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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF
SDR 25.0 MILLION
(US\$40.0 MILLION EQUIVALENT)

TO THE

PLURINATIONAL STATE OF BOLIVIA

FOR THE

COMMUNITY INVESTMENT IN RURAL AREAS PROJECT

June 13, 2011

Sustainable Development Department
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rates Effective May 31, 2011)

Currency Unit = Boliviano (Bs)
Bs 7.01 = US\$1
US\$1.60077 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CDD	Community-Driven Development
ESMF	Environmental and Social Management Framework
FM	Financial Management
IDA	International Development Association
IFR	Interim Financial Report
IPDP	Indigenous Peoples Development Plan
ISN	Interim Strategy Note
LCSAR	Agricultural and Rural Development Unit, Latin America Region
LIL	Learning and Innovation Loan
M&E	Monitoring and Evaluation
MIS	Management Information System
MRDL	Ministry of Rural Development and Land
NDL	National Dialogue Law
NDP	National Development Plan
OM	Operational Manual
ORAF	Operational Risk Assessment Framework
PCT	Project Coordination Unit
PDO	Project Development Objective
PICAR	Community Investment in Rural Areas Project
PPL	Popular Participation Law
ROU	Regional Operational Unit
RPF	Resettlement Policy Framework
SA	Social Assessment
SBD	Standard Bidding Documents
SIL	Specific Investment Loan

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Sector Director:	Laura Tuck
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Sector Leader:	Ousmane Dione
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PAD DATA SHEET

*Plurinational State of Bolivia
Community Investment in Rural Areas*

PROJECT APPRAISAL DOCUMENT

*Latin America and Caribbean Region
Agriculture and Rural Development Unit (LCSAR)*

Date: June 13, 2011 Country Director: Laura Frigenti Sector Director: Laura Tuck Sector Manager: Ethel Sennhauser Sector leader: Ousmane Dione Team Leader(s): Renato Nardello Project ID: P107137 Lending Instrument: SIL	Sector(s): General agriculture, fishing and forestry sector (70%); General water, sanitation and flood protection sector (30%) Theme(s): Rural services and infrastructure (50%); Indigenous peoples (50%) EA Category: B
Project Financing Data:	
Proposed terms: Standard IDA Terms with maturity of 25 years, including a grace period of 5 years. <input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:	
Source	Total Amount (US\$M)
Total Project Cost:	43
Cofinancing:	3
Borrower:	
Total Bank Financing:	
IBRD	
IDA	40
New	
Recommitted	
Borrower: Plurinational State of Bolivia Responsible Agency: Ministry of Rural Development and Land, Ave. Camacho 1471, La Paz Contact Person: Ing. Jhonny Delgadillo Aguilar, Telephone No.: (+591-2) 211-4332 Fax No.: (+591-2) 211-4332 Email: alianzarural@gmail.com	

Estimated Disbursements (Bank FY/US\$ m)						
FY	FY12	FY13	FY14	FY15	FY16	FY17
Annual	3	8	10	10	8	1
Cumulative	3	11	21	31	39	40
Project Implementation Period: July 20, 2011 – October 31, 2016 Expected effectiveness date: October 23, 2011 Expected closing date: April 30, 2017						
Does the project depart from the CAS in content or other significant respects?				<input type="radio"/> Yes <input checked="" type="radio"/> No		
If yes, please explain:						
Does the project require any exceptions from Bank policies? Have these been approved/endorsed (as appropriate by Bank management)? Is approval for any policy exception sought from the Board?				<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Yes <input checked="" type="radio"/> No		
If yes, please explain:						
Does the project meet the Regional criteria for readiness for implementation?				<input checked="" type="radio"/> Yes <input type="radio"/> No		
If no, please explain:						
Project Development objective To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.						

Project description

Component 1: Community capacity building. This component would finance: (a) Provision of technical assistance, training and institutional strengthening support to Communities in order to enable them to identify, prepare, implement, operate and maintain Community Investments Subprojects under Component 2; and (b) provision of limited technical assistance to local entities in Participating Municipalities in order to support and supervise the planning and implementation of Community Investment Subprojects and to ensure compliance with applicable technical standards.

Component 2: Community-Driven Development Investment. The Component will finance the provision of Community Investment Grants to selected communities in order to carry out Community Investment Subprojects. Subprojects would be presented by rural communities to respond to their self-identified priorities. Given the demand-driven nature of the Project, communities would have an open menu of social and economic investments, including but not limited to: rural infrastructure; basic services; vulnerability-reduction, food security and nutrition-enhancement activities; and management of natural resources.

Component 3: Coordination, Monitoring and Evaluation. This component would finance strengthening the institutional capacity of the MRDL and its *Unidad Desconcentrada Empoderar*, in order to carry out the coordination, monitoring and evaluation of Component 1 and 2 of the Project, including the establishment and operation of a Project Coordination Team with regional branches responsible for the administrative, financial, procurement, social and environmental management, as well as audits, of the Project.

Safeguard policies triggered?	
Environmental Assessment (OP/BP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural Habitats (OP/BP 4.04)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Forests (OP/BP 4.36)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Pest Management (OP 4.09)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Physical Cultural Resources (OP/BP 4.11)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Indigenous Peoples (OP/BP 4.10)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Safety of Dams (OP/BP 4.37)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Projects on International Waterways (OP/BP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP/BP 7.60)	<input type="radio"/> Yes <input checked="" type="radio"/> No

Conditions and Legal Covenants:

Financing Agreement Reference	Description of Condition/Covenant	Date Due
Article IV, Section 4.01(a)	Maintain the legal framework enabling the communities to carry out the Community Investment Subproject.	N/A (suspension remedy)

Article IV, Section 4.01(b)	Maintain the <i>Normas Básicas del Sistema de Administración de Bienes y Servicios</i> (procurement enabling legislation)	N/A (suspension remedy)
Article IV, Section 4.01(c)	Apply the contractual remedies in case of non-compliance with the CI Grant Agreement	N/A (suspension remedy)
Article V, Section 5.01 & Schedule 2, Section I.B	Adopt the Operational Manual for the carrying out of the Project.	Effectiveness
Schedule 2, Section I.A.1(a)	Maintain the <i>Unidad Desconcentrada Empoderar</i> (implementing agency)	N/A (on-going)
Schedule 2, Section I.A.1(b)	Strengthen the <i>Unidad Desconcentrada Empoderar</i> through the recruitment and set-up of a Project Coordination Team (PCT).	January 31, 2012
Schedule 2, Section I.A.1(c)	Establish, at least two Regional Operating Units reporting administratively to the PCT	January 31, 2012
Schedule 2, Section I.A.1(e)	Cause participating municipalities to establish Municipal Committees for the endorsements of Community Investment Subprojects.	N/A (applicable as a pre-condition for the respective municipality to participate in the Project).
Schedule 2, Section I.C	Prepare and furnish to the Association detailed annual operating plans	September 15 of each year (commencing September 15, 2011)
Schedule 2, Section D.1(a)	Municipalities to enter into MOU with the <i>Unidad Desconcentrada Empoderar</i> , in order to participate in the Project	N/A
Schedule 2, Section D.1(b)	Call for Subprojects proposal and selected Communities, publicly disclosed.	N/A

Schedule 2, Section D.1(c)	Community Investment Subproject proposals to comply with selection criteria set forth in the Operational Manual.	N/A (on-going)
Schedule 2, Section D.2	Second Community Investment Subprojects to comply with Gender prioritization requirements	N/A
Schedule 2, Section D.3	Recipient to enter into CI Grant Agreements (sub-financing agreements) with Communities for the financing of selected Community Investment Subprojects	N/A (on-going)
Schedule 2, Section F	Recipient shall comply with the provisions of the ESMF, PMP in the screening of Community Investment Subprojects, and ensure that no Category A activities are carried out under the Project, nor does it comprise any activities that are culturally incompatible or inappropriate for the Indigenous Peoples.	N/A (on-going)
Schedule 2, Section III.D	Procurement audits to be carried out by independent auditors	April 30 of each year (commencing on April 30, 2014)

I. Strategic Context

A. Country Context

1. **Bolivia is among the poorest and most unequal countries of Latin America.** With an annual income per capita of US\$1,630 (2009) and 60 percent of the country's 9.9 million inhabitants living in poverty (38 percent of which in extreme poverty), Bolivia is one of the poorest countries in Latin America. With a Gini coefficient of 0.57 (2007), the country is also one of the most unequal in the world: in Bolivia, the richest 10 percent of the population holds 45.4 percent of the total income, while the poorest 10 percent only holds 1.0 percent. The United Nations Development Program ranked Bolivia 95th out of 177 countries in the world with a Human Development Index of 0.643 (2010), about at the same level as Paraguay, El Salvador and Dominican Republic but lower than neighboring Argentina, Brazil, Chile, and Peru.

2. **Poverty is even more entrenched in rural areas.** With about 30 percent of the total population living in rural areas, Bolivia is also one of the countries of South America with the largest share of rural population. According to the World Development Report 2008, over 80 percent of the rural population in Bolivia lives below the poverty line, with 64 percent living in extreme poverty. Incomes in rural areas average around \$0.60 per day, which is less than one third of the median urban income, and the Gini coefficient for rural areas is 0.64. Large parts of the rural population in Bolivia live in remote areas and do not have access to basic infrastructure such as drinking water, electricity, road connections, or to basic social services such as education or health care. In the poorest quintile, more than a quarter of the children less than five years old are under height for their age, a share that is six times higher than for the richest quintile. Indigenous people, who represent the vast majority of rural population, are disproportionately affected by the uneven distribution and poor quality of basic services.

B. Sectoral and Institutional Context

3. **Bolivia is reversing traditional anti-rural bias and has strongly decentralized its administration.** In the last two decades, several reforms¹, culminated in the new Constitution enacted in 2009, have dramatically increased the resources and responsibilities of the regional and local levels of government and strongly increased the recognition of indigenous peoples' rights. Municipalities (*municipios*) are now in charge of—or share responsibilities for, among other things: the promotion of rural development, development and maintenance of infrastructure, as well as the collection of property taxes. While civil society participation in local planning and decision-making strongly influences local investment processes in Bolivia, these do not always allow for adequate consideration of poverty targets, small-scale priorities, vulnerability reduction or natural resources management. In fact, despite large inflows of resources to rural areas since 1994, the effects on poverty-reduction have been modest, among

¹ These include the Popular Participation Law (PPL, 1994), the Administrative Decentralization Law, the National Dialogue Law (NDL) and the Hydrocarbons Law. The PPL initiated a process of decentralization designed to transfer resources and responsibilities to local governments and to strengthen the capacity and participation of municipalities and civil society organizations. The Central government co-participates 20% of the national taxes to municipalities on a per-capita basis under the PPL; and a smaller amount to poorer municipalities under the NDL. In addition, it transfers variable amounts to municipalities under a set of complex formulas from hydrocarbons taxes.

other things because most resources are allocated by municipalities to communities on an annual per capita basis, which tends to result in low endowments.

4. **The Government is strongly committed to poverty reduction.** Eradication of extreme poverty in rural areas and the inclusion of marginalized groups figure prominently in the Government agenda, as defined in the National Development Plan 2006-2010 and 2010-2015 (NDP) for a “Respectable, Sovereign, Productive and Democratic Bolivia”, whose ultimate goal is the reduction of poverty, inequality and social exclusion for the improvement of the well-being of all Bolivians (*Bolivia Digna, Soberana, Productiva y Democrática para el Vivir Bien*²). The NDP includes a Community in Action Program (*Comunidades en Acción*) focused on the most vulnerable municipalities and based on strengthening the participation and self-management of communities for the identification, prioritization, implementation and monitoring of integrated community development projects. The Government recognizes that the Community-Driven Development (CDD) approach represents a relevant instrument for supporting the implementation of its NDP.

C. Higher Level Objectives to which the Project Contributes

5. **Strategic fit with the ISN.** The proposed Community Investment in Rural Areas Project (or PICAR from *Proyecto de Inversión Comunitaria en Áreas Rurales*) is a proposed operation of the World Bank Group’s Interim Strategy Note (ISN) for the Plurinational State of Bolivia for the period FY10-FY11 (Report N. 48372-BO, discussed by the Executive Directors on June 2, 2009), which strongly supports the Government’s objective to eradicate poverty, particularly extreme poverty, by focusing on good governance, job creation, improved public service provision, and sustainable development.

6. **Rationale for Bank support.** The Bank has been supporting the process of decentralization and rural development in Bolivia through a series of investment, technical assistance, and sector work initiatives since the mid 1990s, through the Rural Communities Development Project (P040085), the Participatory Rural Investment Project (P040085), the Rural Productivity Study, and the Indigenous Peoples LIL Project (P057416). The active portfolio supports poor rural areas with several operations, whose main thrusts are presented in the following synoptic table.

Project	Duration	Emphasis	Main target group
Rural Alliance Project (PAR-P111863)	2007-2014	Agricultural competitiveness	Producer organizations, market agents
Participatory Rural Investment 2 (PDCR-P1012998)	2007–2012	Municipal rural investments with emphasis on roads and irrigation schemes.	Municipalities and communities
Land for Agricultural Development Project (ProTierra-P087925)	2008-2013	Establishing a market-based approach to land distribution	Landless farmers, producer associations
Innovation and Agricultural Services (PISA-P106700)	2011-2016 (Board FY12)	Agricultural productivity, research	Agricultural services, agricultural producers

² D.S. N° 29272, Pág. 38 y ss, Pág. 49 y ss.

7. The Project would complement the active operations in several ways, by: (i) targeting some of the poorest communities of Bolivia, mostly not reached by the other projects; (ii) addressing the needs of poor rural communities (rather than producer organizations or municipalities) at a scale generally lower than that addressed by other projects; and (iii) working in synergy with development activities implemented by and in the municipalities. More importantly, PICAR would be the first operation in Bolivia to operate through direct transfer of investment funds to and self management by rural communities³.

