **2. *Producer Organizations***

- ▶ Producer organizations should continue to be used as a method of achieving economies of scale in providing technical assistance and in the selling of member crops.
- ▶ Since the methodology of allowing producer organizations to hire and fire their own technical assistance providers is a new, innovative approach, it will have to be closely monitored, and its results measured.

### **3. *Productive Infrastructure***

- ▶ Since AMVI is a relatively new concept in Bolivia, a monitoring system should be installed so that local roads and their maintenance can be evaluated on a periodic basis.
- ▶ The highly efficient and particularly labor-intensive methodology, and the proven all-weather nature of the AMVI system, should be maintained, as this activity is expanded to the Yungas.

### **4. *Social Infrastructure***

Social investment should be an integral part of the new strategic approach, not only as a direct incentive to reduce coca, but also as a means to strengthen the institutional framework and promote sustainable, participatory development, which also strengthens alternative development efforts. The relative importance of social vs. productive investment will depend on the situation

and needs of a given region or community, and the likely effect on quality of life and sustainability of coca reduction. More specifically, the following should be done:

- ▶ Implement the plan for improving educational quality and human development in the Chapare.
- ▶ Implement the proposed health interventions in the Chapare.
- ▶ Provide organizational and technical support to help communities identify infrastructure needs and develop solutions, in selected Chapare communities (including indigenous communities). Such communities should be selected to encourage concentration and counteract extreme dispersion (See the following section on participation).
- ▶ Expand support for community facilities, such as community centers, town halls, etc., which promote community organization and participation, in both the Chapare and the Yungas.
- ▶ Assess the need for additional educational assistance in the Yungas, with a view to increasing access for the most disadvantaged segments of the population, including rural indigenous girls.
- ▶ Expand health services in the Yungas, in current assistance areas; include reproductive health (for both genders), if feasible.

#### **5. *Gender and Other Social Exclusion Issues***

- ▶ All AD activities should incorporate a coherent, systematic strategy for addressing gender, and any other relevant social exclusion issues, which should also be crosscut by gender. Implementation of existing gender strategies and methodologies (CONCADE and DDCP) should be a priority; other existing activities should develop such strategies; and new AD activities should incorporate them from the beginning, as an integral part of their design.
- ▶ Gender strategies should focus on maximizing participation and benefit by both women and men (of all relevant social groups) in all project activities, particularly economic activities such as production and marketing, participation in complementary “production chain” activities, and participation in producer organizations, municipal planning, and other decision-making arenas. Separate, women-only activities should be undertaken only when necessary to achieve mainstreaming, such as preparing groups of women to participate in mainstream activities by building confidence, knowledge, and skills; or as a complement to mainstream activities, rather than a substitute, such as undertaking female-dominated economic activities selected on the basis of market demand and income potential, rather than on the basis of gender alone.
- ▶ Efforts to expand opportunities for young people, of both genders and from all ethnic groups, should be increased, to ensure that the alternative development patterns being promoted are sustainable over the longer term. Specifically, the Carmen Pampa scholarship program should be expanded. Not only are the skills taught contributing to development in the region, but also the gender-sensitive approach of the program is very important in changing traditional attitudes and practices that work against participation, democracy, and economic growth. If possible, a similar approach should be used in the Chapare.

- ▶ All AD activities should emphasize collection and analysis of data by gender, cross-cutting any other relevant social variables (e.g., indigenous men/women, young men/women). The data collected should focus on impact, enabling AD activities to determine and report relevant types of impact (participation in organizations, in leadership, employment, and income) on different social groups.

