

**INTEGRATED SAFEGUARDS DATASHEET  
RESTRUCTURING STAGE**

**I. Basic Information**

Date prepared/updated: 04/24/2012

Report No.: AC6663

**1. Basic Project Data**

Country: Bolivia	Project ID: P101298	
Project Name: Second Participatory Rural Investment		
Task Team Leader: David Tuchsneider		
Estimated Appraisal Date: November 5, 2007	Estimated Board Date: December 20, 2007	
Managing Unit: LCSAR	Lending Instrument: Specific Investment Loan	
Sector: Roads and highways (40%);Irrigation and drainage (30%);Sub-national government administration (15%);Central government administration (10%);General agriculture, fishing and forestry sector (5%)		
Theme: Rural services and infrastructure (33%);Participation and civic engagement (17%);Indigenous peoples (17%);Other environment and natural resources management (17%);Municipal governance and institution building (16%)		
IBRD Amount (US\$m.):	0	
IDA Amount (US\$m.):	20	
GEF Amount (US\$m.):	0	
PCF Amount (US\$m.):	0	
Other financing amounts by source:		
BORROWER/RECIPIENT		0.23
Local Communities		0.26
DENMARK: Danish Intl. Dev. Assistance (DANIDA)		10.90
Local Govts. (Prov., District, City) of Borrowing Country		2.20
Municipalities of Borrowing Country		9.72
SWITZERLAND: Swiss Agency for Dev. & Coop. (SDC)		4.62
Financing Gap		0.00
		27.93
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**2. Project Objectives**

Pilot the strengthening of institutional arrangements between the national and Eligible Subnational Governments and civil society for sustainable management of subnational public investments in selected productive sectors with an emphasis on territorial development.

**3. Project Description**

Component 1: Institutional Strengthening (US\$ 10.16 million)

Component implementation is under the responsibility of the Ministry of Autonomy (MA), in coordination with the nine AMDES. The AMDES promote, facilitate and supervise component activities at the departmental level. Most of the activities themselves are implemented through technical assistance contracts by municipalities and/or their associations (mancomunidades).

The objectives of the Institutional Strengthening component are to: (a) develop the capacities of subnational governments (and their mancomunidades, or associations) to coordinate the actions of a variety of governmental, social and private actors, and to increase funding for, and improve the administration of, investments and support subnational governments' transition to fully operational autonomous governments; (b) facilitate the process of coordination among municipalities and between them and other subnational governments; (c) support collective action and empower groups of rural communities and poor producers in order to enable them to participate effectively in priority-setting, monitoring and evaluation of public actions; and (d) support the national government's capacity to formulate enabling regulations and strengthen the newly created MA, specifically the Autonomy State Service (SEA) to support the subnational government's transition to fully operational autonomous governments.

Component 1, Institutional Strengthening, is being modified to include all autonomous subnational governments (Departments, Municipalities, Regional Governments, Indigenous Autonomies of Peasant Origin - AIOCs and Mancomunidades) in the Project area to be eligible for institutional strengthening activities. Additionally, activities to strengthen the newly created MA, specifically the SEA, are being included for Project financing to support the subnational governments' transition to fully operational autonomous governments.

The main outputs of the component are: (a) established rules for coordination and cofinancing between subnational governments and support for their transition to fully operational autonomous governments; (b) supramunicipal development plans; (c) a reduction of administrative costs required for investment execution; (d) an increase in the proportion of departmental and municipal budgets aimed at productive investments; and (e) trained municipal, social and departmental actors in investment planning, execution and operations and maintenance (O&M).

A key focus for the component is to facilitate an increase in the scale of planning, investments and O&M activities, while establishing clear and non-discretionary rules for coordination and cofinancing between departments and municipalities. Component design emphasizes the need for flexible approaches that accommodate to different political, financial, economic and social departmental situations. Having established the interest of departments and eligible municipalities to participate in the project on the basis of a minimum set of rules (spelled out in Interinstitutional Agreements between them and the MA), the component provides technical assistance to, and facilitates a process for, departments and municipalities to formulate a basic set of departmental rules and institutional arrangements for subnational cofinancing.

The component supports the participation of public and social actors in coordinated planning exercises. Most subnational actors have agreed at the outset on the territorial spaces in which to coordinate planning, investments and O&M; and, indeed, the project area is divided into 18 regions, distributed within the nine departments. Different

departments are moving towards such a regional approach in order to better organize their coordination with local governments.

In order to accommodate departmental preferences and different levels of subnational coordination, the component has allowed for different points of entry in order to obtain a gradual improvement of interinstitutional relations. Therefore, territorial planning, as an instrument for coordination and cofinancing (*concurrency*) has been carried out as needed at different levels, gradually encompassing increasing complexity.