II. Project Development Objectives

A. PDO

8. The Project Development Objective is to improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia. This would be accomplished through a participatory process in which empowered rural communities identify, prepare, implement, and maintain development subprojects that respond to their priorities, based on the Community-Driven Development approach.

9. The Community Investment in Rural Areas Project (or PICAR from *Proyecto de Inversión Comunitaria en Áreas Rurales*) would: (i) address the priority concerns of the poorest rural communities; (ii) ensure that proposed activities are sustainable and adapted to the specific situation of each community; (ii) strengthen the capacities of involved actors at the local level; (iii) support investment designs that can be easily maintained in and by poor, remote communities; and (iv) seek close collaboration with other initiatives (including other Bank-supported projects) to maximize synergy and complementarity.

B. Project Beneficiaries

10. It is expected that the Project would directly benefit 100,000 people living in about 500 rural communities in 51 of Bolivia's poorest municipalities⁴ (*municipios*).

11. **Intervention area.** The preliminary intervention area comprises 51 municipalities within the departments⁵ of La Paz, Oruro, Chuquisaca, and Cochabamba (a list of municipalities is included in Annex 1). The four departments are in the Bolivia highlands (*altiplano* and *valles*) and are among the poorest regions of the country. The initial selection of targeted municipalities is based on explicit and transparent criteria, including their degree of vulnerability⁶, density of vulnerable communities, spatial continuity, and complementarity with other programs and projects.

12. **Selection of beneficiary communities.** Within the target municipalities, the Project would target the most vulnerable communities, based on explicit and transparent criteria: VAM 5

³The term *Comunidad* (community) in Bolivia defines a traditional form of territorial organization, with recognized legal status and specific rights and capacities defined by law, including the capacity of managing public funds and prioritizing public investments.

⁴ While the municipality would be the territorial unit of reference, it is worth noting that some traditional communities' organizations (e.g., *Ayllus* or the *Autonomías Indígena Originario Campesina*) sometimes cross municipal boundaries.

⁵ The administrative division of Bolivia comprises 9 departments and 337 municipalities.

⁶ Based on the World Food Program's Vulnerability Assessment and Mapping (VAM) Index.

and 4 at community level and prevalence of extreme poverty (more than 40 percent of the population in extreme poverty, as measured by the level of Unsatisfied Basic Needs, UBN, 4 and 5). A list of eligible beneficiary communities, specifying their progressive coverage during implementation would be prepared by the Project based on these criteria. The list would be validated by a municipal-level committee based on a process defined in the Project Operational Manual (also see paragraph 33). Eligible beneficiary communities would be required to have, or to be able to obtain, legal status (*personería jurídica*)⁷.

C. PDO Level Results Indicators

13. Achievement of the proposed project development objective would be gauged through the following PDO-level indicators:

- i. Beneficiary communities show improvement in social capital index⁸
- ii. Community (of which women's) subprojects that satisfactorily achieve 75% of expected results
- iii. Community (of which women's) subprojects fully functional one year after their completion

III. Project Description

A. Project components

14. **Component 1: Community capacity building** (US\$ 5,0 million IDA). This component would finance: (a) Provision of technical assistance, training and institutional strengthening support to Communities in order to enable them to identify, prepare, implement, operate and maintain Community Investments Subprojects under Component 2; and (b) provision of limited technical assistance to local entities in Participating Municipalities in order to support and supervise the planning and implementation of Community Investment Subprojects and to ensure compliance with applicable technical standards.

15. Capacity building for communities would be provided for activities such as participatory planning, needs-assessment, beneficiary consultation, subproject preparation and implementation, financial management, community procurement, operations and maintenance, as well as monitoring and evaluation. Specific trainings and awareness campaigns would also be financed for cross-cutting themes such as inclusion, nutrition, conflict resolution, and community management. Limited technical assistance to municipal-level entities authorities would be provided for activities such as e.g. supervision of and support to community-level investment planning, as well as harmonization with sectoral standards.

⁷ Decreto Supremo 24447, dated December 12, 1996 defines the *Organizaciones Territoriales de Base*, which include, inter alia: *Comunidades Campesinas*, *Comunidades Indígenas*, *Ayllus*, *Sindicatos campesinos*. The vast majority of these communities already have obtained their legal status

⁸ Social capital index is a composite survey-based indicator. See Annex 1 for its definition.

16. The Component would finance consulting and non consulting services, training and workshops, subsistence and travel expenses of training participants, training materials; technical assistance for subproject implementation; costs related to the selection and approval process of community subprojects.

17. **Component 2: Community-Driven Development Investment** (US\$33,0 million, of which IDA 30,0 million). The Component will finance provision of Community Investment Grants to selected communities in order to carry out Community Investment Subprojects. Subprojects would be presented by rural communities to respond to their self-identified priorities. Given the demand-driven nature of the Project, communities would have an open menu of social and economic investments, including but not limited to: rural infrastructure; basic services; vulnerability-reduction, food security and nutrition-enhancement activities; and management of natural resources. Communities are expected to co-finance a minimum of 10 percent (normally in kind) of the cost of their subproject. It is expected that each beneficiary community would have one subproject financed on the basis of an indicative ceiling of US\$1,000 per family. Said ceiling would be increased to US\$1,500 per family for a second subproject, in case this is identified by women and implemented in majority by them. The Component would finance Community Investment grants for eligible subprojects.

18. **Component 3: Coordination, Monitoring and Evaluation** (US\$ 5,0 Million IDA). This component would finance strengthening the institutional capacity of the MRDL and its *Unidad Desconcentrada Empoderar*, in order to carry out the coordination, monitoring and evaluation of Component 1 and 2 of the Project, including the establishment and operation of a Project Coordination Team (PCT) with regional branches responsible for the administrative, financial, procurement, social and environmental management, as well as audits, of the Project.

19. The Component will finance incremental operational cost of the *Empoderar* program and the operational cost of the PCT, including: salaries, travel cost and subsistence of project staff (excluding civil servants); establishment and operation of the monitoring and evaluation system, including baseline studies and impact evaluations; technical and financial audits; operation and maintenance of project offices, including utilities and telecommunication; acquisition, operation and maintenance of office and field equipment, including vehicles, needed for project activities.

B. Project Financing

1. Lending Instrument

20. The Project would be financed through a five-year Specific Investment Loan (SIL) of US\$40 million. The financial conditions will be standard IDA terms.

2. Project Cost and Financing

Project Components	Project cost (US\$ 000)	Of Which IDA Financing	% IDA Financing
1.Community Capacity Building	4,500	4,500	100%
2.Community Investment	30,000	27,000	90%
3.Coordination, Monitoring and Evaluation	4,500	4,500	100%
Total Baseline Costs	39,000	36,000	92%

Physical contingencies	0	0	
Price contingencies	4,000	4,000	100%
Total Project Costs	43,000	40,000	93%
Total Financing Required	43,000	40,000	93%

C. Lessons Learned and Reflected in the Project Design

21. The Project builds on extensive experience of the Bank in: (a) projects based on the Community Driven Development (CDD) approach in the Latin American and Caribbean Region as well as in other regions, and (b) the past and ongoing implementation of rural development projects in Bolivia, namely the Participatory Rural Investment Project (P040085 and P101298), the Indigenous Peoples Development Project (Learning and Innovation Loan, P057416), and the Rural Alliances Project (P083051). Specific lessons from experience incorporated into the design of the Project are presented in the following paragraphs.

22. *Community-driven mechanisms improve local governance and increase social capital.* Demand-driven project design promotes accountability and empowers traditionally poor and vulnerable rural people, establishing the use of participatory methodologies for decision-making as well as for execution and operation of community investments. The Bolivia Participatory Rural Investment Project (PRI, now in its third phase) proved successful in using a community-driven approach to bring investments to rural communities through municipalities. Selection of priority investments was done at municipal level and required financial contributions by local government and communities. This approach ensured a strong ownership for each subproject investment, and increased sustainability.

23. *Capacity building and empowerment of communities are key to project success.* Support to rural communities should cover the whole subproject cycle, from identification to maintenance and should be provided in a tailored way, maximizing the use of technical assistance trusted by the communities whenever possible.

24. *Direct transfer of resources to communities, is the strongest empowerment mechanism.* The Bolivia Indigenous Peoples Development LIL showed that direct transfers induce positive effects beyond the objectives of subprojects themselves. Indigenous organizations commit strongly to mechanisms that transfer funds directly to them to assume responsibility over subproject implementation. Effective empowerment is a result of new-found confidence in managing projects and funds, and can have large spill-over effects over other areas of community life.

25. *Participatory processes:* Implementation of the first PRI Project in Bolivia (P040085) demonstrated the value of participatory processes for effective project implementation. Areas in which participation made a strong contribution included: (i) formulation of development plans; (ii) selection of priority investments; and (iii) monitoring of investment activities by representatives of benefiting communities. The Bolivia Indigenous People LIL also found that training indigenous peoples to participate in the monitoring and evaluation of poverty reduction initiatives is an important feature for future interventions to have adequate impact.

26. *Community-driven mechanisms are not always the best suited to reach productive goals and improve access to markets.* For instance, experience with productive sub-projects in the initial phases of the Northeast Brazil CDD program showed that while small processing units managed by community associations and oriented towards increasing family/community consumption or selling in village markets may be successful, production aimed at more sophisticated markets tend to face problems. In Bolivia, communities are clearly differentiated from producer groups and, as residential organizations, are not particularly suited for market-oriented productive initiatives. These are successfully financed through the Rural Alliances Project. For these reasons, the project will not finance productive subproject oriented towards commercial agricultural production.

IV. Implementation

A. Institutional and Implementation Arrangements

27. **Institutional arrangements.** The Project implementing entity would be the Ministry of Rural Development and Lands (MRDL) through its *Empoderar* Coordination Unit⁹. The MRDL has institutional competence for rural development and, through the *Empoderar* Unit, significant and satisfactory experience in the implementation of Bank-financed projects.

28. **Implementation arrangements.** The *Empoderar* unit will be strengthened with a Project Coordination Team (PCT) dedicated to the implementation of PICAR and comprising, as a minimum: (i) Project Coordinator; (ii) Financial Management Specialist; (iii) Procurement Specialist; (iv) Accountant; (v) Social Development Specialist; (vi) Rural Infrastructure Specialist; and (vii) Monitoring, Evaluation, and Planning Specialist.

29. At the regional level, the PCT will coordinate two Regional Operational Units¹⁰ (ROU): one for the Central *Altiplano* area, comprising La Paz and Oruro departments, and the other for the Valley area, comprising Chuquisaca and Cochabamba departments. Each ROU would comprise, as a minimum: (i) Regional Coordinator; (ii) Social Development Specialist; (iii) Rural Infrastructure Specialist; and (iv) Environmental Specialist.

30. At the field level, facilitation and capacity building activities would be supported by locally-based facilitators, community organizations, and NGOs.

31. All project staff will be recruited through an open, competitive, and merit-based process implemented through an independent entity and based on selection procedures, qualifications, and terms of reference acceptable to the Bank.

32. **Operational Manual (OM).** The OM includes all procedures, rules, and standards for the implementation of all aspects of the Project including but not limited to: institutional arrangements; operation of the project coordination team; project planning, monitoring & evaluation; social and environmental review of subproject, reporting, communication, human resources; procurement, including procurement by communities; administrative and financial

⁹ *Unidad Desconcentrada "Empoderar" Ministerio de Desarrollo Rural y Tierras*, Decreto Supremo 0304 dated September 16, 2009

¹⁰ See map of intervention areas in Annex 2, Project description.

management; procedure for amending the OM¹¹. The Operational Manual also includes a Field Manual, with description of simplified procedures for communities.

33. **Selection of targeted communities.** Within the target municipalities, the Project will establish the list of eligible communities based on vulnerability (VAM 4 and 5), share of population living in extreme poverty (minimum 40 percent), and size (minimum 20 families). At the municipal level, the Municipal Committee (*Comité Municipal*) will validate the list through a participatory process mirroring the process used for the establishment of the Municipal Development Plan. In each municipality the Municipal Committee will include the mayor, the municipal council, and representative of umbrella organizations from the targeted communities. Criteria for validation of and amendments to the list of selected communities will be spelled out in the Operational Manual.

34. **Flow of funds to communities.** The project Designated Account will be managed by the Project Coordination Unit within Empoderar. Financing of community subprojects will be transferred directly from this account to the accounts opened by or on behalf of beneficiary communities, without intermediary steps. Disbursements to communities will be based on a lump-sum method, whereas the financing agreement is seen as a contract between the implementing agency and the community, against which disbursement would be made, normally in tranches and on the basis of physical progress.

35. **Demand-driven approach with a negative list.** Based on the principle of community empowerment and self-management, it is expected that communities should be able to identify their subproject with a rather open choice of socio-economic infrastructure and services. Eligibility of investment would: (i) be based more on a list of non-eligible activities (negative list) than on a list of eligible ones; (ii) consider the scale and type of activities that can be considered as community investments; (iii) avoid duplications and look for complementarity with other operations in the same area. The Project negative list would be included in the Operational Manual and would include, inter alia, subprojects that: could result in negative social and/or environmental impact; would finance mining activities; construction (as opposed to rehabilitation) of new roads; construction of new school or health infrastructures; credit, cash transfer, and revolving funds; acquisition of vehicles or complex machinery; religious and political infrastructure and activities.

36. **Scale of community subprojects.** It is estimated that community subprojects would have a maximum indicative cost of US\$40,000. The level of community financing would be based on a ceiling of US\$1,000 per family which would be increased to US\$1,500 when a second subproject is prioritized by women and implemented by a majority of women. Two or more communities could aggregate their funding in order to implement larger investments, provided that their scale remained commensurable to community-level operation and maintenance capacities.