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## ANNEX A

### SELECTED BIBLIOGRAPHY

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## ANNEX B

### LIST OF PERSONS/ORGANIZATIONS CONTACTED

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## **OTHER ALTERNATIVE DEVELOPMENT PROJECTS**

Walter Requena Camacho, National Director, Project AD/BOL/00/E07 (ILO), Vocational Training and Microenterprise Promotion  
Conrado Camacho, Jefe, Caminos Vecinales  
Jorge Cabrera Gómez, Principal Technical Advisor, Project AD/BOL/00/E07 (ILO), Vocational Training and Microenterprise Promotion  
Marco Moreno, Specialty Coffee Expert, MAPA, Chemonics  
Gregory Minnick, Principal Technical Advisor, Jatun Sach'a Project (C23), Management, Conservation and Utilization of Forest Resources in Tropical Cochabamba & the Yungas

Luis González Q., National Co-Director, PRAEDAC (Program to Support the Alternative Development Strategy in the Chapare), European Union  
Yves Marie Van Damme, European Co-Director, PRODEVAT (Development Program for the Arque and Tapacari Valleys), European Union  
Bruce Brower, COP, MAPA

## **OTHERS**

Tex Ford, Former USAID Chapare Coordinator  
René Márquez V., Director, Tropical Project, CIAPROT (Center for Integral Assistance for Wheat Production)  
Julio Alem Rojo, Executive Director, CIDRE (Center for Research and Regional Development)  
Chino Decker, Former Vice-Minister of Alternative Development  
Jack Rosholt, Former CORDEP/DAI COP  
Carlos Saravia, Consultant, CONCADE

## **YUNGAS**

Enrique Huanca, Mayor, Coroico  
Benito Cocari, Council Chairman, Coroico  
Alfredo Benito, Mayor, Caranavi  
Juana Pinnel, President, Coroico Municipal Council, President of the Yungas *Mancomunidad*  
Victor Mattos, Civic Committee, Coroico  
Eba Soria, President, Coroico Women's Association  
Sister Damon Nolan, Director, *Universidad Academica Campesina-Carmen Pampa*  
Peggy Lynch, Lay worker, Carmen Pampa campus, Catholic University  
Group of female YDI scholarship students, Carmen Pampa  
Felipe Kittelson, Ex-Mayor Caranavi  
Marcelo Levy, Coordinator, MAPA Project/Yungas  
Miguel Arias, Coroico Office Manager, MAPA/Yungas  
Guillermo Chuquimia, Coffee Specialist, MAPA/Yungas  
Samuel Ramirez, Yungas Coordinator, C/23 Project  
Jose Luis Mantilla, Director, ACDI/VOCA, Yungas  
Federico Magueno, Director, Radio Uchumachi, Coroico

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## ANNEX C

### STATISTICAL ANNEX

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Table 1: Alternative Development Secured Funding Support for Bolivia’s Dignity Plan ...	C-1
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**Table 1: ALTERNATIVE DEVELOPMENT SECURED FUNDING SUPPORT  
FOR BOLIVIA'S DIGNITY PLAN  
(in million of dollars)**

<b>Donor Contribution</b>	<b>DONOR</b>	<b>GOB</b>	<b>TOTAL</b>	<b>PERIOD</b>
CORDEP (USAID)*	4.4	3.1	7.4	1997-99
CONCADE (USAID)*	120.2	21.5	141.7	1998-05
Plan del Tropico Phase III (Germany)	3.0	0.5	3.6	1997-00
Palm Heart Project (Spain)	0.7	0.0	0.7	1997-99
Skills Training Center (Spain)	0.2	0.0	0.2	1999
Fotovoltaic Electrification for the Cochabamba High Valleys (Spain)	0.6	0.1	0.7	1997-98
Production & Irrigation Activities (Spain)	0.6	0.0	0.6	1998
Chapare PRAEDAC Project (European Union)	20.9	5.6	26.5	1997-04
High Valleys Project (European Union)	6.6	2.3	8.9	1997-02
Altiplano Mining Project (European Union)	5.4	2.4	7.8	1997-02
C-23 Agroforestry (UNDCP)	2.9	1.7	4.6	1997-04
C-23 Agroforestry (USAID)*	9.4	0.0	9.4	1997-04
Yungas Development Initiative (USAID)*	33.3	10.2	43.4	2001-05
Skills Training and Microenterprise Promotion (UNDCP-OIT)	1.7	0.4	2.1	2001-04
Skills Training and Microenterprise Promotion (USAID)*	0.4	0.0	0.4	2001-04
D-69 AD linkages to SISPLAN (UNDCP)	0.6	0.3	0.9	2000-01
Satellite Monitoring of AD crops (GLEM-CICAD)*	1.0	0.0	1.0	2001-02
Cacao and Banana (CICAD)*	3.5	0.0	3.5	2001-03
Cotapata-SM Huachi Road (Italy)	5.0	0.0	5.0	2001-02
Medicinal Plants in the Yungas (Spain)	0.9	0.0	0.9	2001-04
Road Improvement in the Yungas (Spain)	1.2	0.0	1.2	2001-02
Tourism Development (Spain)	1.3	0.0	1.3	2001-04
<b>TOTAL</b>	<b>223.9</b>	<b>48.1</b>	<b>272.0</b>	