Institutional strengthening activities have been mostly managed by municipalities, although specific arrangements, including the type of consultants that provide services and the level of involvement of MA and the AMDES have varied depending on the specific requirements of each activity. Quality has been ensured by standardizing the provision of services and defining clear parameters and outputs for training and technical assistance. The AMDES have provided close oversight of outputs at the local level and payments have been issued based on their certification. In cases where standardization was paramount, training and technical assistance has been provided by consultants hired at the national or departmental levels through a system of vouchers for municipalities. In others, TA and training has been provided by multiple providers hired under TOR which have defined results while requiring tailoring to local situations. Arrangement for each, including TORs and selection procedures, is described in detail in the Operations Manual (OM).

Subcomponent 1.1: Support to autonomy process (US\$ 2.16 million)

The support to autonomy process subcomponent aims to enable subnational governments (by themselves or through their associations) to increase the efficiency, effectiveness and sustainability of investments aimed at local economic development.

The subcomponent has provided technical assistance to subnational governments in order to help them formulate a basic set of rules governing: (a) which resources are provided for cofinancing infrastructure; (b) a formula for distributing these resources and a cofinancing matrix; (c) a clear division of responsibilities on the basis of the established legal framework and procedures for coordinating subnational government investments; and (d) institutional arrangement for executing investments and transferring resources. Technical assistance has been provided to help subnational governments to evaluate and improve the administrative and operational procedures required for the efficient implementation of these arrangements.

The rules for coordination and cofinancing between subnational governments have provided a solid basis for territorial planning. Planning has been carried out at different levels, promoting a process of increased coordination between local social actors, municipalities, departments, regional governments, and national agencies with local presence. Where municipalities have formed solid associations (*mancomunidades*), and institutional actors have agreed, these supramunicipal spaces form the theatre for investment coordination. The component has also financed regional development plans focused on promoting economic development. Municipal governments have financed the operations of *mancomunidades*, and delegated the implementation or operation of some investments or services to them. Where supramunicipal coordination was weak and institutional actors did not have the capacity to coordinate actions on a wider scale, the component supported the formulation of sector plans, focused on transportation

infrastructure, irrigation or the creation of better conditions for private and community enterprises.

All plans have been based on the informed and engaged participation of local communities and social groups. Departments have participated actively, and the component has organized financing that has been directed at both municipal-level investments and related department-level investments.

Planning has included a strong emphasis on operation and maintenance which is reaching beyond the actual investments that are being financed by the project. The project is improving the sustainability of the existing stock of infrastructure by assisting key actors to: (a) visualize the operation of whole networks (as in the case of roads or marketing facilities); (b) consider the state and needs of existing infrastructure, as well as new priorities; and (c) clarify and establish the institutional roles, arrangements and resources required for proper operation and maintenance.

The subcomponent has also provided technical assistance and training for implementation to municipalities and other local actors as needed. Activities have focused on clarifying prioritized project ideas, adequate budgeting of priorities, organizing the implementation of the investment programs, monitoring implementation of the plans and providing transparent information to the public. The subcomponent has financed periodic evaluations of the effects and impacts of the plans.

MA has implemented a training program for institutional and social decision-makers in order to provide them with negotiating tools to facilitate coordination. This training has emphasized negotiation techniques, tools for dialogue and constructive conflict management.

Additional proposed activities under this restructuring for Component 1 are: a) Technical assistance to create and operate the National Autonomy and Decentralization Council, which is a coordination and consultation space for the implementation of regional autonomies. This Council would consist of representatives of the departmental assemblies, Indigenous Assemblies, governors, among others. Support will be provided in decreasing percentages of funding; b) Support for the preparation, consultation and validation of legal statutes of newly created autonomous Departments, Municipalities, Regions and AIOCs in accordance with the provisions of the new Autonomy Law; c) Technical assistance to create and operate the Autonomy State Service (SEA), a deconcentrated unit of the MA, whose function is to provide all the technical inputs required for the design and implementation of autonomous subnational government procedures such as the implementation of the transfer of powers, the design of mechanisms for calculating the cost of assuming new responsibilities, the measurement of indicators of the socio-economic impact of the autonomy process. The SEA will work with a Board of Directors and will work on proposals derived from the National Autonomy and Decentralization Council. Support will be provided in decreasing percentages of funding; and d) Support to the Ministry of Environment in the development of environmental regulations to be implemented as part of the autonomy process and to ensure the implementation of Bank safeguards in the newly created constituencies.