B. Results Monitoring and Evaluation

37. Monitoring and evaluation would be considered a key part of Project implementation. PICAR's M&E system would be geared toward tracking the Project's key outcomes as defined in Annex 2. All indicators would be disaggregated based on poverty level, gender, ethnicity,

¹¹ Amendments to the OM would need to be acceptable to the Bank.

location, and other relevant criteria. The M&E system would be result-oriented and conceived as a management tool to be used by both project staff and participating communities, through simplified feedback reports oriented towards: (i) Monitoring due diligence, based on compliance with the OM; (ii) Monitoring and evaluating the achievement of development objectives and outcomes; (iii) Assessing sustainability of outcomes; (iv) Assessing impact on social capital and local decision-making; (v) Evaluating the level of empowerment of vulnerable groups (women and youth); and (vi) Monitoring compliance with the ESMF.

38. The M&E system would be designed to operate at the national, regional and community levels. All data would be geo-referenced and captured in a Management Information System (MIS) accessible online. Fiduciary and technical audits will be undertaken in all municipalities through random samples of participating communities to ensure compliance with the Project's procedures. A mid-term evaluation will be carried out no later than 30 months from the date of project effectiveness.

C. Sustainability

39. ***Institutional Sustainability.*** The project put into practice the principle of direct transfer of public resources to rural communities. While the mechanism can be new, the principle has solid legal and institutional grounding as well as strong political support. Rural Communities are at the base of Bolivia's participatory democracy and the CDD mechanism could prove to be an additional tool for implementing decentralized rural development activities.

40. ***Sustainability of Community Investments.*** Beneficiary participation at all stages of the subproject cycle, together with adequate levels of community counterpart contribution, stimulate good ownership which tends to translate into good maintenance practices. Furthermore, at the level of communities, for each subproject attention would be paid (and, if relevant, initial funds could be allocated) to prospective operation and maintenance costs identified during sub-project preparation, to ensure sustainability of subproject results.

V. Key Risks and Mitigation Measures

41. **Excessive bureaucracy and accountability conflicts may delay implementation.** To reduce the risk of slow and excessively bureaucratic procedures, the project has opted for a single level of implementation, with funds transferred directly from the Project to the communities, without intermediate passages. However, this step could in itself be a source of complexity because, in order to open a bank account communities would be required to obtain a Taxpayer Identification Number (NIT for *Numero de Identificación Tributaria*) and comply with the tributary regulations.

42. **Frequent turnover of key staff and limited fiduciary capacity may create implementation bottlenecks.** To reduce this risk, it is proposed that the project be implemented by a lean Project Coordination Unit with antennas in the targeted areas. The competitive, merit-based process for personnel selection diminishes political pressures for personnel designation. The project would also strengthen fiduciary capacity at all levels of intervention.

43. **Limited capacity at community level may hamper implementation.** To reduce this risk the project would: a) maintain its design as simple as possible, with objectives and activities clearly focused on the communities; and b) invest in capacity development at all levels of implementation.

44. **Risk of political interference and elite capture in the selection and management of investment subprojects.** To minimize these risks the project would: (i) ensure that the selection of participating communities is validated by a municipal committee (*Comité Municipal*) with representatives of second- and third-order community organizations as well as the mayor and the municipal council; (ii) community priorities will be defined in a rapid planning process that includes gender aspirations and, if possible, socio-economic differentiation; (ii) involve communities and civil society organizations in monitoring the project; and (iv) include transparency and control measures, including media monitoring, spot audits, public display of information on subprojects approval and financing, and complaint-handling mechanisms.

46. **Risk of exclusion of the most vulnerable communities, families, and individuals.** To minimize these risks the project would: (i) define transparent criteria for the selection of the most vulnerable communities in the project area; (ii) foster inclusion of weaker groups in community decision-making bodies; and (iii) finance subprojects responding to the priorities of --and implemented by-- a majority of women in the community.

VI. Appraisal Summary

A. Economic and Financial Analysis

47. Given the demand-based nature of the Project, there are constraints to determining its economic rate of return because the portfolio mix is unknown at the time of appraisal. The analysis was made on the basis of hypothesis on the nature of the subprojects expected to be required by communities, based on results of field visits and the Social Assessment, and calculated on the basis of actual results and parameters observed in other operations. Based on preliminary indication on the type of subproject demand expected from communities in the areas of intervention, it was assumed that 60 percent of subprojects investments would be represented by water subprojects and 30 percent by transport subprojects, while the remaining 10 percent would consist of other social subprojects which do not lend themselves to an economic analysis and for which economic benefits were not investigated.

48. On this basis, the economic rate of return for individual model subprojects varies between 15 percent and 29 percent. While the economic parameters can be considered robust, it must also be considered that many other benefits can result from investments in social infrastructure even though, because of the uncertainty of the actual demand and the methodological challenges, these benefits have not been considered in the models. In addition, it is important to highlight the beneficial effects of irrigation to a more varied and more nutritious diet that can result as poor households can move from subsistence production to a variety of crops for both subsistence and higher cash income.

B. Technical

49. While the large-scale CDD approach with direct transfer of resources to communities can be considered innovative in Bolivia, the country has been a laboratory of participative democracy for the last 20 years and has piloted the Social Fund concept in its early stages. The small scale of the infrastructure expected to be financed under the project indicates that there should not be significant technical challenges for design and implementation. It is expected that most, if not all,

of the subprojects would comprise basic and proven technologies to be easily implemented at the community level, and that could be easily supported by service providers available locally.

50. The technical quality of subprojects would be ensured by: (i) allowing communities to choose activities and technologies they are familiar with; (ii) helping communities to procure technical assistance of their choice or suggested by the project (through a database of qualified and accredited providers); (iii) ensuring that professional community planners and community facilitators would be available to assist communities with guidance, and (iv) providing standard technical drawings and specifications for what are expected to be the most demanded activities (technical standards would be progressively developed during implementation).

C. Financial Management

51. As part of the appraisal process of the Project, the Bank performed a financial management capacity assessment to determine the adequacy of MRDL-*Empoderar*'s financial management arrangements to support project implementation. Based on this and on the Bank's knowledge of Bolivia's public FM system, financial management arrangements have been detailed in Annex 3, including the identification of the actions that need to be completed. It is important to mention that MRDL-*Empoderar* is currently in charge of implementing the Rural Alliances Project¹², for which FM performance has been found acceptable.

52. Although the Project design is simple, based on a classical CDD design, complexity may hide in the fact that it would require direct transfer of funds to beneficiary communities, which is not a consolidated approach in Bolivia, especially from the operational perspective. While several lessons can be derived from similar interventions, in Bolivia this may require sound operational arrangements, including for financial management. This is part guaranteed by the fact that project implementation would be based on *Empoderar*'s existing arrangements for the Rural Alliances Project, adequately strengthened and/or customized to address the specific needs of the Project.

53. With the information available as of the date of this document, project's FM risk is considered **substantial** and it will be reviewed and updated as project progresses.

54. In order to address the project's specific needs, *Empoderar*'s structure will be strengthened with the hiring of key FM staff, under terms of reference approved by the Bank. *Empoderar* will also tailor some of the specific procedures and arrangements to process disbursements to beneficiary communities, which would follow existing arrangements through SIGMA and Treasury Single Account (CUT). Additionally, adjustments to the information systems (SIIG and SAS) are in progress. Overall FM arrangements have been reflected in a draft Operational Manual, including a model financing agreement to be entered into with beneficiary communities. Based on this, the proposed financial management arrangements can be considered acceptable to the Bank.

D. Procurement

55. *Empoderar* would be responsible for procurement activities at the central level and coordination and supervision of procurement activities to be carried out by communities in the

¹²Cr. 4068-BO and Cr. 4558-BO

implementation of investment subprojects. As part of appraisal, an in-depth assessment of the procurement capacity of the *Empoderar* was carried out by the Bank and the necessary actions taken to address all risks identified.

56. Taking into account that the Project would require consulting and non consulting services, training and workshops, subsistence and travel expenses of training participants as well as training material, the *Empoderar* Coordination Unit currently has the capacity to deal with procurement-related activities, in terms of both staff and procedures. In order to ensure that *Empoderar* is able to fully respond to project needs allowing timely and smooth project implementation, preliminary corrective measures identified include: (i) preparation of a Project Operational Manual, including a Field Manual, describing, inter alia, procurement and contracting procedures, to be adopted prior to Credit effectiveness; (ii) inclusion of the Special Procurement Provisions (see Annex 3 of the PAD) in the Legal Agreement, (iii) recruitment of a procurement specialist dedicated to PICAR; (iv) training of fiduciary staff in contract administration; and (v) close monitoring by IDA. Additional details are available in Annex 3.

57. The overall project risk for procurement is **high**, which is the result of the high risk country procurement environment and of the decentralized implementation approach that involves a number of entities with limited knowledge and experience of the procurement regulations and procedures governing Bank-financed projects. Risk rating might be upgraded to “Substantial” during implementation depending on actual implementation of mitigation measures and their impact, which will be assessed during Procurement Post-Review Exercises.

E. Social (including safeguards)

58. As part of Project preparation, the Borrower conducted a comprehensive Social Assessment (SA) which included extensive stakeholder consultations in the rural areas of each of the four targeted departments (La Paz, Oruro, Cochabamba, and Chuquisaca). The Social Assessment has been disclosed in country and on the World Bank’s external website before appraisal.

59. It is expected that the Project would directly benefit about 100,000 people living in about 500 rural communities in some of Bolivia’s poorest municipalities. The vast majority (95 percent) of the beneficiary would be indigenous people.

60. The Social Assessment identifies the following main risks: (i) beneficiaries may demand unconditional transfer to all communities within a given territorial unit, rather than to the most vulnerable ones; (ii) demand for some interventions may exceed the availability of funds; (iii) elite capture by influential community leaders; (iv) limited technical, organizational and financial capacity of poor communities; (v) the most vulnerable communities may be excluded; (vi) the most vulnerable population groups within communities may be excluded from both the decision process and the benefits of the project.

61. Mitigation measures, embedded in the project design and/or reflected in the Project Operational Manual would include mechanisms to: (a) improve information and transparency and adopt participatory monitoring at the community level; (b) integrate vulnerable groups within the communities in the decision-making processes on priority needs as well as in the implementation, maintenance and equal access to benefits from community projects; (c) promote the inclusion of women.

62. The Social Assessment also highlighted important challenges with regard to indigenous women's effective participation in community-level decision making and their particular vulnerability, resulting from lower educational levels (monolingualism), heavier workload, and higher exposure to nutritional deficiencies. To address these challenges, the Project Operational Manual includes a **gender strategy** based on a carefully balanced and inclusive gender approach that seeks to promote women's participation in the existing community institutional structures, while actively involving men in the efforts.

63. The gender strategy outlines specific measures to: (a) increase the active participation of women throughout the process of sub-project identification, planning, implementation and M&E; (b) address the specific capacity-building needs of women through special training and workshops; and (c) offer communities the possibility of applying for a second sub-project, on the condition that it is prioritized by women and to be implemented primarily by women.

64. Given the preponderance of indigenous peoples in the intervention areas, the Project as a whole is designed in compliance with the **OP/BP 4.10-Indigenous Peoples** and no separate Indigenous People Development Plan would be prepared.

65. Following the spirit of **OP/BP 4.12-Involuntary Resettlement**, the Project will avoid or minimize involuntary resettlement by exploring all viable alternative subproject designs. However, to deal with the rare cases in which these measures would not be sufficient, it has been decided that the Project would trigger OP/BP 4.12. Accordingly, the Borrower prepared a Resettlement Policy Framework (RPF) reviewed by the Bank and disclosed in country and on the World Bank's external website before appraisal.

66. Based on recent successful experience managing other Bank-financed projects in rural Bolivia, the Borrower's capacity to address social issues and relevant safeguard policies is considered adequate. Compliance with the social safeguards policies would be ensured through the recruitment of social development specialists in the project coordination team, at both the central and the regional levels.

F. Environment (including safeguards)

67. Bolivia is considered among the most vulnerable countries to climate change. The four selected departments in the project area are also considered highly vulnerable to climate change. The majority of the 51 municipalities are estimated to face some sort of hydrological stress due to increased evaporation and an extended dry season combined with increased water demands and rapid land degradation.

68. The poorest families are identified as extremely vulnerable as they depend on rain-fed agriculture and livestock production. A recent Bank study of the most climate vulnerable communities in Bolivia concluded that the climate adaptation measures most demanded by communities are water-related infrastructure investments. Proposals for small-scale investments presented by the communities in Component 2 are therefore likely to prioritize different water infrastructure investments such as irrigation systems, dams, family-sized reservoirs, rainwater harvesting, water catchment, and drilling of wells.

69. The Project has been classified as Category B, as defined in OP 4.01-Environmental Assessment, based on the fact that its potential adverse environmental impacts are site-specific, reversible, and can be readily mitigated. Activities are likely to include community sub-projects

such as: water tanks, rehabilitation of feeder roads, water distribution systems, storage facilities, vaccination parks, small irrigation systems, and activities related to improvements in food production. Based on experience with similar operations, potential negative environmental impacts are likely to include: soil erosion, water and soil pollution, loss of vegetation, increase in solid and liquid waste, pesticide poisoning, and pesticide residues in the food chain.

70. Based on the type of activities that it could finance, the Project triggers the following environmental safeguard policies: **OP/BP/GP 4.01-Environmental Assessment, OP/BP 4.04-Natural Habitats, OP 4.09-Pest Management, OP/BP 4.11-Physical Cultural Property, and OP/BP 4.37-Safety of Dams.** In most cases the safeguard policy would have a preventive effect, influencing the design or the implementation plans of subprojects submitted for financing. In subproject affecting sensible and/or large areas, it is expected that the potential negative effects could be mitigated with very simple measures.