<b>Donor Contribution in percentages</b>	<b>82%</b>	<b>18%</b>	<b>100%</b>
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<b>* Total USG alternative development contribution</b>	<b>172.2</b>
<b>* Total USG alternative development contribution</b>	<b>63%</b>
<b>USG AD contribution as a percent of all donor contributions</b>	<b>77%</b>

**ALTERNATIVE DEVELOPMENT SECURED FUNDING SUPPORT  
FOR BOLIVIA'S DIGNITY PLAN  
(in million of dollars)**

<b>Donor Contribution</b>	<b>DONOR</b>	<b>GOB</b>	<b>TOTAL</b>	<b>PERIOD</b>
CONCADE (USAID)*	120.2	21.5	141.7	1998-05
Chapare PRAEDAC Project (European Union)	20.9	5.6	26.5	1997-04
High Valleys Project (European Union)	6.6	2.3	8.9	1997-02
Altiplano Mining Project (European Union)	5.4	2.4	7.8	1997-02
C-23 Agroforestry (UNDCP)	2.9	1.7	4.6	1997-04
C-23 Agroforestry (USAID)*	9.4	0.0	9.4	1997-04
Yungas Development Initiative (USAID)*	33.3	10.2	43.4	2001-05
Skills Training and Microenterprise Promotion (UNDCP-OIT)	1.7	0.4	2.1	2001-04
Skills Training and Microenterprise Promotion (USAID)*	0.4	0.0	0.4	2001-04
D-69 AD linkages to SISPLAN (UNDCP)	0.6	0.3	0.9	2000-01
Satellite Monitoring of AD crops (GLEM-CICAD)*	1.0	0.0	1.0	2001-02
Cacao and Banana (CICAD)*	3.5	0.0	3.5	2001-03
Cotapata-SM Huachi Road (Italy)	5.0	0.0	5.0	2001-02
Medicinal Plants in the Yungas (Spain)	0.9	0.0	0.9	2001-04
Road Improvement in the Yungas (Spain)	1.2	0.0	1.2	2001-02
Tourism Development (Spain)	1.3	0.0	1.3	2001-04
<b>TOTAL</b>	<b>214.3</b>	<b>44.4</b>	<b>258.7</b>	

<b>Donor Contribution in percentages</b>	<b>83%</b>	<b>17%</b>	<b>100%</b>
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<b>* Total USG alternative development contribution</b>	<b>167.8</b>
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<b>* Total USG alternative development contribution</b>	<b>65%</b>
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USG AD contribution as a percent of all donor contributions 77%

AD:SR,JT;24/10/02;p:cn\charts\Donor contribution to AD

**Table 2: CHAPARE/CONCADE**

(IN \$US Dollars)