Subcomponent 1.2: Implementation of Territorial Plans (US\$ 2.63 million)

The objective of this subcomponent has been to improve the implementation of territorial plans.

After plans are formulated, this subcomponent provided technical assistance and training for implementation to municipalities and other local actors as needed. Activities have focused on clarifying prioritized project ideas, adequate budgeting of priorities, organizing the implementation of the investment programs, monitoring implementation of the plans and providing transparent information to the public. Technical assistance has been provided for market studies, zoning and land use plans, commercial fairs, and other investment promotion activities, included in territorial plans.

Formulation, support to implementation and evaluation of plans has been carried out through contracts signed between municipalities or mancomunidades and individuals or firms under TORs agreed with MA and include in O&M. This subcomponent has increased administrative and managerial capacities of municipalities and mancomunidades. At the municipal level it has focused on weaker municipal governments to ensure that they can participate fully in project activities without being hampered by basic deficiencies in management. These municipalities have delegated some administrative functions to mancomunidades. As mancomunidades assume greater functions (by delegation), they have also required strengthening.

The subcomponent included formal, non-formal training and technical assistance for municipalities in administrative systems and managerial tools. This range of instruments has been provided for weaker municipalities to create or consolidate basic capacities. Technical assistance has been provided for the consolidation of mancomunidades. It included the elaboration of statutes, institutional restructuring, management mechanisms, etc.

Additionally, the subcomponent has supported the emerging regional planning process, and in accordance with the new Autonomies Law, is supporting the creation and functioning of Social Economic Development Boards (CRES), as the entity responsible for regional development management, through preparation of guidelines and legal statutes, organizational structure, functional regulations and operational plans.

Subnational governments have also been provided formal and non-formal training in skills development related to zoning, roles and authority of regulatory institutions and instruments for the development of territorial baselines. Additional support has been provided for Departmental governments in the preparation and articulation territorial planning Toolkits for the deconcentrated management of departments and regions.

**Subcomponent 1.3: Strengthening investment capacity (US\$ 2.3 million)**

The objective of this subcomponent is to improve the quality of pre-investment studies and investment execution by strengthening the capacity of local actors to administer subproject related contracts.

Activities carried out in the subcomponent have included formal and non-formal training of subnational government authorities, and mancomunidad technicians, and Vigilance Committees in: 1) pre-investment contract management, including drafting terms of reference, selection of consultants, supervision and payments; and 2) investment

contract management, including reviewing terms of reference and specifications for works and goods, selection of consultants and procurement of goods and works, subproject supervision and payment procedures in coordination with FPS.

MA developed the curricula for formal training, which has been provided by universities selected by MA under TOR included in the OM. Training has been imparted through formal courses with emphasis on carrying out concrete activities.

Non-formal training has been adjusted to the rhythm and needs of municipalities and mancomunidades during project implementation and, thus, has been limited in scope to ensuring adequate knowledge of procurement and contract administration to a wider range of individuals involved in executing specific tasks at the local level. Non-formal training has been provided by specialized consultants, selected by the AMDES, under TOR included in the OM.

In addition to training, the subcomponent has provided financing for municipalities which required on-site technical assistance for pre-investment and investment procurement and contract management and other key aspects of public management. This TA has been required by weaker municipalities or mancomunidades, and specifically when municipalities and mancomunidades executed complex contracts. The required consultants have been hired by municipalities or mancomunidades under standard TOR.

The subcomponent has financed formal and informal training for transparent administration transition to contribute to the stable management and reliability of the information for new municipal authorities allowing continuity of municipal management, as set forth in the regulations.

Subcomponent 1.4: Strengthening operation and maintenance capacities (US\$ 0.86 million)

The objective of this subcomponent has been to help municipal governments, communities and producer groups to design and implement O&M arrangements both for the investments financed by the project and for the existing stock of municipal infrastructure. Its implementation has been closely coordinated with the Productive Investments Component, which requires local actors to demonstrate adequate O&M as a condition for financing investment subprojects.

The subcomponent includes the following activities: 1) non-formal training in O&M for municipal authorities, municipal and mancomunidad officials, and communities and producer groups; 2) technical assistance to formulate O&M plans for municipal infrastructure; 3) technical assistance for implementation of municipal O&M plans; 4) technical assistance for communities and producer groups in O&M of community-level productive investments; and 5) horizontal exchanges between local actors to disseminate good practices. Specific maintenance plans for transport infrastructure have been included as part of the formulation of transportation plans in Component 1.

Non-formal training in O&M has focused, inter alia, on tools for measuring the stock of infrastructure, estimating and budgeting maintenance requirements, alternative arrangements for executing O&M, and budgeting issues. Training has been provided at the departmental level by specialized consultants under standard TOR.