71. Since the type, location, actual scale and potential impact of future sub-projects were not known before appraisal, the Borrower prepared an Environmental and Social management Framework (ESMF) that outlines an environmental and social screening process for identifying and mitigating potential negative environmental and social impacts at the sub-project planning stage. The ESMF includes: (i) Guidelines for an Environmental Management Plan (EMP); (ii) Environmental Guidelines for Contractors; (iii) a Summary of the World Bank's Safeguard Policies; (iv) a Pest Management Plan (PMP); v) a Physical Cultural Resources Management Plan (PCRMP); vi) Provisions to evaluate and recommend remedial actions for existing dams and (v) a Resettlement Policy Framework (RPF)

72. To ensure that the sub-projects are implemented in an environmentally and socially sustainable manner, the ESMF formulates recommendations to strengthen environmental management capacity, as well as implementation and monitoring of corrective measures. The ESMF was reviewed by the Bank and disclosed in country and on the World Bank's external website before appraisal.

73. The Borrower's capacity to address environmental issues and relevant safeguard policies is considered adequate based on recent successful experience managing other Bank-financed projects in rural Bolivia (including Rural Productive Alliances, P083051 and Participatory Rural Investment, P101298). Compliance with the environmental safeguards policies would be ensured, inter alia, through the recruitment of environmental specialists in the project regional coordination teams.

G. Other Safeguard Policies

74. Safeguard policies on *Projects in International Waterways* and *Projects in Disputed Areas* are not triggered.

Annex 1: Results Framework and Monitoring

BOLIVIA: COMMUNITY INVESTMENT IN RURAL AREAS PROJECT Results Framework

Project Development Objective (PDO): To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Method	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
Indicator One: Beneficiary communities show improvement in Social Capital Index	<input type="checkbox"/>	Percent	0		75	75	75	75	Annual	Surveys	PCT	See explanation of the Social Capital Index after the Results Framework
Indicator Two: Community (of which women's) subprojects that achieve at least 75 percent of their expected results	<input type="checkbox"/>	Percent	0		75	75	75	75	Annual	MIS	PCT/ROU	
Indicator Three: Community (of which women's) subprojects fully functional one year after their completion	<input type="checkbox"/>	Percent	0			70	70	70	Annual	MIS	PCT/ROU	
INTERMEDIATE RESULTS												
Intermediate Result (Component One): Capacity of beneficiary rural communities strengthened in needs assessments, prioritization, subproject preparation and implementation and management of community organizations												
<i>Intermediate Result indicator 1:</i> Number of training events implemented	<input type="checkbox"/>	Percent	0	200	300	500	800	1000		MIS	ROU	
<i>Intermediate Result indicator 2:</i> Share of community members (of	<input type="checkbox"/>	Percent	0		60	60	60	60	Annual	MIS	PCT	

which women) having attended at least one training,												
<i>Intermediate Result indicator 3:</i> Share of families in targeted communities that are satisfied with the prioritized investments	<input type="checkbox"/>	Percent	0		75	75	75	75	Annual	Surveys	ROU	
Intermediate Result (Component Two): Beneficiary families in targeted communities implement and maintain their priority social and economic investments.												
<i>Intermediate Result indicator 1:</i> Beneficiaries (of which women) that have benefited from at least one subproject,	<input checked="" type="checkbox"/>	Unit	0	300 (150)	900 (450)	1,800 (900)	2,700 (1350)	3,500 (1,750)		MIS	PCT	
<i>Intermediate Result indicator 2:</i> Community (of which women's) subprojects financed by Project end	<input type="checkbox"/>	Unit	0	100 (50)	300 (150)	600 (300)	900 (450)	1,000 (500)		MIS	PCT	
<i>Intermediate Result indicator 3:</i> Share of technical and fiduciary audits undertaken each year that are unqualified (over total audits undertaken in same year), including women's subprojects	<input type="checkbox"/>	Percent	0		95	95	95	95		MIS	PCT	

Social Capital Index

	At least 75 percent of a representative sample of community members declare that, with respect to the situation before the Project:	Points
1	His/her participation in O&M activities has increased	25
2	His/her priorities are better reflected in community decisions	25
3	women participation in community decision has increased	25
4	He/she is better informed about value and use of funds disbursed to the community (double-checked with hard data)	25
	Total	100

All indicators will be disaggregated based on: Gender, Ethnicity, Municipality, Degree of Vulnerability (VAM at community level)

The Social Capital Index is 100 when all of its indicators are 75 percent or higher.

Each percentage point below 75 percent will result in the deduction of one point from the score of the relevant indicators, so that at 50 percent or below, the indicator will be zero.

Annex 2: Detailed Project Description

A. Project Development Objective (PDO)

1. The PDO is to improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia. This would be accomplished through a participatory process in which empowered rural communities identify, prepare, implement, and maintain development subprojects that respond to their priorities.
2. The Community Investment in Rural Areas Project (or PICAR from *Proyecto de Inversion Comunitaria en Areas Rurales*) would: (i) address the priority concerns of the poorest rural communities in selected municipalities; (ii) ensure that proposed activities are sustainable and adapted to the specific situation of each community; (iii) strengthen the capacities of involved actors at the local level; (iii) support investment designs that can be easily maintained in and by poor, remote communities; (iv) seek close collaboration with other initiatives (including other Bank-supported projects) to maximize synergy and complementarity; and (v) embed impact monitoring as essential features of its implementation.

B. Project Beneficiaries

3. It is expected that the Project would directly benefit 100,000 people living in about 500 rural communities¹³ within some of Bolivia's poorest municipalities (*municipios*)¹⁴.
4. **Intervention area.** The preliminary intervention area comprises 51 municipalities within the departments¹⁵ of La Paz, Oruro, Chuquisaca, and Cochabamba. The four departments are in the Bolivia highlands (*altiplano* and *valles*) and are among the poorest regions of the country. The initial selection of targeted municipalities is based on explicit and transparent criteria, including their degree of vulnerability¹⁶, density of vulnerable communities, spatial continuity, and complementarity with other programs and projects. The list of municipalities is presented in Table A2.1 below.
5. **Selection of beneficiary communities.** Within the target municipalities, the Project would target the most vulnerable communities, based on explicit and transparent criteria: VAM 5 and 4 at community level and prevalence of extreme poverty (more than 40 percent of the population in extreme poverty, as measured by Unsatisfied Basic Needs, UBN, 4 and 5). A list of eligible beneficiary communities, specifying their progressive coverage during implementation would be prepared by the Project based on these criteria. The list would be validated by a municipal-level committee based on a process defined in the Project Operational Manual (also see paragraph 33). Eligible beneficiary communities would be required to have, or to be able to obtain, legal status (*personería jurídica*).

¹³The term *Comunidad* (community) in Bolivia defines a traditional form of territorial organization, with recognized legal status and specific rights and capacities defined by law, including the capacity of managing public funds and prioritizing municipal public investments.

¹⁴ While the municipality would be the territorial unit of reference, it is worth noting that some traditional communities' organizations (e.g., *Ayllus* or the *Autonomía Indígena Originario Campesina*) sometimes do cross municipal boundaries.

¹⁵ The administrative division of Bolivia comprises 9 departments and 337 municipalities.

¹⁶ Based on the World Food Program's Vulnerability Assessment and Mapping (VAM) Index.

Table A2.1: Initial List of Targeted Municipalities

DEPARTMENT (# municipalities)	MUNICIPALITY			Total
Chuquisaca (28)	El Villar	Tarabuco	Villa Mojocoya	14
	Icla (R. Mujía)	Tarvita ((V. Arias)	Villa Serrano	
	Padilla	Tomina	Zudañez	
	Presto	Villa Alcalá	Yamparuez	
	Sopachuy	Villa Azurduy		
Cochabamba (45)	Aiquile	Mizque	Sacabamba	9
	Alalay	Omereque		
	Anzaldo	Pasorapa		
	Cuchumuela	Vila Vila		
La Paz (81)	Chacarilla	Luribay	S.go de Callapa	12
	Colquiri	Malla	Sica Sica	
	Corocoro	Papel Pampa	Umala	
	Ichoca	S. Pedro de Curahuara	Yaco	
Oruro (35)	Belén de Andamarca	Curahuara de Carangas	S. Pedro de Totora	16
	Caracollo	El Choro	S.go de Hayllamarca	
	Choquecota	Escara	Machacamarca	
	Corque	Eucaliptus	Poopo	
	Cruz de Andamarca	Paria		
	Turco	Toledo		
				51

C. PDO Level Results Indicators

6. Achievement of the proposed project development objective would be gauged through the following PDO-level indicators:

- i. Beneficiary communities show improvement in social capital index
- ii. Community (of which women's) subprojects that satisfactorily achieve 75% of expected results
- iii. Community (of which women's) subprojects fully functional one year after their completion

D. Project components

7. **Component 1: Community capacity building (US\$ 5,0 million IDA).** This component would finance: (a) Provision of technical assistance, training and institutional strengthening support to Communities in order to enable them to identify, prepare, implement, operate and maintain Community Investments Subprojects under Component 2; and (b) provision of limited technical assistance to local entities in Participating Municipalities in order to support and supervise the planning and implementation of Community Investment Subprojects and to ensure compliance with applicable technical standards.

8. Capacity building for communities would be provided for activities such as participatory planning, needs-assessment, beneficiary consultation, subproject preparation and implementation, financial management, community procurement, operations and maintenance, as well as monitoring and evaluation. Specific trainings and awareness campaigns would also be financed for cross-cutting themes such as inclusion, nutrition, conflict resolution, and community management. Limited technical assistance to municipal-level entities authorities would be provided for activities such as e.g. supervision of and support to community-level investment planning, as well as harmonization with sectoral standards.

9. The Component would finance consulting and non consulting services, training and workshops, subsistence and travel expenses of training participants, training materials; technical assistance for subproject implementation; costs related to the selection and approval process of community subprojects.

10. **Component 2: Community Investment** (US\$33,0 million, of which IDA 30,0 million). The Component will finance the provision of Community Investment Grants to selected communities in order to carry out Community Investment Subprojects. Subprojects would be presented by rural communities to respond to their self-identified priorities. Given the demand-driven nature of the Project, communities would have an open menu of social and economic investments, including but not limited to: rural infrastructure; basic services; vulnerability-reduction, food security and nutrition-enhancement activities; and management of natural resources. Communities are expected to co-finance a minimum of 10 percent (normally in kind) of the cost of their subproject. It is expected that each beneficiary community would have one subproject financed on the basis of an indicative ceiling of US\$1,000 per family. Said ceiling would be increased to US\$1,500 per family for a second subproject, in case this is identified by women and implement in majority by them. The Component would finance Community Investment grants.

11. **Component 3: Coordination, Monitoring and Evaluation** (US\$ 5,0 million IDA). This component would finance strengthening the institutional capacity of the MRDL and its *Unidad Desconcentrada Empoderar*, in order to carry out the coordination, monitoring and evaluation of Component 1 and 2 of the Project, including the establishment and operation of a Project Coordination Team (PCT) with regional branches responsible for the administrative, financial, procurement, social and environmental management, as well as audits, of the Project. The regional branches, defined as Regional Operational Units (ROU) will be based in the project areas: one covering the departments of La Paz and Oruro, and the other covering the Departments of Cochabamba and Chuquisaca.

12. The Component would finance incremental costs of the MDRL/*Empoderar* in order to establish and operate the PCT, including: salaries (excluding civil servants), travel cost and subsistence for missions of project staff; establishment and operation of the monitoring and evaluation system, including baseline studies, surveys, and impact evaluations; technical and financial audits; operation and maintenance of project offices, including utilities and telecommunication; acquisition, operation and maintenance of field equipment and vehicles needed for project activities.

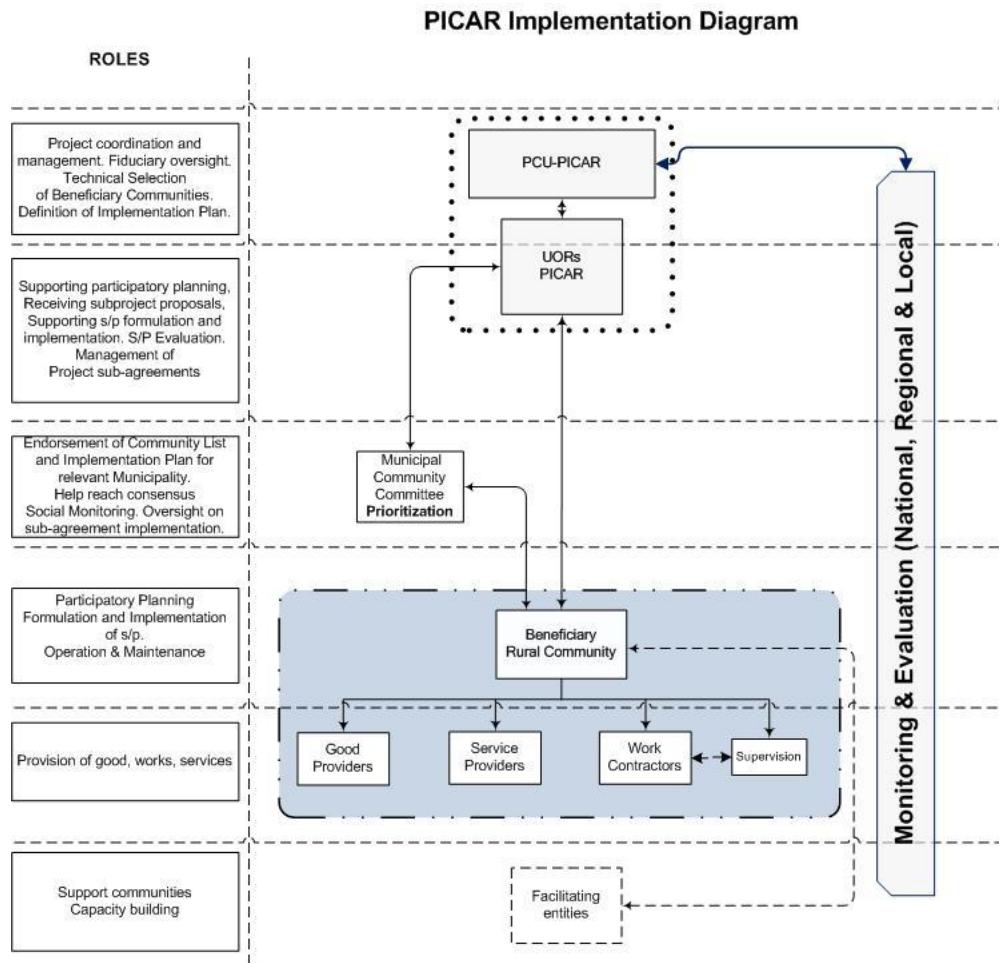
Annex 3: Implementation Arrangements

1. Project institutional and implementation arrangements for

i. Project administration mechanisms

1. **Institutional arrangements.** The Project implementing entity would be the Ministry of Rural Development and Lands (MRDL) through its *Empoderar* Coordination Unit¹⁷. The MRDL has institutional competence for rural development and, through the *Empoderar* Unit, significant and satisfactory experience in the implementation of Bank-financed projects, in particular through the implementation of the Bank-financed Rural Alliances Project.