<b>Contractor/Grantee</b>	<b>Original and Termination date</b>	<b>Initial Amount</b>	<b>Additional funds</b>	<b>Total amended</b>	<b>Expenditures (as of March 31, 2003)</b>	<b>Pipeline/Balance</b>
Project Management Costs	June 1999 thru new AD strategy	4,051,100	-	4,051,100	2,145,188	1,905,912
DAI	June 1999 thru May 2003 (extended thru November 2004)	33,660,239	36,358,130	70,018,369	57,777,360	12,241,009
CC.VV.	CY 1999 thru new AD strategy	14,886,642	-	14,886,642	11,047,963	3,838,679
UNODC/C-23		5,000,000	4,000,000	9,000,000	6,512,259	2,487,741
UNODC/EO7	August 2002 through December 2003	430,000	-	430,000	255,776	174,224
PDAR	CY 1999 thru new AD strategy	1,657,568	-	1,657,568	845,257	812,311
IBTA/Chapare	CY 1999 thru new AD strategy	197,843	-	197,843	132,694	65,149
<b>TOTAL</b>		<b>59,883,392</b>	<b>40,358,130</b>	<b>100,241,522</b>	<b>78,716,497</b>	<b>21,525,025</b>

**Table 3: YUNGAS/YDI**  
(IN \$US Dollars)

<b>Contractor/Grantee</b>	<b>Original and Termination date</b>	<b>Initial Amount</b>	<b>Additional funds</b>	<b>Total amended</b>	<b>Expenditures (as of March 31, 2003)</b>	<b>Pipeline/Balance</b>
Project Management Costs	June 1999 thru new AD strategy	950,000	-	950,000	426,326	523,674
Save the Children		600,000	-	600,000	599,995	5
ACDI/VOCA	October 2001 thru September 2003	9,601,402	-	9,601,402	4,023,459	5,577,943
CHEMONICS/ Democracy	August 2001 thru September 2003	809,545		809,545	546,983	262,562
SERVIR	April 2001 thru November 2003	2,500,000	-	2,500,000	2,118,638	381,362
CHEMONICS/MAPA	August 2001 thru September 2003	3,600,000	-	3,600,000	2,301,924	1,298,076
NRECA	January 2002 thru May 2005	6,112,779	2,909,000	9,021,779	3,900,932	5,120,847
UNODC/C-23	November 2002 thru December 2003	420,000	-	420,000	154,611	265,389
CC.VV.	September 2001 thru the new AD strateg	8,823,913	-	8,823,913	3,064,476	5,759,437
Carmen Pampa	October 2002 thru September 2003	99,000	99,000	198,000	146,708	51,292
PDAR	April 2002 thru new AD strategy	630,094	-	630,094	412,482	217,612
<b>TOTAL</b>		<b>34,146,733</b>	<b>3,008,000</b>	<b>37,154,733</b>	<b>17,696,534</b>	<b>19,458,199</b>