The subcomponent has financed the formulation of O&M plans for municipal infrastructure. These plans include: (a) an inventory of the stock of municipal infrastructure; (b) an assessment of maintenance needs and operational requirements (if

applicable); (c) a strategy for covering the needs, including the setting of priorities and the clarification of institutional responsibilities; (d) the definition of the institutional arrangements and mechanisms required for implementation; and (e) multi-annual budgeting. The execution of the agreed budget has been a condition for investment financing. To ensure quality standards and systematic application, MA has hired a specialized entity at the national level which has trained and provides TA to specialized consultants hired at the departmental level. The latter has, in turn, provide TA to departmental municipalities.

Municipalities which have formulated sector-specific (transportation, irrigation) or municipality-wide O&M plans have received TA for implementation. The activity has included assistance for: (a) implementing the agreed institutional arrangements; (b) hiring the required companies, micro-enterprises or communities; (c) coordination with other institutions or communities. It lasts for at least 9 months and includes at least one round of maintenance activities.

The subcomponent also finances TA assistance for communities and producer groups who manage productive investments (including irrigation). Individual consultants have been hired by municipalities under TOR included in the OM and tailored to each specific situation.

Subcomponent 1.5: Strengthening of associated national government entities (US\$ 2.21 million)

This subcomponent has supported selected national government institutions to participate effectively in project implementation. It has financed two activities: 1) sector studies; and 2) the FPS action plan.

Studies have been required by national entities that are charged with regulating activities in the sectors selected by the project. The following have been supported: (a) Rural roads strategy (Ministry of Transportation); and (b) Municipal strengthening strategy (MA). Other studies may be required by selected entities (including Irrigation, Rural Development, and Public Investment and External Financing), particularly following the adoption of Bolivia's new constitution, which has established a new framework for inter-governmental relations.

The FPS Action Plan was developed with the Bank's technical assistance. The Bank conducted an Operational Review of FPS which detailed a series of fiduciary and operational issues which were needed to be resolved in order for FPS to operate with Bank financing. The FPS Action Plan has been designed to increase FPS's capacity and to ensure fiduciary standards in its operation. Implementation of the Action Plan has been vital both for government, which has delegated new responsibilities to FPS, and for the Bank, because it has four operations implemented through FPS. By agreement between the Bank and the Bolivian government, it was decided that the bulk of this plan would be financed through this project. Under the Action Plan, the project has financed consultants, goods and training. Consultancies have included: (a) consolidation of FPS's Subproject Management System; (b) implementation of the training program; and (c) line personnel in environmental, fiduciary and operational oversight areas. Line personnel are being gradually assimilated into FPS and, by project-end are on track to be fully financed by the institution.

Component 2: Productive Investments (US\$ 30.60 million)

The aim of this component has been to provide support for the implementation of plans prepared under component 1. The component provides national (IDA and bilateral) cofinancing solely for eligible investments that fall under the competencies of municipal governments as well as for improving poor communities' access to productive assets. Subnational cofinancing is provided by municipal and departmental governments, and communities and producer groups. National cofinancing covers seventy-five percent of the financial requirements of subprojects.

Territorial planning has promoted priority-setting based on scale and network considerations and has led to a number of subprojects involving more than one municipality. Sector planning, particularly in the case of transportation, has led to grouping of works under a smaller number of subprojects, thus reducing administrative costs for municipalities.

Investments under the component have been linked to the implementation of municipalities' O&M plans, particularly in the case of transportation planning. Investments and maintenance expenditures have been grouped in tranches, and financing of the latter investment tranches have been conditioned on the execution of the first O&M tranches. In addition, each subproject has included a design of its specific O&M needs.

The component is managed by the Social and Productive Investment Fund (FPS-Fondo de Inversión Productiva y Social) in coordination with municipal governments.

Small works under subprojects are procured by municipalities through community subgrants. Only communities that are organized and have legal personality have been eligible to receive subgrants. Local materials are secured via three quotations and disbursements are based on physical advances of the small works.

Eligible investments include: (a) transportation infrastructure; (b) micro-irrigation; (c) natural-resources management; and (d) other municipal infrastructure for the promotion of economic activities and natural resource management.

Eligible investments for transportation infrastructure include: (a) upgrading and rehabilitation of communal and municipal roads; (b) construction of vehicular and pedestrian bridges; and (c) river and lake transport infrastructure. Investments in transportation infrastructure build on the successful experiences with spot improvement of rural roads implemented by the first PRI project, although the proportion of higher volume roads financed has increase as the project has responded to sub-regional scale and demand. Investments are financed on the basis of transportation plans formulated by municipalities or mancomunidades. These plans allow for the prioritization of both investment and maintenance needs taking into account both network considerations as well as the appropriate division of institutional responsibilities.