2. **Implementation arrangements.** MRDL/*Empoderar* will be strengthened with a specific Project Coordination Team (PCT) dedicated to the implementation of PICAR and comprising decentralized Regional Operational Units¹⁸ (ROU). It is expected that one such ROU would cover the Central *Altiplano* area, comprising La Paz and Oruro departments, and another the *Valle* area, comprising Chuquisaca and Cochabamba departments.

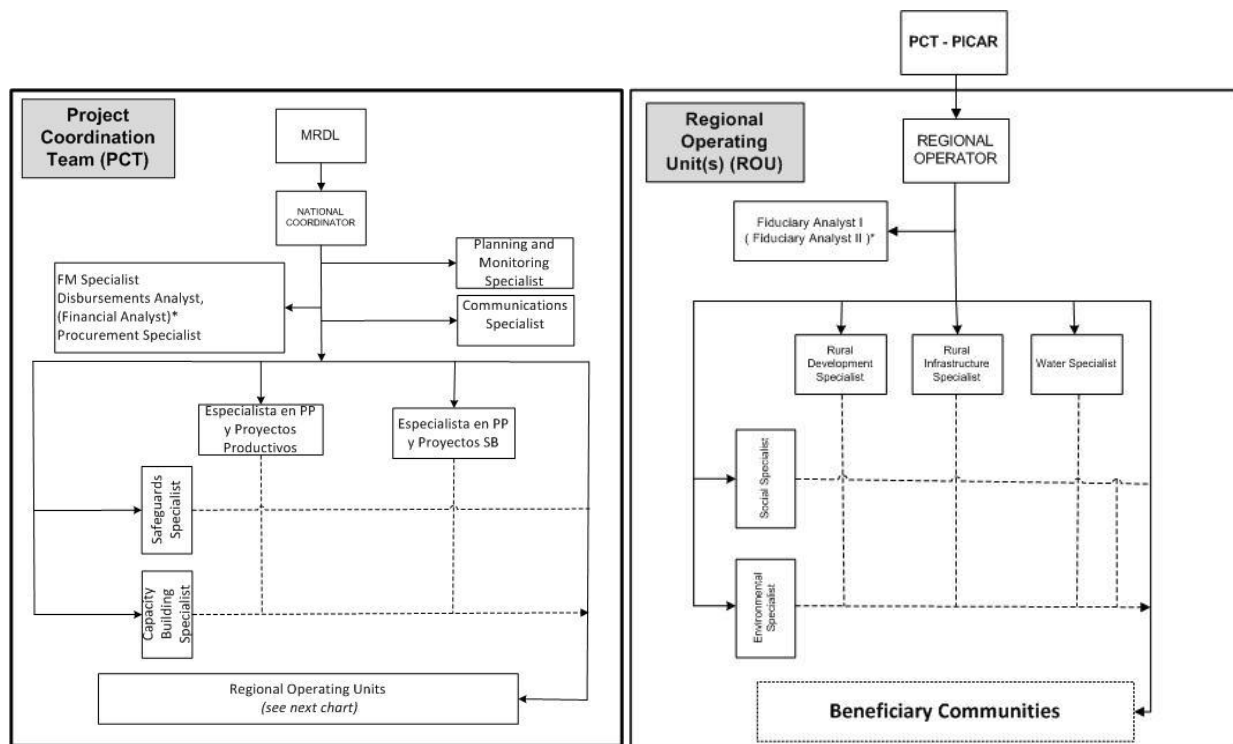


¹⁷ *Unidad Desconcentrada "Empoderar" Ministerio de Desarrollo Rural y Tierras*, Decreto Supremo 0304, dated September 16, 2009

¹⁸ See map of intervention areas in Annex 2, Project description.

3. **At the central level**, the PCT comprises, as a minimum: (i) Project Coordinator; (ii) Financial Management Specialist; (iii) Procurement Specialist; (iv) Accountant; (v) Social Development Specialist; (vi) Rural Infrastructure Specialist; (vii) Monitoring and Evaluation Specialist (see diagram below).

4. **At the regional level**, each ROU would comprise, as a minimum: (i) Regional Operator; (ii) Fiduciary Analyst; (iii) Social Development Specialist; (iv) Environmental Specialist; (v) Rural Infrastructure Specialist; and (vi) Rural Development Specialist (see diagram below).



5. At the field level, the project will contract professional community planners (via locally-active community-based organizations and NGOs) to support communities in the planning and formulation of community subprojects. It is expected that community planners would be based in the field and cover a limited number of communities, also depending on the number of beneficiary families, distance between communities, etc. These community planners will work with facilitators selected by their community (see Subproject Cycle below for more details).

6. All project staff will be recruited through an open and competitive and merit-based process implemented through an independent entity and based on selection procedures, qualifications and terms of reference acceptable to the Bank.

7. **Operational Manual (OM).** The OM would include all procedures, rules and standards for the implementation of all aspects of the Project including but not limited to: institutional arrangements; operation of the project coordination team; project planning, monitoring & evaluation; social and environmental review of subproject, reporting, communication, human resources; procurement, including procurement by communities; administrative and financial

management; procedure for amending the OM¹⁹. The Operational Manual would include a Field Manual, with simplified description of procedures for communities.

8. **Selection of targeted communities.** Within the target municipalities, the Project will establish the list of eligible communities based on vulnerability (VAM 4 and 5), share of population living in extreme poverty (minimum 40 percent), and size (minimum 20 families). At the municipal level the Municipal Committee will validate the list through a participatory process mirroring the process used for the establishment of the Municipal Development Plan. In each municipality the Municipal Committee (*Comité Municipal*) will include the mayor, the municipal council, and representative of umbrella organizations from the targeted communities. Criteria for validation of and amendments to the list of selected communities will be spelled out in the Operational Manual.

9. **Flow of funds.** The project Designated Account will be managed by the Project Coordination Team within Empoderar. Financing of community subprojects will be transferred directly from this account to the accounts opened by or on behalf of beneficiary communities, without intermediary steps. Disbursements to communities will be based on a lump-sum method, whereas the financing agreement is seen as a contract between the implementing agency and the community, against which disbursement would be made, normally in tranches and on the basis of physical progress.

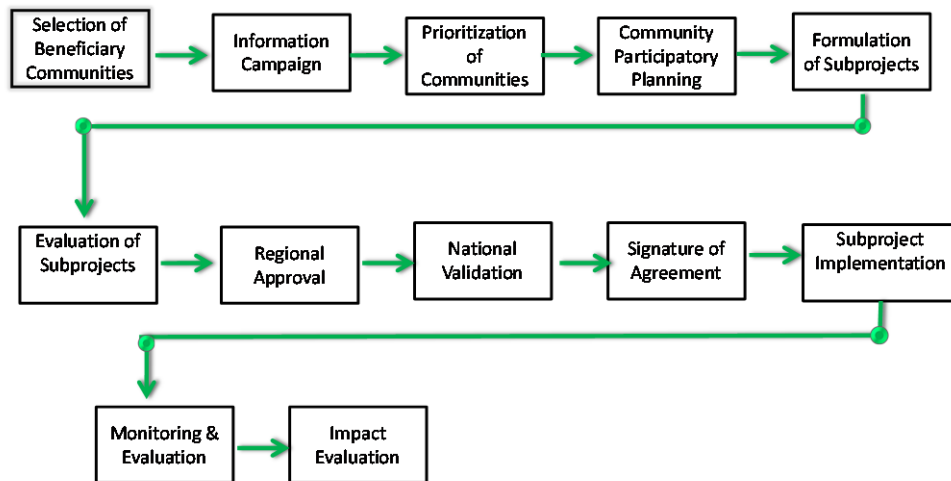
10. **Demand-driven approach with a negative list.** Based on the principle of community empowerment and self-management, it is expected that communities should be able to identify their subproject with a rather open choice of socio-economic infrastructure and services. Eligibility of investment would: (i) be based more on a list of non-eligible activities (negative list) than on a list of eligible ones; (ii) consider the scale and type of activities that can be considered as community investments; (iii) avoid duplications and look for complementarity with other operations in the same area. The Project negative list would be included in the Operational Manual and would include all subprojects, apart from subprojects with negative social and/or environmental impact, financing of: land acquisition; mining activities; construction (as opposed to rehabilitation) of new roads; construction of school or health infrastructures; credit, cash transfer, and revolving funds; acquisition of vehicles or complex machinery; religious and political infrastructure and activities.

11. **Scale of community subprojects.** It is estimated that community subprojects would have an average cost of US\$30,000 with an indicative ceiling of US\$40,000. The level of community financing would be based on an indicative amount of US\$1,000 per family, which would be increased to US\$1,500 when a second subproject is prioritized by women and implement by a majority of women. Two or more communities could aggregate their funding in order to implement larger investments, provided that their scale remained commensurable to community-level operation and maintenance capacities.

¹⁹ Amendments to the OM would need to be acceptable to the Bank.

12. **Subproject cycle.** The following diagram presents the subproject cycle, which is expected to include the following 12 steps.

Subprojects cycle



- i. **Information and communications campaign:** The campaign would be timed in accordance with the subproject cycle, and based on specific messages aimed at groups differentiated in terms of culture, gender and roles. Prolific use would be made of native language radio (Aymara and Quechwa), as well as promotional material and techniques designed for use by different actors in the course of community and project activities.
- ii. **Local Diagnostic:** As part of its planning process, each community will carry out a self-diagnostic with the help of a professional community planner hired by the Project and of at least two facilitators (a woman and a man) selected by members within the community. The diagnostic would be focused on key community problems underlying poverty and vulnerability, informed by the use of a small set of indicators allowing the community (and the groups thereof) to compare their status with municipal and national averages.
- iii. **Prioritization of needs:** In order to ensure that final demands reflect the priorities of all intra-community groups, aspirations would be generated separately by men and women and, depending on the context, also by self-segregated socio-economic groups. All groups would then negotiate in order to agree on a shared list of prioritized demands. The process, including explicit prioritization criteria, would be animated and documented by external facilitators. First priorities are expected to benefit most members of the community, or at least the most disadvantaged ones.
- iv. **Formulation of sub-projects:** Pre-investment studies, including technical feasibility and designs, and mitigation measures, if needed, would be carried out by specialists hired by the Project. Given the scale of the investments, it is expected that most pre-investment

studies would be based on modular engineering designs which would be adapted to local circumstances.

- v. **Evaluation of subprojects proposals (ROU):** technical personnel in the Regional Operational Unit would carry out a quick ex-ante field evaluation focused on technical quality and safeguards, and would recommend approval, adjustments or rejection.
- vi. **Approval of subproject (PCT):** Approved evaluations would be sent to the National Coordinating Team which would approve the subproject proposal on the basis of a desk review, which would include analysis of compliance with safeguard checklist.
- vii. **Signature of subproject financing agreement:** for every subproject, a financing agreement will be signed by the National Coordinator of Empoderar and the representative(s) of each beneficiary community. Once the necessary conditions have been met (opening of a Bank account) the signed agreement will authorize the disbursement of the first payment (advance) to the community. Subsequent payments will be based on physical progress.
- viii. **Subproject implementation:** Each community would create an administration and a vigilance committee, both of which may be designated on the basis of the existing leadership structure or in parallel to it. The administration committee would be in charge of investment execution and the organization of O&M arrangements. It would manage the bank account, carry out procurement activities, organize the allocation of community contributions, register transactions and counterpart contributions, and prepare reports for the community and society at large. The vigilance committee would be in charge of ensuring this work is done properly and transparently. Both groups would receive training and technical assistance on the job. Disbursements would be done in tranches, following verification of physical progress and community approval.
- ix. **Subproject Monitoring:** staff of the ROU will undertake regular supervision missions to subproject sites in order to verify progress and to assist communities during implementation. For each subproject under supervision, the staff of the ROU will issue periodical Physical Progress Reports (PPR, based on format and frequency to be specified in the Operational Manual). Once endorsed by the relevant Regional Coordinator, the PPR would serve as basis for subsequent disbursement to the community.
- x. **Subproject closing:** Satisfactory completion will be contingent on achievement of physical targets, timely and adequate management of funds and community contributions, and the establishment of maintenance and operation practices. Funds saved by administrative committees at the end of investments would remain in community hands, following their approval for specific uses.
- xi. **Technical audit:** Beginning on the second year, and every year hence, the Project would carry out, with the help of an independent firm, a technical evaluation of a sample of community subprojects under TOR agreed with the Bank.
- xii. **Impact Evaluation:** A full impact evaluation would be carried out before the Mid-term Review and prior to Project closing by an independent firm under TOR agreed with the Bank.

ii. Financial Management, Disbursements and Procurement

a. Financial Management

Risk assessment

13. As part of the preparation process of the Bolivia Community Investment Project, the Bank performed a financial management capacity assessment to determine the adequacy of MRDL-*Empoderar*'s financial management arrangements to support project implementation. MRDL-*Empoderar* is currently in charge of implementing the Rural Alliances Project²⁰, for which FM performance has been found acceptable.