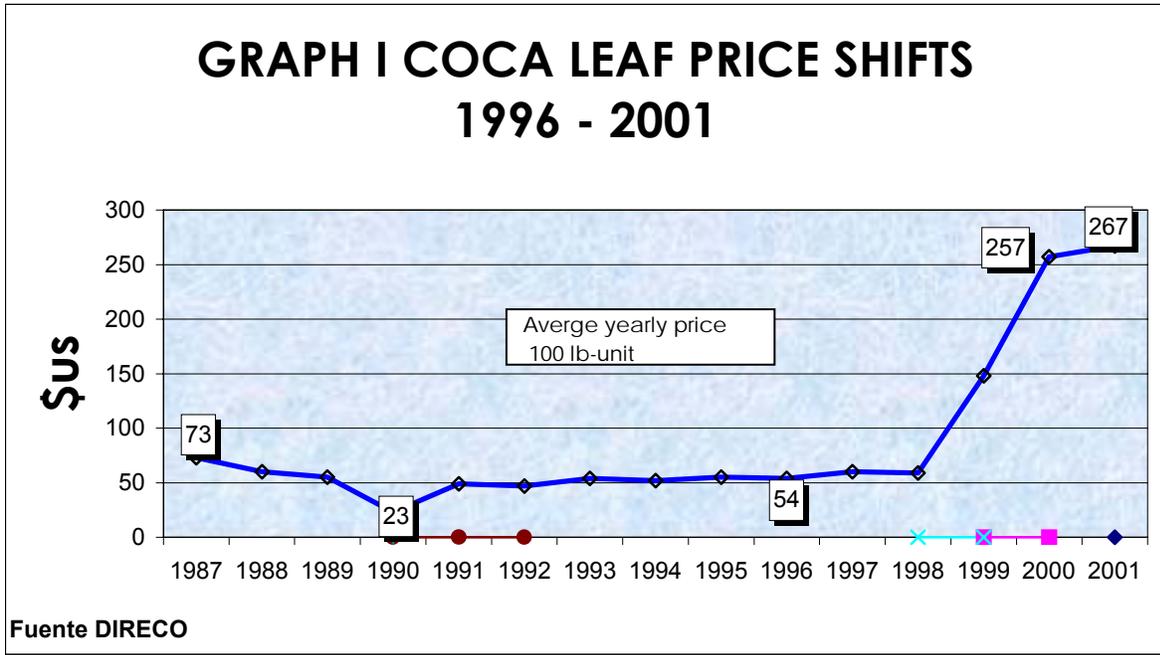
Table 4: COMPARATIVE YIELDS FOR THE FIVE CONCADE PRIORITY CROPS  
Tons or Kilograms Produced Per Hectare Per Year  
March 2003

<i>Crop</i>	<i>Cochabamba Tropics - Bolivia</i>		<i>International Competition</i>
	<i>High Technology (Alternative Development)</i>	<i>Low Technology (National Market)</i>	
Banana	25-30 Tons/Hectare	18-20 Tons/Hectare	Ecuador: 50-60 Tons/Hectare Costa Rica: 60-70 Tons/Hectare
Pineapple	39-41 Tons/Hectare	30-35 Tons/Hectare	Brazil: 40-50 Tons/Hectare Ecuador: 45-50 Tons/Hectare Thailand: 45-50 Tons/Hectare
Palm Hearts	700-900 kg/Hectare	400-500 kg/Hectare	Costa Rica: 1,000-1,200 kg/Hectare Ecuador: 800-1,000 kg/Hectare Brazil: 1,200-1,400 kg/Hectare
Passion Fruit	9.0-9.5 Tons/Hectare	7.0-7.5 Tons/Hectare	Brazil: 35-40 Tons/Hectare Colombia: 45-50 Tons/Hectare
Black Pepper	1.1-1.2 Tons/Hectare	800-830 kg./Hectare	Brazil: 3-4 Tons/Hectare India: 1.2-1.4 Tons/Hectare

Source: CONCADE Agricultural Unit, Cochabamba, 28 March 2003, Wilson Catañeda y Armando Ferrufino.

<b>TABLE : 5 VALUE AT DESTINATION OF CHAPARE EXPORTS</b>				
<b>In US Dollars</b>				
PRODUCT	YEAR			Percent Change 2001 - 2002
	2000	2001	2002	
Banana	2,489,999	4,531,394	4,729,133	Up 4%
Palm Hearts	1,858,105	2,966,674	2,029,428	Down 32%
Pineapple	86,602	43,843	114,250	Up 161%
Dried Fruit	220,000	38,200	15,700	Down 59%
Flavored Tea	137,000	136,475	31,170	Down 77%
Tumeric			5,076	n.a.
TOTAL	US\$ 4,791,706	US\$ 7,716,586	US\$ 6,924,757	Down 10%

Fuente : CONCADE 2003



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## ANNEX D

### ADMINISTRATIVE/MANAGEMENT ANNEX

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#### USAID AND GOB COORDINATION AND MANAGEMENT

##### FINDINGS

The original design of the CONCADE Results Package proposed USAID/Bolivia and GOB coordination and management at three levels, so as to guarantee local input into decision-making and sustainability once CONCADE ended. The highest level was to be accomplished through the establishment of a Policy Unit within the Vice-Ministry for Alternative Development. This unit was to have been staffed by a member of the institutional contractor's staff, plus an unspecified number of Bolivian technicians. It was essentially to have been a "think tank" to assist the Vice-Ministry in higher-level decision-making responsibilities.