Eligible investments for small and micro-irrigation included: (i) small reservoirs and river collectors; (ii) irrigation canals; and (iii) surface water collectors (atajados). Irrigation subprojects are cofinanced by water users, who assume responsibility for O&M. Subproject implementation includes intensive technical assistance prior, during and after the construction of infrastructure to ensure the application of agricultural innovations that add value to production and adequate O&M. Feasibility studies include business plans with clear marketing strategies. Sector planning at the supramunicipal

level allows for clarification of allocation of user rights based on wider needs as measured at the level of micro-basins.

Eligible municipal investments for the promotion of economic activities include: (a) marketing facilities; (b) telecommunication and information centers; and (c) public investments for tourism promotion.

A negative list exists in order to exclude investments that may have negative impacts over the environment. The list includes the following: (a) new road construction; (b) transportation works in primary forests and protected areas; (c) water reservoirs higher than 10 meters or which flood more than 100 hectares; (d) irrigation works that feed more than 100 incremental hectares; (e) flood protection or drainage works that affect wetlands; (f) works in archaeological areas with the exception of minor preservation works linked to approved tourism promotion strategy; (g) subprojects that may induce voluntary or involuntary occupation of forest lands; and (h) subprojects that may induce resettlement.

The component does not finance interventions within 5 kilometers of or inside primary natural forests. Interventions in protected areas or their buffer zones requires express approval from protected area authorities and must be included in their own investment plans.

The component's main outputs are (i) pre-investment studies and (ii) investment subprojects. All investments include O&M activities and require beneficiary municipal governments or communities to demonstrate capacity to manage infrastructure.

#### Subcomponent 2.1: Pre-investment (US\$ 0.91 million)

Two outputs are measured in the pre-investment subcomponent: (a) subproject profiles; and (b) pre-investment studies. Profiles are generated by FPS as a result of the evaluation of project ideas prioritized in the planning processes and presented by municipalities and municipal associations (mancomunidades). Once FPS determines that the project ideas are eligible, it hires consultants under standard TOR included in the OM from a pool of pre-qualified consultants. Profiles determine subproject viability based on a basic technical, economic, social and environmental analysis. When the profiles show the subproject is viable, municipal governments (or their associations) hire consultants to complete project design, adding detailed construction plans and environmental mitigation measures if needed. Final pre-investment studies include all technical specifications and all the documentation required by the municipality to proceed to the procurement stage. Final payment for consultants are conditioned on FPS's approval.

#### Subcomponent 2.2: Investment (US\$ 29.70 million)

Subprojects are approved by FPS's departmental offices. FPS personnel present the subproject evaluation to the Comité Departament de Aprobación de Proyectos (CDAP), a committee which includes FPS departmental management and representatives of civil

society and of municipalities. Once approved by the CDAP, FPS signs an agreement with the municipality (or association) and department when departmental cofinancing is provided, specifying the amount due for counterpart contributions. Counterpart funding is deposited in an FPS account under an agreed schedule. The agreement includes the right of FPS to withdraw counterpart funds directly from Treasury Accounts for financial transfers in case any actor does not comply with the agreed disbursement schedules.

Subprojects are procured and managed by municipalities or their associations. Subprojects include works, goods and consulting services. In all cases, the cost of supervision and TA for O&M are included under the subproject. Irrigation subprojects include TA to support technological innovation by water users under a business plan prepared during the pre-investment phase. TA assistance for O&M of irrigation subprojects continue for at least a year after completion of the works, financed by the municipal government, in order to ensure the adoption of adequate O&M procedures. Other small works under subprojects are procured through community subgrants.

Municipalities' sign subgrant contracts with communities and disburse in tranches upon the completion of pre-defined physical stages. Municipalities also hire TA if required and a project supervisor.

Subproject supervisors issue completion certificates (certificados de avance de obra), which are certified by the municipal government. FPS disburses on reception of these certificates.

FPS oversight is tailored to the level of risk presented by each municipality according to a standard set of indicators which includes municipal capacity, stability, and size and complexity of the subprojects. In high risk cases, FPS conducts prior review of procurement and executes field visits prior to every disbursement. In low risk cases, FPS conducts ex post reviews of procurement, and conducts field visits only after 50 percent and 80 percent of the cost has been disbursed. FPS is present at subproject closing in all cases.

### Component 3: Project Management (US\$ 7.16 million)

This component's outputs are the efficient and effective coordination of the project and an M&E system which are measured by progress in achieving project objectives.