14. The purpose of this Annex is to spell out the main issues regarding financial management arrangements based on the Bank's knowledge of proposed implementing entity at the date of this document, and at the same time identify the actions that need to be completed. The document also includes an FM risk assessment mainly based on the Bank's knowledge of Bolivia's public financial management system, the involved entity, and project features.

15. Although the Project design is simple, based on a classical CDD approach, complexity may hide in the fact that it would require direct transfer of funds to beneficiary communities for subproject implementation, which is not a consolidated approach in Bolivia, mainly from the operational perspective. While several lessons can be used from similar interventions, in Bolivia this may require sound operational arrangements, including for financial management. This is part guaranteed by the fact that project implementation would be based on *Empoderar*'s existing arrangements for the Rural Alliances Project, adequately strengthened and/or customized to address the Project's specific needs. To that end, *Empoderar*'s will be strengthened with the hiring of key FM staff, for which terms of reference have been approved by the Bank. *Empoderar* has also tailored some of the specific procedures and arrangements to process disbursements to beneficiary communities, which would follow existing arrangements through SIGMA and Treasury Single Account (CUT). Additionally, adjustments to the information systems (SIIG and SAS) are in progress. Overall FM arrangements have been reflected in a draft Operational Manual, including a model financing agreement to be entered into with beneficiary communities.

16. With the information available as of the date of this document, the project's FM inherent risk is rated as substantial due to: (i) weaknesses in the public sector to attract and maintain qualified staff with subsequent high staff rotation, which could adversely affect both project preparation and implementation; and (ii) project design that requires transfer of funds to beneficiary communities with low capacity. The FM control risk is also rated substantial because, even though FM arrangements are substantially defined and found acceptable, their effective operation will depend on the existence of additional qualified and experienced staff. The overall FM risk is **substantial**, and it will be reviewed and updated as project progresses.

17. Based on the assessment performed, and specific actions taken by *Empoderar* to address project specific needs, the proposed financial management arrangements can be considered acceptable to the Bank.

²⁰Cr. 4068-BO and Cr. 4558-BO

Summary of Financial Management Arrangements

18. The Project would be implemented by the MRDL through its Empoderar Coordination Team. Empoderar is a deconcentrated unit of the MRDL and it is currently implementing the Rural Alliances Project; as well as other external-financed projects. Thus, it has in place a well defined structure and well established processes, procedures, instruments and systems.

Organizational arrangements and staffing

19. As it relates to financial management, Empoderar currently has an administrative and finance team, basically organized by source of financing. Each team follows the same arrangements to address specific financial management tasks in relation to budgeting, accounting, disbursements, financial reporting, and monitoring of subprojects. For project purposes, it has been agreed that the existing structure would be strengthened with the contracting of a Financial Management Specialist, supported by an accounting officer and a disbursement officer at central office level, as well as one fiduciary staff for each Regional Offices, mainly aiming at providing support to beneficiary communities.

20. Terms of reference of such proposed staff have been substantially defined and agreed, and functions and responsibilities reflected in the draft Operational Manual. Selection process would follow Bank's selection and contracting procedures.

Programming and Budget.

21. The preparation of the annual program and budget will follow local regulations established by the Ministry of Economy and Public Finance (MEFP)²¹, and specific regulations and instructions that may be issued by the Viceministry of Budget and Fiscal Accounting, and Viceministry of Public Investment and External Finance (VIPFE) as applicable. Those general procedures will be complemented by specific guidelines to be prepared for the Project, including the preparation of an annual operating plan with at least semi-annual budget, which can be consistently used for monitoring purposes.

22. At subproject level, Empoderar has in place arrangements and mechanisms to adequately support the preparation and monitoring of budgets for each subproject and respective tranches within a subproject. It has been confirmed that Empoderar is authorized to process transfers of public proceeds to private parties that includes rural communities, as defined in the approval of the annual national budget.

Accounting – Information system

23. Empoderar has to comply with the Governmental Accounting Standards. Therefore, the Project would use the Chart of Accounts established by the Accountant's General Office (*Dirección General de Contabilidad Fiscal*). The project will benefit from the use of SIGMA (Government's integrated financial management system), and the Treasury Single Account (CUT in US dollars and local currency) to process payments, including disbursement to community subprojects. Project transactions and preparation of financial statements will follow the cash basis of accounting.

²¹ Law No. 2042, Supreme Decree No. 29881 dated January 7, 2009 – Regulations for Budgetary Modification.

24. The use of SIGMA will be complemented with the use of SIIG (*Sistema Integrado de Informacion Georeferencial*), a management information system designed and implemented to allow recording, control, reporting and monitoring of subproject implementation, both on the physical and financial progress; and which is linked to SAS (financial management system) that allows recording of project transactions classified by sources of financing, following a more functional classification, for further issuance of financial reports and statements of expenditures. To this end, Empoderar is working on the specific adjustments to both SIIG and SAS to allow for separate recording of the new project.

Processes and procedures

25. Overall, Empoderar has to comply with local requirements related to administrative and control systems (SAFCO Law). Additionally, on the basis of the arrangements agreed for the Rural Alliances Project, it has put in place specific and detailed processes and procedures, including internal controls and instruments required for subproject implementation, both at National and Regional Office level. Those procedures provide for clear roles and responsibilities, adequate segregation of duties in terms of authorization, recording and approval of payments and disbursements, as well as for monitoring purposes. While, information system provides required information for monitoring purposes, oversight function over Regional Offices might need to be strengthened, so that required corrective actions are taken on a timely basis.

26. At subproject level, simplified guidelines have also been developed, including requirements for record keeping (hand-written record of receipts), minimum documentation requirements, and preparation of progress reports (physical and financial). Specific mechanisms to provide communities with technical assistance to carry over some administrative tasks were also defined.

Financial reporting

27. Taking into account the considerations made in the Accounting- Information System section, and as currently done, the interim financial reports (IFRs) will be directly issued from existing information system (SAS), subject to making required adjustments to permit separate recording of proposed project transactions. The IFRs need to specify sources and uses of funds, reconciling items (as needed), and cash balances, with expenditures classified by project component/subcomponent; and a statement of investments reporting the current semester and the accumulated operations against ongoing plans, as well as footnotes explaining the important variances. The reports would include credit proceeds, and local funds as applicable (including in-kind contributions). Those reports would be prepared and submitted to the Bank on a semi-annual basis no later than 45 days after the end of each calendar semester. The reports would be prepared in local currency and US dollars. On an annual basis, Empoderar will also prepare project financial statements including cumulative figures, for the year and as of the end of the year (December 31)

28. Format and content of the IFRs have been substantially defined; and this will be confirmed once the information system is set for this project. Consistently with current arrangements, IFRs will be accompanied by a customized monitoring report detailing transfers to subprojects.

Audit

29. Annual audit reports on project financial statements, including management letter should be submitted to the Bank, within six months of the end of the Borrower's fiscal year²² (December 31). The audit should be conducted by an independent audit firm acceptable to the Bank and under terms of reference approved by the Bank. Audit cost would be financed out of credit proceeds and selection would follow standard Bank procedures. The scope of the audit would be defined by Empoderar in agreement with the Bank based on project specific requirements and responding, as appropriate to identified risks, including review of compliance with agreed processes and procedures; as well as a sample of subprojects. Audit requirements would include the following:

Audit type	Due date
Project financial statements	June 30
Special Opinions - SOE	June 30

b. Flow of Funds and Disbursement Arrangements

30. Following the general practice of the current portfolio, the following disbursement methods may be used to withdraw funds from the credit: (a) reimbursement, (b) advance, and (c) direct payment.

31. Under the advance method and to facilitate project implementation, a Designated Account (DA) in US dollars would be opened and maintained by Empoderar. Funds deposited into the DA as advances would follow Bank's disbursement policies and procedures, described in the Financing Agreement and in the Disbursement Letter.

32. In keeping with current arrangements established by the Viceministry of Treasury and Public Credit for the operation and use of a Single Treasury Account in US dollars (CUT-ME)²³, the DA will be opened and maintained as a separate *Libreta* within the Single Treasury Account (CUT) in US dollars, which will also operate with a separate *Libreta* within the Single Treasury Account in Bolivianos, from which all payments and disbursements to beneficiaries' bank accounts will be processed.

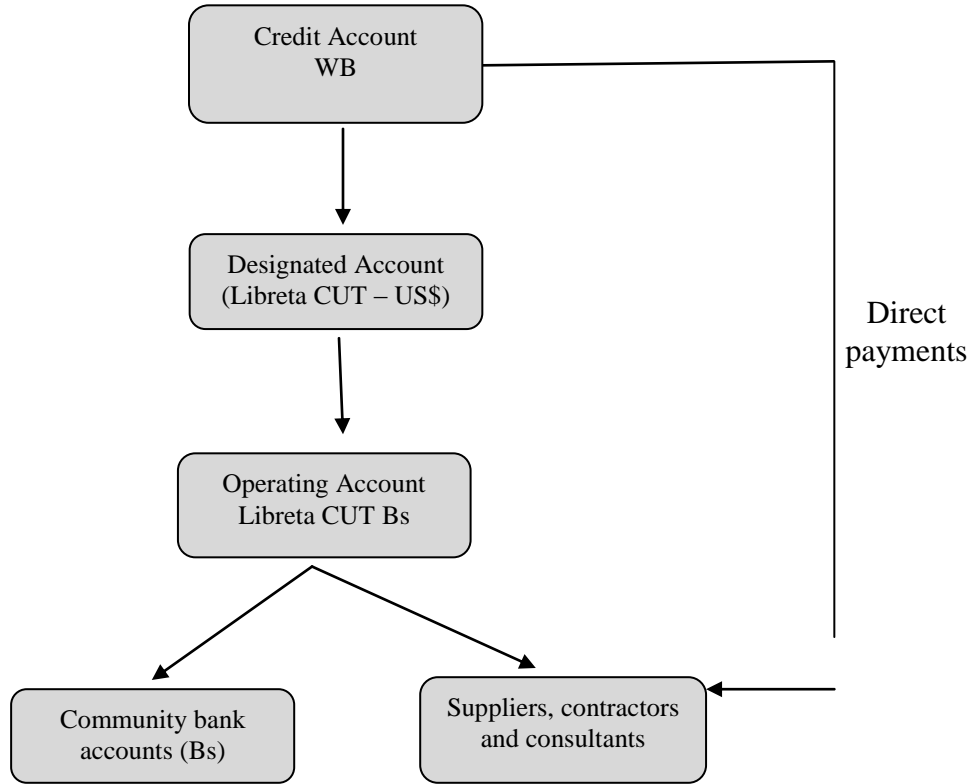
33. The ceiling for advances to be made into the DA would be US\$3,000,000. The reporting period to document eligible expenditures paid out of the DA is expected to be on a quarterly basis. The supporting documentation requirements to document project expenditures (thresholds for the use of SOE), as well as the minimum value for applications for direct payments and reimbursements will be defined in the DL. For the purposes of Component 2 - Community investments, a customized SOE will be used, and which is automatically prepared from the information system.

34. Disbursements to communities will be mainly made using a lump sum basis, and they are expected to be processed as direct transfers from the project's bank account (*Libreta CUT*). Detailed funds flow arrangements for subprojects, as well as requirements for beneficiary

²² In accordance with Bank's Guidelines, the first and last audits may cover a period of up to 18 months.

²³ *Decreto Supremo* No. 29236 dated August 22, 2007

communities to open bank accounts and be registered as SIGMA beneficiaries have been confirmed; and are reflected in the Project Operational Manual.



Credit proceeds will be disbursed against the following expenditures categories:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Consultant' Services, Non-Consultant Services, Incremental Operating Costs and Training & Workshops under Components 1 and 3 of the Project	10,000,000	100%
(2) Community Investment Grants	30,000,000	100% of the amounts disbursed under the CI Grant Agreements
TOTAL AMOUNT	40,000,000	

c. Procurement

General

35. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011, and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, and the provisions stipulated in the Legal Agreement. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and timeframe, are agreed between the Recipient and IDA in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. An Ad hoc Operational Manual and a Field Manual for the project will be prepared, and will include further details on the procurement processes and arrangements.

36. **Procurement of Works:** Works procured under this project may include the construction of small-scale irrigation systems, water supply, small rural infrastructure, etc. International Competitive Bidding (ICB) is not foreseen. Packages amounting to under US\$3,000,000 in the aggregate may be procured using National Competitive Bidding (NCB) processes. Shopping (S) procedures may be used for contracts of up to US\$250,000. Procurement of works for NCB or S methods would be based on bidding documents satisfactory to the Bank.

37. **Procurement of Goods and Non Consultant services:** Goods procured under this project would include, inter alia: vehicles; office furniture and equipment, including computers, printers and photocopiers, telecommunication equipment (telephone system, fax, radios); field equipment (GPS, surveying material, etc.) necessary to carry out the project activities; goods (equipment, furniture, materials, etc.) purchased in the framework of subprojects. Procurement of goods will be done using the Bank's standard bidding documents (SBD) for all international competitive bidding (ICB), and bidding documents satisfactory to the Bank for national competitive bidding (NCB) or Shopping (S) methods.

38. All procurement notices shall be advertised in the project's website, the Government's website (SICOES), and at least one local newspaper of wide national circulation. ICB notices and contract award information shall be advertised in the United Nations Development Business online (UNDB online), in accordance with provisions of paragraph 2.60 of the Procurement Guidelines.

39. **Selection of Consultants:** Consulting Firms services may be contracted for training and capacity building activities, technical studies, audits, evaluations, and support to communities. The procurement of consulting firms will be carried out using Bank's standard Request for Proposals (RFP). International firms should have the opportunity to participate in all solicitations above \$100,000 USD. Shortlists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national consultants (firms registered or incorporated in the country) in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Consulting Firms would be selected following Quality and Cost-based Selection (QCBS) for all contracts in the estimated amount of more than US\$100,000.