It is the assessment team's understanding that a new Vice-Minister took over soon after CONCADE entered its implementation stage and that the new Vice-Minister did not desire the advice nor the presence of a non-Bolivian outside advisor. As such, the Policy Unit was moved to the Cochabamba offices of the institutional contractor, where the head of the unit now reports directly to the CONCADE Chief-of-Party (COP). Whatever coordination takes place between the USAID/Mission in La Paz and the Vice-Ministry is now done between the AD/SOT Chairperson or his/her designee, or the Mission Director and the staff of the Vice-Ministry, on an as-needed, usually emergency, basis.

The second level was to have taken place between the USAID/Bolivia representative in Cochabamba and the Director of the Regional Alternative Development Program (PDAR), while the third level was to have taken place within the Activity Management Unit, through a counterpart relationship between the institutional contractor's COP and a person appointed by PDAR. While under the previous administration, there was much more coordination between the PDAR Director, the USAID/Bolivia representative in Cochabamba, and the contractor's COP, this coordination has since been diluted in some cases and non-existent in others. In practice, the contractor's COP has never had a formal Bolivian counterpart, and what coordination does take place is more in the form of attempting to solve immediate emergencies as they crop up. The project does, however, fund a liaison position within the PDAR for day-to-day activities.

This alteration of the original co-management concept has led to charges on the part of several Bolivian observers interviewed by the assessment team that the institutional contractor now manages the entire Alternative Development program, without much input from Bolivian sources; some calling it a "state within a state". In defense of the institutional contractor, several people interviewed, including the COP, cite the performance-based nature of its contract and the need to demonstrate continuous and rapid results in order to receive their award fee as a reason for this relative independence, while others reason that the imperatives of the "war on drugs" demanded quick and decisive action, with which the PDAR, as a government institution, could not keep pace.

Lastly, in the case of the Yungas, with the exception of some coordination between the USAID/Bolivia AD/SOT and the Vice-Ministry, and between the MAPA/Yungas staff and the municipalities of Coroico and Caranavi and the PDAR office in Caranavi, little coordination or co-management takes place. Furthermore, the activities of the Yungas Community Alternative Development Fund managed by ACDI/VOCA, and the USAID-funded FAO C/23 coffee and agro-forestry projects, only coordinate on an informal basis, with no joint planning. For example, the assistance of MAPA/Yungas and FAO C/23 are not conditioned on the eradication of coca, while the assistance provided by ACDI/VOCA, as well as NRECA (rural electrification) and *Caminos Vecinales* (rural roads), is. This causes confusion on the part of the intended beneficiaries, the municipalities involved, and the general public.

## **CONCLUSIONS**

- ▶ At present, there is little coordination or co-management between the institutional contractor and either PDAR or the Vice-Ministry for Alternative Development, which has set the stage for the entire AD program to become unsustainable.
- ▶ What coordination does take place at any of the various levels is most often in response to emergencies or crises of various types.
- ▶ The performance-based/award-fee type of contract used by the USAID/Bolivia Mission was not in the best interest of the Alternative Development program.
- ▶ Lacking formal coordination or co-management at either the Mission/Vice-Ministry or PDAR/institutional contractor levels, the more frequent informal coordination between the USAID/Cochabamba and PDAR level has become much more important and necessary.