The component is achieving this through the provision of consultants, goods, and incremental operating costs which supports the operation of a National Operations Unit (NOU) integrated within MA's structure, and nine Territorial Operating Units (TOU) in the departments of the Borrower. The TOU is operated by the Departmental Municipal Associations (AMDES).

The component finances the operation of a management information system, the implementation of monitoring, evaluation and learning arrangements, and the completion of technical studies and operating cost of FPS for the project. The component has also

ensured that effective fiduciary arrangements have been maintained in place during implementation.

The component has the following subcomponents:

#### Subcomponent 3.1: Project implementation and management (US\$ 4.81 million)

This subcomponent has put in place an efficient and highly capable technical team in MA, the AMDES and has augmented capacity within the Regional Offices of FPS. It has supported the placement of technical staff in the NOU (project coordinator, investment specialist, 2 institutional strengthening specialists, Indigenous Peoples specialist, environmental specialist, M&E specialist, communications specialist, accountant, disbursement officer, procurement specialist, and a legal assistant – a lawyer and financial manager are supported the NOU and are financed by the MA), and in the TOUs (territorial coordinator, investment specialist, institutional strengthening specialist and an administrator). The key staff, including one national coordinator and nine territorial coordinators, has been selected by a competitive, transparent and open process which was carried out by the MA for national coordinator and the AMDES for the territorial coordinators. Additional project staff members have been selected based on the same process by an independent, external human resources firm. One additional procurement specialist has been contracted for each of the 9 FPS Regional Offices. All staff has had a performance evaluation annually.

The subcomponent finances goods and incremental operating costs for MA and the AMDES.

In addition, the component will finance: (a) national and departmental workshops to launch the project; (b) internal coordination and training activities; and (c) management of competitions for investment ideas.

The subcomponent has ensured the functioning, transparent, accountable and efficient financial management system for the project, including external and independent financial and procurement audits (including for FPS). The former are conducted annually and the latter prior to the mid-term review and on the last year of project implementation.

#### Subcomponent 3.2: Communication strategy (US\$ 0.29 million)

The objective of the sub-component is to ensure transparency and informed participation of the beneficiaries of the project. A communications strategy for the project has been designed and implemented, including audio-visual and print media and focused on supporting implementation.

#### Subcomponent 3.3: Planning, monitoring and evaluation (US\$ 0.27)

The outcome of this subcomponent is the establishment of a functional, transparent, participatory and efficient M&E system, including accounting software, for the project.

The efforts are coordinated through the M&E specialist stationed in the NOU through, (a) a series of workshops for local actors and technical staff in the AMDESs; (b) a performance feedback survey conducted by the beneficiaries on project staff performance and overall project performance; (c) an external and independent evaluation conducted at the time of mid-term review and project completion to complement the in-house M&E; and (d) a process of participatory systematization and learning at project end.

#### Subcomponent 3.4: Studies (US\$ 0.07 million)

The subcomponent supports technical studies relevant to project objectives and activities during implementation, including social and institutional assessments necessary for including new municipalities in the project area.

#### Subcomponent 3.5: Project Preparation Facility (PPF) (US\$ 0.30 million)

A PPF was used to support the preparation of the project.

#### Subcomponent 3.6: FPS operational costs (US\$ 1.41 million)

This subcomponent finances direct and indirect operating costs incurred by FPS in the administration of the Productive Investments component. Payments are based on outputs and will do not exceed 5 percent of the total subproject cost.

### **4. Project Location and salient physical characteristics relevant to the safeguard analysis**

The project area encompasses 195 municipalities, 4 of which are in transition to AIOCs, 71 of which only participate in the rural transport subcomponent while the remaining 120 participate in all aspects of the project. The 120 municipalities were selected based on the criteria of high level of poverty as defined by IDH index, high level of rural population, high level of indigenous population, strong productive potential based on, for example, contribution to GDP and capacity to generate employment, and zero net migration. The total population of selected municipalities is nearly 1.2 million amounting to roughly 193,500 households. They represent about 14% of the total population of the country. Eighty percent of them are rural dwellers, and 67% are indigenous. This area contains 4,425 formally recognized indigenous comunidades campesinas in Bolivia, specifically Quechua, Aymara, Guarani, Chiquitano, and Mojeño. Each territory and department (Prefecture) is represented in the project area. About 65% of the population in the project area is indigenous. In the 120 municipalities, the project is serving around 230,000 direct beneficiaries, or 38,600 households.