40. **Selection of Individual Consultant Services:** Individual consultant services will be contracted mostly for Project Management and for technical advice, mainly in the substantive

matters of the project. The Terms of Reference, job descriptions, minimum qualifications, terms of employment, selection procedures, and the extent of Bank review of these procedures to contract “Consultores de línea” are described in the Operational Manual and the contracts included in the Procurement Plan. Services by Individual Consultants may also be contracted to accompany the beneficiary communities in the preparation or implementation of their subprojects.

41. A project website, a government website (SICOES), and a national newspaper shall be used to advertise expressions of interest as the basis for developing short lists of consulting firms and individual consultants, and to publish information on awarded contracts in accordance with the provisions of paragraph 2.28 of the Consultants’ Guidelines and as mandated by local legislation. Contracts expected to cost more than \$100,000 USD shall be advertised in UNDB online. Shortlists of consultants for services estimated to cost less than \$100,000 USD equivalent per contract may be composed entirely of national consultants, in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

42. **Training:** Training would include expenditures (other than those for consultants’ services) incurred by the Borrower to finance logistics for workshops, meetings, and seminars, and reasonable transportation costs and per diem of trainees and trainers (if applicable), training registration fees, and rental of training facilities and equipment. The procurement would be done using NCB and Shopping procedures as discussed below. Direct Contracting (paragraph 3.6 of the Procurement Guidelines) may be used for the payment of registration fees, up to a ceiling amount to be established annually in the Procurement Plan.

43. **Community subprojects:** The Project will finance demand-driven subprojects submitted by Component 2 and approved by the PCT under a grant mechanism. Procurement of goods, works, and technical assistance, financed through the sub-projects, will be carried out directly by the communities using, in most cases, shopping procedures and commercial practices for goods and works. CDD projects generally envisage a large number of small value contracts for goods and both non-consulting and consulting services, and a large number of small works scattered in remote areas. Commonly used procurement procedures include Shopping, local competitive bidding inviting prospective bidders for goods and works located in and around the local community, direct contracting for small value goods, works, and non-consulting services, and the use of community labor and resources. The Project Operational Manual describes all procurement arrangements, methods, and procedures including the roles, the responsibilities, and the extent of participation of the community in general (including in certain circumstances community tender committees as may be needed), simplified steps for all applicable methods of procurement, provisions for any technical or other assistance required by the community, payment procedures, and procedures for maintenance of records, simplified forms of contracts to be used, roles and oversight functions of the implementing agency, etc. Municipal Committees will receive training by the Project's Procurement Specialist on procurement guidelines and preparation of simplified subproject procurement plans.

44. **Operating Costs:** The project will finance incremental operational cost of the EMPODERAR program and the operational cost of the PCT, including: salaries, travel cost and subsistence for missions of project staff (excluding civil servants); establishment and operation of the monitoring and evaluation system, including baseline studies and impact evaluations; technical and financial audits; operation and maintenance of project offices, including utilities and telecommunication; acquisition, operation and maintenance of office and field equipment,

including vehicles, needed for project activities. These operating costs will be administered in accordance with the Bank's Procurement Guidelines, as appropriate. This procurement also will be carried out using the Bank's SBD or National SBD agreed with the Bank.

Procurement Plan

45. EMPODERAR prepared a procurement plan for project implementation. The procurement plan was discussed and agreed between the Borrower and the Bank during Negotiations and is available at both offices. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated semi-annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

46. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association, except for those contracts terminated by the recipient's agency for which the Borrower shall seek the Association's no objection prior to the proposed termination. Sub projects will be included in the Procurement Plan semi annually, and all of them subject to post review.

Frequency of Procurement Supervision

47. In addition to the prior review supervision to be carried out by the Bank, the capacity assessment of EMPODERAR has recommended semi-annual supervision missions, including field visits, and post-reviews of procurement actions.

48. Twenty percent of all contracts will be post-reviewed by the Bank. Based on the finding of the Post Procurement Reviews and the proposed ratings, the Bank may determine the revision of the prior review requirements.

Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

49. ICB contracts for **works** estimated to cost above US\$3.0 million and ICB contracts for **goods** estimated to cost above US\$200,000 per contract and all direct contracting will be subject to prior review by the Bank. Direct Contracting regardless of the amount, will be subject to prior review by the Bank.

2. Consulting Services

50. Consultancy services estimated to cost above US\$100,000 per contract and all single source selection of consultants (firms) will be subject to prior review by the Bank. Individual consultants services to cost US\$25,000 or above per contract and all single source selections (regardless of the amount), except for those carried out under community investments, will be subject to prior review by the Bank.

51. Shortlists composed entirely of national consultants: Shortlists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of

national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

52. Thresholds for procurement methods and prior review

Expenditure Category	Contract Value (Threshold) (US\$000)	Procurement Method	Bank Prior Review
1. Works	>3,000	ICB	All
	3,000>250	NCB	First two each year
	<250	Shopping (Price Comparison)	First two each year
	Regardless of value	DC.	All.
2. Goods	>200	ICB	All
	200>50	NCB	First two each year
	<50	Shopping	First two each year
	Regardless of value	DC.	All.
3. Sub Projects	Regardless of value	Community Participation in Procurement, including: Shopping for Goods and Works, Local bidding, Single source, Direct contracting, and Community Force account	All Post Review
4. Consultant Services	>100	QCBS	All
	<100	QCBS, QBS, CQ, FBS, LCS (as per Procurement Plan)	All TOR. Selection Process reviewed twice yearly (Ex Post).
	Regardless of value	SSS	All
5. Individual Consultants	>25	IC	All
	<25	IC	All TOR. Selection Process reviewed twice yearly (Ex Post). All contracts awarded under SSS, and key personnel
	Regardless of value	SSS	All (excluding community subprojects)
Total value of contracts subject to prior review: US\$ 970,000			
Notes: ICB: International Competitive Bidding; NCB: National Competitive Bidding; DC: Direct contracting; QCBS: Quality-Cost Based Selection; QBS: Quality Based Selection; FBS: Fixed Budget Selection; LCS:			

Expenditure Category	Contract Value (Threshold) (US\$000)	Procurement Method	Bank Prior Review
Least-Cost Selection; CQS: Consultant Qualification Based Selection; SSS: Sole Source Selection			

iii. Environmental and Social (including safeguards)

a. Environmental aspects

53. The Project has been classified as Category B, as defined in the Environmental Assessment safeguard policy (OP4.01), based on the fact that its potential adverse environmental impacts are site-specific, reversible, and can be readily mitigated. Activities are likely to include community sub-projects such as: water tanks, rehabilitation of feeder roads, water distribution systems, storage facilities, vaccination parks; and activities related to improvements in food production and thus a possible increased use of fertilizer and pesticides. Based on experience with similar activities, potential negative environmental impacts are likely to include: soil erosion, water and soil pollution, loss of vegetation, increase in solid and liquid waste, pesticide poisoning, and pesticide residues in the food chain.

b. Social aspects

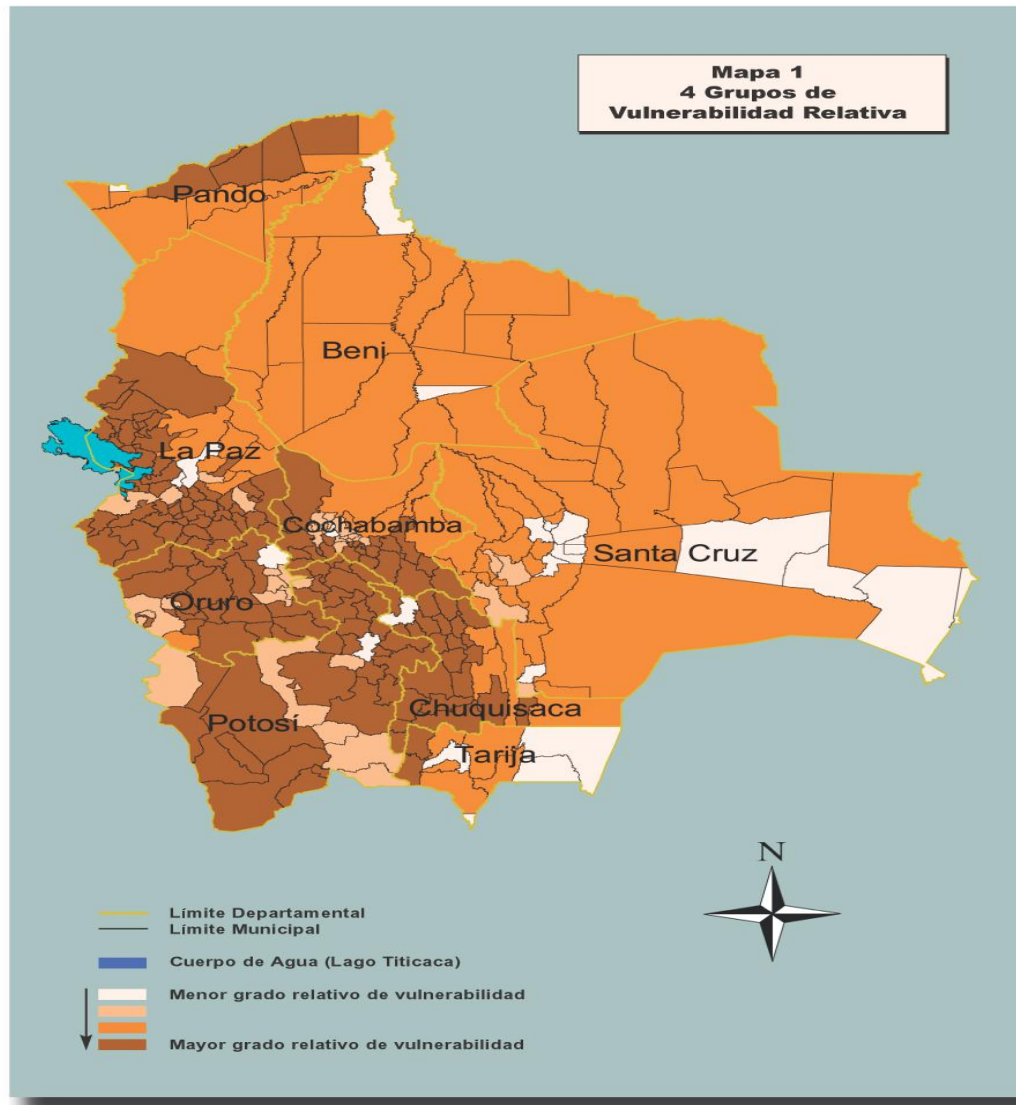
54. It is expected that the Project would directly benefit 100,000 people living in more than 1,500 rural communities in some of Bolivia's poorest municipalities. The vast majority (95 percent) of the beneficiaries would be indigenous people.

55. As part of Project preparation, the Borrower conducted a comprehensive Social Assessment (SA) which included extensive stakeholder consultations in the rural areas of each of the four targeted departments (La Paz, Oruro, Cochabamba, and Chuquisaca). The workshops were held between 15 January and 15 February 2011 involving a total of 187 representatives of municipal and community-level institutions and focused on the following key issues: (i) socio-cultural diversity and gender; (ii) indigenous peoples' living conditions, existing social and organizational institutions and local power relations; (iii) analysis of key local stakeholders; and (iv) analysis of potential risks and how to avoid or mitigate them. A comprehensive set of recommendations was gathered from stakeholders' participation in the above issues. In addition, secondary sources (including VAM) were reviewed to understand indigenous groups' livelihoods systems, needs and priorities as well as to inform the design of PICAR's targeting mechanisms in favour of the most vulnerable communities.

56. The SA identified the following main social risks: (i) following long-standing practice of distribution of municipal funds, social organizations may demand unconditional transfers to communities; (ii) as per traditional practice, the communities organized under the larger indigenous administrative structures of "Ayllu" (in La Paz, Oruro and Chuquisaca) might demand that project benefits target all communities indiscriminately; (iii) communities' high demands for water might exceed the budget allocation of small community infrastructure projects; (iv) elite capture of project benefits by influential community leaders; (v) weak institutional capacities at the community level to plan and implement projects independently; and (vi) indigenous peoples' lack of financial capital might influence their capacity to provide the required contribution to project development and maintenance. In addition, the SA flagged a set of specific social risks at the beneficiary-level: (i) risk of exclusion of the most vulnerable communities and/or of the most vulnerable population groups within communities; (ii) risk of exclusion of women from decision-making and project benefits; (iii) risk of conflicts within the larger indigenous administrative

structure of the “Ayllu” when working with the “community” as the targeted beneficiary unit for PICAR investments.

57. Given the risks identified, several mechanisms would ensure that project benefits would primarily target the poorest and most vulnerable communities. These include: (a) selecting project areas characterized by high levels and density of vulnerability (VAM rating 4 and 5); (b) adopting transparent criteria and guidelines for the selection and prioritization of beneficiary communities, including community-level VAM, prevalence of poor and marginalized households; degree of geographic isolation; (c) establishing mechanisms to ensure the most vulnerable community members (including women and youth) participate in decision-making and benefit from the project; and (d) opting for direct transfer of funds to communities without the intermediation of municipalities. In addition, communication and information strategies, planned under the project, would also be tailored to address the particular information needs of the target groups (men, women, youth, the most marginalized, etc.), in terms of language, choice of medium, and type of message.



58. In addition, the following measures – outlined in the Project Operational Manual- would enhance community-level ownership and empowerment : (a) improving transparency at the community level, open consultation and information sharing with beneficiary communities; (b) integrating vulnerable groups within the communities in the decision-making processes on priority needs as well as in the implementation, maintenance and equal access to benefits from community projects; (c) strengthening the capacities of community organizations throughout the project cycle, both in terms of planning and managing community projects and in terms of organizational skills (including managing group dynamics, negotiation and conflict prevention/resolution) and participatory leadership; (d) developing targeted mechanisms aimed specifically at the inclusion of women; and (e) including community-based monitoring of project activities.