## **RECOMMENDATIONS**

- ▶ With a new government and Vice-Minister for Alternative Development in place, the concept of a Policy Advisory Unit within the Vice-Ministry should be reassessed. It is most likely that this unit would be composed of high-level Bolivian professionals and funded through the CONCADE mechanism. This, however, should be the only activity within the Vice-Ministry to be funded with USAID/Bolivia resources. To do otherwise would further reinforce the generalized GOB view that Alternative Development activities are the responsibility of USG agencies and other donors.
- ▶ The relationship between PDAR and the CONCADE contractor should be strengthened through the concept of “associative management,” so as to encourage the potential for sustainability of Alternative Development activities once USAID support ends. The concept of micro-management, however, should be avoided.
- ▶ The CONCADE institutional contractor’s COP should have a senior Bolivian counterpart to assist in joint decision-making, rather than an administrative assistant.
- ▶ In the future, formal coordination should take place between the AD/SOT chairperson and the various offices within the Vice-Ministry of Alternative Development, including

the yet to be formed Policy Unit. No doubt, informal coordination and consultation will still take place between the Mission Director and the Vice-Minister.

- ▶ Given the current situation of diminished USAID and GOB coordination and co-management, the USAID/Cochabamba position and office should remain in place.
- ▶ The MAPA/Yungas office needs to establish a much closer working relationship with the PDAR office in Caranavi, the Yungas Community Alternative Development Fund managed by the ACDI/VOCA office in Caranavi, C/23, NRECA, and *Caminos Vecinales*. A redesign of the Yungas strategy, bringing together all of these organizations under a unified leadership, should be considered.

## **NEW RESOURCES AND GOB POLICIES**

### **FINDINGS**

With the election of a new government in Bolivia and the replacement of senior ministerial staff, new policies concerning counter-narcotics and Alternative Development are currently being developed. While it is too early to determine with any specificity what those policies will be, much less the level of new GOB resources, initial reports indicate that the four “pillars” of the past administration’s Dignity Plan, including Alternative Development, Eradication, Interdiction, and Prevention and Rehabilitation, will be maintained, while a fifth “pillar,” Presence of the State, addressing the issue of security, will be added.

### **CONCLUSION**

- ▶ It is premature to make an assessment of the GOB’s new policies or resource commitments concerning counter-narcotics and Alternative Development.

### **RECOMMENDATION**

- ▶ Continue to maintain a close relationship with the Vice-Ministry for Alternative Development and other GOB decision making bodies, in order to develop a USAID/Strategy that is consistent with and complements that of the GOB.

## **USAID/BOLIVIA PROGRAM MANAGEMENT STRUCTURE**

### **FINDINGS**

The current USAID/Bolivia AD/SOT program management structure functions well as a result of the long hours and personal dedication of all those involved. Nevertheless, the current pace of activities and the long hours cannot be maintained. The assessment team also recognizes that the current structure is in a transition stage and will soon change to the betterment of both the structure and the staff.

Additionally, the number of tasks currently being performed by the CONCADE institutional contractor are in the process of being reduced and transferred to other contractual mechanisms,

including the investment program and the land titling activity, while at the same time other Mission SOTs such as Democracy, Health, Environment, and Economic Growth are being asked to coordinate their activities with the AD/SOT. Nevertheless, these changing factors have not as yet been incorporated into the Mission's management structure, although a management study has recently been commissioned to look at these issues.

## **RECOMMENDATIONS**

- ▶ The new AD/SOT Chairperson should be responsible for overall program management and policy decisions. The Deputy Chairperson should be in charge of overall administrative matters, as well as coordination with the other Mission SOTs that are working in Alternative Development areas.
- ▶ The current PSC division of labor, one for the Chapare and one for the Yungas, should be maintained; however, they should be encouraged to have greater interaction with one another. Granted, the two regions are quite different, but some of the methodologies and strategies are common to both, and "cross-fertilization" could be beneficial to both.
- ▶ A third FSN (in addition to the two for the Chapare and the Yungas) should be hired to work on the segments of the CONCADE program that will be removed from the responsibilities of the current institutional contractor, such as the Grants Program and the Land Titling Program. This person could also assist the SOT Deputy Chairperson in the coordination of the other SOTs such as Environment, Democracy, Economic Growth, and Health. If educational interventions are added, someone will also need to coordinate such activities.