### **5. Environmental and Social Safeguards Specialists**

Ms Gabriela Arcos (LCSEN)

Ms Maria Ruth Llanos Vda De Navarro (LCSSO)

<b>6. Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>	
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>	
<b>Forests (OP/BP 4.36)</b>	<b>X</b>	
<b>Pest Management (OP 4.09)</b>	<b>X</b>	
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>X</b>	
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>	
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>	
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: Six policies were triggered at the time of appraisal: OP/BP 4.01 on Environmental Assessment, OP/BP 4.04 Natural Habitats, OP/BP 4.36 Forests, OP 4.09 Pest Management, OP/BP 4.11 on Physical Cultural Resources, and OP/BP 4.10 on Indigenous Peoples. Overall performance of triggered social and environmental safeguards has been satisfactory to date. Compliance with OP/BP 4.01 on Environmental Assessment, OP/BP 4.04 Natural Habitats, OP/BP 4.36 Forests, OP 4.09 Pest Management, OP/BP 4.11 on Physical Cultural Resources, and OP/BP 4.10 on Indigenous Peoples has been confirmed during supervision missions. Where necessary, training has been provided to strengthen capacity.

OP/BP 4.12 was not triggered in 2007 because the project was not expected to cause taking of land or other assets and not require physical relocation of populations. Information available at the time of appraisal indicated that none of the road and/or bridge sub-projects required significant changes in width or alignment.

During the April 2010 technical supervision mission and July 2010 supervision mission, the Bank learned that one road and one bridge subprojects had affected third parties and that adequate solutions were employed which were consistent with OP/BP 4.12. However, these two cases were not formally reported to the Bank. It was agreed that the Project should seek to activate OP/BP 4.12. In this spirit, it was agreed with FPS that: i) 100 percent of the existing portfolio would be reviewed and assessed for any third party affectation to assess how many, if any, subprojects involved third party affectation, if there was affectation, where the appropriate measures taken and if not prepare the appropriate remediation action plan; ii) a Resettlement Framework Policy would be prepared for the project and formally approved by the World Bank; and iii) any subprojects under preparation that had any affectation of third parties would comply with OP/BP 4.12 policy or not be financed.

The Government prepared the Involuntary Resettlement Framework which was presented to the World Bank and received the No Objection on September 15, 2011 and published publicly by the Government of Bolivia on November 30, 2011. The Government also hired consultants with support of World Bank social development specialists and team to review the entire portfolio of 225 Productive Investments/Subprojects to confirm that any potential affectation was dealt with in accordance with OP/BP 4.12. All investments had a desk review to confirm compliance. In 83 subprojects it was not possible to confirm compliance from the desk review so specific site visits were made to assess compliance. Out of the 83 subprojects, 7 had minor land acquisition and another 15 were likely to incur in minor land acquisition, involving 0.3 to 5 percent of individual landholdings—1.2 to 42 square meters of mostly agricultural land. Further reviews carried out by the Bank during supervision reduced the total number of subprojects involving affectations to 20. Of these, by March 2012, six have implemented appropriate measures and fourteen have adopted and are executing adequate remediation plans (in 6 cases, no works have been executed yet). No cases of displacement or physical relocation have occurred throughout the period of implementation. Neither were any resources and/or livelihoods of any household or communities affected. All the cases involve minor impacts and adequate measures or remediation plans have been implemented in all cases. Remediation plans include detailed actions, timelines and oversight responsibility to confirm compliance.

Detailed documentation was provided to the World Bank on the review of the 225 Productive Investments/Subprojects including documentation and photos confirming compliance with OP/BP 4.12.

The recently approved Involuntary Resettlement Framework will be applied to all new productive investments/subprojects financed by the project.

Even though the project has ended up needing to activate OP/BP 4.12, the initial environmental classification of the project (Category B) remains correct, given that the project has not had nor is expected to have any large-scale adverse impacts that are irreversible or unprecedented.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project was specifically designed to foster demand driven subprojects in the project area that have favorable long-term socioeconomic and environmental impacts. The subprojects have gone through a screening process to ensure maximum socioeconomic benefits are accrued and any unintended negative environmental impacts are avoided or minimized.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The subproject cycle has resulted in a list of eligible investments as follows: (a) transportation infrastructure, (b) micro-irrigation, (c) natural-resources management, (d) productive assets for poor communities, and (e) other municipal infrastructure for the

promotion of economic activities. To complement this process, a negative list was agreed with FPS in order to exclude investments that may have negative impacts over the environment. The list includes the following: (a) new road construction, (b) transportation works in primary forests and protected areas, (c) water reservoirs higher than 10 meters or which flood more than 100 hectares, (d) irrigation works that feed more than 100 incremental hectares, (e) flood protection or drainage works that affect wetlands, (f) works in archaeological areas, (g) subprojects that may induce voluntary or involuntary occupation of forest lands, and (h) subprojects that may induce resettlement.