59. The SA highlighted important challenges with regard to indigenous women’s effective participation in community-level decision making and their particular vulnerability, resulting from lower educational levels (monolingualism), heavier workload, and higher exposure to nutritional deficiencies. To address these challenges, the Project Operational Manual includes a **gender strategy** based on a carefully balanced and inclusive gender approach that seeks to promote women’s participation in the existing community institutional structures, while actively involving men in the efforts. When implementing affirmative action in favor of women, mechanisms would ensure that male counterparts are not alienated so as to minimize the risks of conflicts within households and communities. Such mechanisms include sensitization as well as highlighting the comparative advantages that both women and men can bring to the process of community development.

60. The gender strategy outlines specific measures to: (a) increase the active participation of women throughout the process of sub-project identification, planning, implementation and M&E; (b) address the specific capacity-building needs of women through special training and workshops; and (c) offer communities the possibility of applying for a second sub-project, on the condition that it is prioritized by women and to be implemented primarily by women.

61. Given the high prevalence of stunting in the areas of intervention, the Project will pay particular attention to nutritional issues. Rather than creating a specific window to finance nutrition-related subprojects, the Project will ensure (through sensitization, capacity building, and technical assistance) that attention to nutrition issues is incorporated as a cross-cutting concern in all phases of the subproject cycle, from the community-level diagnostic to the implementation of community investments. Assuming that women would tend to prioritize improvements of family well-being, it is also expected that financing subprojects promoted and implemented by women should provide excellent opportunities for PICAR to incorporate targeted nutritional interventions into community investments.

c. Safeguards

62. Based on the type of activities that it could finance, the Project triggers the following environmental safeguard policies: **OP/BP/GP 4.01 - Environmental Assessment, OP/BP 4.04 - Natural Habitats, OP 4.09 - Pest Management, OP/BP 4.11 - Physical Cultural Property, and OP/BP 4.37 - Safety of Dams**. In most cases the safeguard policy would have a preventive effect, influencing the design or the implementation plans of subprojects submitted for financing.

In subproject affecting sensible and/or large areas, it is expected that the potential negative effects could be mitigated with very simple measures.

63. Since the type, location, actual scale and potential impact of future sub-projects were not known before appraisal, the Recipient prepared an Environmental and Social Management Framework (ESMF) that outlines an environmental and social screening process for identifying and mitigating potential negative environmental and social impacts at the sub-project planning stage. The ESMF includes: (i) Guidelines for an Environmental Management Plan (EMP); (ii) a Summary of the World Bank's Safeguard Policies; (iii) a Pest Management Plan (PMP); (iv) a Physical Cultural Resources Management Plan (PCRP); (v) Provisions to evaluate and recommend remedial actions for existing dams and (vi) a Resettlement Policy Framework (RPF).

64. To ensure that the sub-projects are implemented in an environmentally and socially sustainable manner, the ESMF formulates recommendations to strengthen environmental management capacity, as well as implementation and monitoring of corrective measures. The Borrower prepared an Environmental Assessment (EA), including an Environmental Management Framework, reviewed by the Bank and disclosed in Bolivia and on the World Bank's external website before appraisal.

65. Because of the preponderance of indigenous peoples in the areas of intervention, the project as a whole is designed in compliance with the **OP/BP 4.10 - Indigenous Peoples**, and no separate Indigenous People Development Plan or Framework would be prepared. This avoids parallelism and contributes to a better integration of indigenous peoples' needs and concerns in the overall project design.

66. Following the spirit of **OP/BP 4.12 - Involuntary Resettlement**, which states that "involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs", the project will limit financing to activities that may lead to the involuntary taking of land and that could entail "relocation or loss of shelter; lost of assets or access to assets; or loss of income sources or means of livelihood, whether or not the affected persons must move to another location". However, in consideration of the fact that the project may finance small infrastructure that under exceptional circumstances may indeed require involuntary resettlement, it has been decided that the Project would trigger OP/BP 4.12 Involuntary Resettlement. Accordingly, the Borrower prepared a Resettlement Policy Framework disclosed in Bolivia and on the World Bank's external website before Appraisal.

67. The Borrower's capacity to address environmental and social issues and relevant safeguard policies appears to be adequate, and is based on recent successful experience managing other Bank-financed projects in rural Bolivia. Compliance with the safeguards policies would be ensured through the recruitment of environmental and social specialists in the project regional coordination teams.

iv. Monitoring & Evaluation

68. Monitoring and evaluation would be considered a key part of project implementation. PICAR's M&E system would be geared toward tracking the project's key outcomes as defined in Annex 2. All indicators would be disaggregated based on poverty level, gender, ethnicity, location, and other relevant criteria. The M&E system would be result-oriented and conceived as a management tool to be used by both project staff and participating communities, through

simplified feedback reports oriented towards: (i) Monitoring due diligence, based on compliance with the OM; (ii) Monitoring and evaluating the achievement of development objectives and outcomes; (iii) Assessing sustainability of outcomes; (iv) Assessing impact on social capital and local decision-making; (v) Evaluating the level of empowerment of vulnerable groups (women and youth); and (vi) Monitoring compliance with the ESMF.

69. The M&E system would be designed to operate at the national, regional and community levels. At the national level, the PCT's M&E specialist would revise and collate periodic data, including field information sent by the UCR, ensure quality control of data from decentralized levels, and take the lead in compiling the data for quarterly reporting. The Financial Management Specialist would be responsible for providing and cross-checking data related to fiduciary matters (including progress on disbursement to communities). All M&E data (technical and financial) will be geo-referenced and captured in a Management Information System (MIS) with online access²⁴.

70. At the regional level, information will be collected and transmitted by ROU staff during regular project activities (meetings with communities, trainings, supervisions, etc.). At the community level, community members will be trained in and use participatory M&E to track the progress of their subproject with respect to desired outcomes and results they have identified as part of its preparation.

71. Fiduciary and technical audits will be undertaken in all municipalities through random samples of participating communities to ensure compliance with the project procedures. Baseline data for the purpose of impact evaluation will be collected in each municipality before the start of subproject activities. A mid-term evaluation will be carried out at the latest 30 months from the date of project effectiveness.

72. **Impact evaluation.** To evaluate the impact of PICAR, communities will be observed before and after they receive the PICAR 'treatment', so that it would be possible to observe comparable communities that do not receive PICAR over the same period of time. This could be accomplished if communities enter the program in progressive fashion over time, with a third of eligible communities in year 1, another third in year 2, and the final third in year 3.

This design offers a set of interesting advantages for impact evaluation. Calling A the group starting treatment in year 1, B the group starting treatment in year 2, and C those starting treatment in year 3, using difference-in-differences method we can estimate the impact of:

- one year of PICAR by comparing A versus B and C at the end of year 1;
- two years of PICAR by comparing A versus C at the end of year 2; and
- one year of PICAR by comparing B versus C at the end of year 2.

Estimates (i) and (iii) can be compared, as they are expected to be similar. If they weren't, this could provide useful information in term of learning or spillover effects.

²⁴ The system will be designed at the beginning of the project implementation based on the experience and the M&E system of the PAR project.

Annex 4
Operational Risk Assessment Framework (ORAF)

Project Development Objective(s)	
To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.	
PDO Level Results Indicators:	<ul style="list-style-type: none"> i. Beneficiary communities show improvement in social capital index ii. Community (of which women's) subprojects that satisfactorily achieve 75% of expected results iii. Community (of which women's) subprojects fully functional one year after their completion

Risk Category	Risk Rating	Risk Description	Proposed Mitigation Measure
Project Stakeholder Risk	L	The Project will cover only a limited area of Bolivia and there is the risk that non targeted areas try to influence the expansion of the Project to other area, which would dilute its intervention and reduce its impact.	Areas and criteria of intervention are clearly spelled out. Information campaign and operation manual will illustrate the rules of the game to all involved parties.
Implementing Agency Risks	M-I	Frequent turnover of key staff and limited fiduciary capacity may create implementation bottlenecks.	<ul style="list-style-type: none"> • Capacity building will be an essential part of project activities. • Staff in World Bank office will provide support to staff of the PCT including through regular and on-the-job

			training, particularly for fiduciary staff.
Project Risks			
Design	L	Complexity of project design may be a challenge and may delay implementation	<ul style="list-style-type: none"> • Maintaining the project design as simple as possible, with a clear focus on communities; • Investing in capacity development at all levels of implementation.
Social & Environmental	M-I	<ul style="list-style-type: none"> • The Project triggers the Bank's Environmental Assessment (OP/BP/GP 4.01); Pest management (OP 4.09); and Indigenous Peoples (OP 4.10) policies. • Project may not take cultural specificity of Indigenous Peoples (the vast majority of beneficiaries) into account. • Some stakeholders (municipalities or communities) may expect the project to cover ALL communities in any given municipality, irrespective of needs 	<ul style="list-style-type: none"> • Preparation of environmental and social management framework • Voluntary triggering of OP 4.12 Involuntary Resettlement and preparation of RPF • Communication strategy, including at government and department level, to explain the project approach
Delivery Quality	M-L	<ul style="list-style-type: none"> • Community investment subproject may result unsustainable for lack of capacity, funds, and/or accountability in their operation and maintenance 	<ul style="list-style-type: none"> • Monitoring sustainability • Including O&M training as part of subproject financing • Using technically sound and simple investment designs • Involving sectoral and municipal authority in technical design and maintenance

Overall Risk Rating at Preparation	Overall Risk Rating During Implementation	Comments
M-I	M-I	

Annex 5: Implementation Support Plan

1. Strategy and approach for the IS

1. The Implementation Support Strategy has been designed based on the following considerations:

- The Project has been prepared in large part as a companion to the Rural Alliance Project and would be managed by the same entities (MRDL & Empoderar).
- All community subprojects will need to comply with the agreed eligibility criteria to be selected for financing.
- Since the Project will have limited regional coverage, travel needs during supervision will be limited.
- Frequency of supervision missions will likely be higher at the beginning (3-4 per year) to decrease to two per year after project implementation regularizes.
- Fiduciary and safeguards training will be offered to the MDRL and Empoderar staff as well as to community representatives as part of the institutional strengthening activities in Component 1.

2. The Implementation Plan will be revised regularly during implementation on the basis of project progress and continuous risk assessment.

2. Implementation Support Plan

3. Technical Support

- *Component 1* requires expertise in the areas of capacity development, with emphasis in community organization and rural development. Activities under this component will be carried out by sector and technical specialists in the team, supported as needed by local and international consultants.
- *Component 2* requires expertise in the areas of rural engineering, procurement, financial management, social and environmental safeguards, and community development. Activities under this component will be carried out by technical specialists in the team, supported as appropriate by local and international consultants.
- *Component 3* requires expertise in the areas of monitoring, impact evaluations, financial management, social and environmental safeguards. Activities under this component will be carried out by technical and fiduciary specialists in the team, supported as appropriate by local and international consultants. The Bank will provide specialized assistance to the design and supervision of an Impact Evaluation Study.

4. **Fiduciary support.** As stated in Annex 3, MRDL has satisfactory experience in the implementation of Bank-financed programs and its Empoderar unit has satisfactory experience in FM and Procurement. Additional measures to be taken during implementation to strengthen Empoderar for the specific needs of the Project include:

- *Procurement:* Implementation support will include: (i) providing training to members of the PCT; (ii) reviewing procurement documents and providing timely feedback to the procurement specialists; (iii) providing detailed guidance on the Bank's Procurement

Guidelines; (iv) monitoring procurement progress against the Procurement Plan; and (v) ex-post review of community subprojects.

- *Financial Management.* Implementation support will include review of the Project’s financial management system, including but not limited to, accounting, reporting and internal controls. Supervision will also cover sub- projects on a random sample basis.

5. **Safeguards support.** To ensure support in dealing with social and environmental issues at the subproject level, a special focus will be placed on safeguards supervision. The Bank’s team will include an Environmental Specialist and a Social Development Specialist. Post-review of ESMF screening of subprojects will be undertaken annually.

6. **Thematic support.** Specific support from other sector specialists or specialists from other fields might be needed at certain times of project implementation.

7. **Focus of support.** The following summary table presents the main focus in terms of support to implementation during the different phases of the Project.

Time	Focus	Resource Estimate	Partner role
First 12 months	Start-up. Close monitoring of initial batch of subprojects. Monitoring of initial procurement activities at central level.	150% of supervision norm	
12-24 months	Continue monitoring of implementation	Supervision budget based on norm	
24-36	Continue monitoring of implementation Mid-term review mission. Mid-term evaluation of Pilot	150% of supervision norm	
36-Closing	Keep project implementation on track. Drawing lessons learned and mainstreaming good practices.	Supervision budget based on norm	

8. Skills Mix Required

Skills Needed	Number of S/W	Number of Trips	Comments
Rur. Dev. Specialist	12	3	
Rur. Dev. Specialist	12	2	
Rur. Infrastructure Specialist	4	2	
Environmental Specialist	8	4	
Social Dev. Specialist	8	4	
Procurement Specialist	6	4	
Financial Management Specialist	4	4	
Disbursement Specialist	1	0	
M&E specialist	2	1	




Annex 6: Team Composition



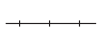



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BOLIVIA COMMUNITY INVESTMENT IN RURAL AREAS PROJECT

 PROJECT MUNICIPALITIES

-  SELECTED CITIES AND TOWNS
-  DEPARTMENT CAPITALS
-  NATIONAL CAPITAL

-  RIVERS
-  MAIN ROADS
-  RAILROADS
-  MUNICIPALITY BOUNDARIES
-  DEPARTMENT BOUNDARIES
-  INTERNATIONAL BOUNDARIES

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