The project has not finance interventions close to or inside natural forests. No interventions have been in protected areas or their buffer zones.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. Overall social and environmental safeguards performance has been satisfactory to date. Compliance with OP/BP 4.01 on Environmental Assessment, OP/BP 4.04 Natural Habitats, OP/BP 4.36 Forests, OP 4.09 Pest Management, OP/BP 4.11 on Physical Cultural Resources, and OP/BP 4.10 on Indigenous Peoples has been confirmed during supervision missions. Where necessary, training has been provided to strengthen capacity.

O.P. 4.01—Environmental Assessment

Per supervision missions, the EMF has been applied to all subprojects and all issues that have been identified have been satisfactorily resolved.

O.P. 4.09—Pest Management

Per supervision missions, no subprojects have included the use of pesticides and no O.P. 4.09 Pest Management issues have been identified.

O.P. 4.04—Natural Habitats

Per supervision missions, no conversion of natural habitats has occurred and no issues related to O.P. 4.04 Natural Habitats have been identified.

OP 4.36—Forests

Per supervision missions, no issues related to O.P. 4.36 Forest have been identified.

OP 4.11—Physical Cultural Resources

The project only finances small-scale works in already established commercial zones and as per supervision missions, no issues related to OP 4.11 Physical Cultural Resources have been identified.

OP/BP 4.12—Involuntary Resettlement

This restructuring will activate OP/BP 4.12, as indicated above, because during project implementation it has been found there some roads and bridge subprojects had involved the land acquisition which affected third parties. An Involuntary Resettlement Framework has been prepared by Government and approved by the World Bank in September 2011 and a complete review of the existing portfolio was conducted and found

22 had some level of actual or likely affectation. During supervision, this number was reduced to 20, with 6 having completed remedial actions and 14 under the process of executing remedial plans, fully compliant with OP 4.12. Remediation plans have detailed actions, timelines and oversight responsibility to confirm compliance. The recently approved Involuntary Resettlement Framework will be applied to all new productive investments financed by the Project.

Oversight of the implementation of the policy will be conducted during supervision missions and technical visits by the World Bank.

**OP/BP 4.10—Indigenous Peoples**

Over 3,000 Indigenous communities have benefited from Project activities in subproject investments and institutional strengthening activities. Because the entire project is an Indigenous Peoples Plan (IPP), the project has ensured that (i) indigenous people affected by the project receive culturally appropriate social and economic benefits and (ii) when and if potential adverse effects on indigenous peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Stakeholders involved in the project are divided into those that have benefited directly; those that have benefited indirectly by the project and those have acted as facilitators in the implementation of the project. The project’s direct beneficiaries have been municipal governments, and producer organizations such as community firms, SMEs etc., and indirect beneficiaries have been associations of municipalities and Departments.

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***B. Disclosure Requirements Date***

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**Environmental Assessment/Audit/Management Plan/Other:**

Was the document disclosed <b>prior to appraisal?</b>	N/A
Date of receipt by the Bank	10/17/2007
Date of "in-country" disclosure	10/10/2007
Date of submission to InfoShop	10/29/2007
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

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**Resettlement Action Plan/Framework/Policy Process:**

Was the document disclosed <b>prior to appraisal?</b>	No
Date of receipt by the Bank	09/15/2011
Date of "in-country" disclosure	11/30/2011
Date of submission to InfoShop	03/28/2012

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**Indigenous Peoples Plan/Planning Framework:**

Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	09/14/2007
Date of "in-country" disclosure	09/21/2007
Date of submission to InfoShop	10/30/2007

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**Pest Management Plan:**

Was the document disclosed <b>prior to appraisal?</b>	No
Date of receipt by the Bank	10/17/2007
Date of "in-country" disclosure	10/10/2007
Date of submission to InfoShop	10/29/2007

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**\* If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

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**If in-country disclosure of any of the above documents is not expected, please explain why:**

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*C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)*

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**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

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**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?	No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	N/A

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**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?	Yes
Is a separate PMP required?	No
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	N/A

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**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?	Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes

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**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	N/A
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	N/A
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes

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**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes

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**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	N/A
Does the project design include satisfactory measures to overcome these constraints?	N/A
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	N/A

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**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

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**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

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***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Mr David Tuchsneider	09/15/2012
Environmental Specialist:	Ms Gabriela Arcos	04/19/2012
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Ms Maria Ruth Llanos Vda De Navarro	04/18/2012
<b><i>Approved by:</i></b>		
Sector Manager:	Ms Ethel Sennhauser	04/18/2012
Comments:		