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Report No: PAD1420

#### INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 43.2 MILLION (US\$ 60 MILLION EQUIVALENT)

TO THE

PLURINATIONAL STATE OF BOLIVIA

FOR THE

COMMUNITY INVESTMENT IN RURAL AREAS PROJECT

July 2, 2015

Agriculture Global Practice Bolivia, Chile, Ecuador, Peru and Venezuela Country Management Unit Latin American and the Caribbean Region

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#### **CURRENCY EQUIVALENTS**

(Exchange Rate Effective May 29 2015)

Currency Unit = Boliviano (Bs)

Bs 6.91 = US\$1 1.3905 US\$ = SDR 1

#### FISCAL YEAR

January 1 – December 31

#### ABBREVIATIONS AND ACRONYMS

AF Additional Financing

CDD Community-Driven Development CPS County Partnership Strategy

ESMF Environmental and Social Management Framework

FM Financial Management
GoB Government of Bolivia
GRS Grievance Redress Service

IDA International Development Association

IFR Interim Financial Report

IPDP Indigenous Peoples Development Plan

IPM Integrated Pest Management

ISN Interim Strategy Note

LIL Learning and Innovation Loan
M&E Monitoring and Evaluation
MIS Management Information System

MDRyT Ministry of Rural Development and Land

OM Operational Manual

O&M Operation and Maintenance

OP / BP Operational Policy / Bank Procedure

PCU Project Coordination Unit PDO Project Development Objective

PICAR Community Investment in Rural Areas Project (from Spanish *Proyecto de* 

*Inversiones Comunitarias en Áreas Rurales*)

PIU Project Implementation Unit ROU Regional Operational Unit RPF Resettlement Policy Framework

SA Social Assessment

SBD Standard Bidding Documents
SDR Special Drawing Rights
SIL Specific Investment Loan
UBN Unsatisfied Basic Needs

USD US Dollar

VAM Vulnerability Analysis Mapping

WB World Bank

WBG World Bank Group

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# BOLIVIA COMMUNITY INVESTMENT IN RURAL AREAS PROJECT – ADDITIONAL FINANCING

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### ADDITIONAL FINANCING DATA SHEET

### Bolivia

## Community Investment in Rural Areas Project Additional Financing ( P154854 ) LATIN AMERICA AND CARIBBEAN

Agriculture Global Practice

	Basic Information – Parent								
Parent Pr	oject ID:	P107	7137		Original EA Category:		: B -	B - Partial Assess	
Current C	Closing Date:	30-A	pr-2017						
		Basic	Informati	ion – Ado	ditional 1	Financing (A	<b>(F</b> )		
Project II	D:	P154	1854			nal Financing om AUS):	Sca	ale Up	
Regional	Vice Presider	nt: Jorge	e Familiar		Propose	d EA Category	y: B -	Partial A	Assessment
Country I	Director:	Albe	erto Rodrigu	ıez	Expected Date:	d Effectivenes	s 01-	Dec-201	15
Senior Gl Director:	obal Practice	Juer	gen Voegele	e	Expecte	d Closing Date	e: 30-	Nov-20	19
Practice I	Manager:	Laur	ent Msellat	i	Report N	No:	PA	D1420	
Team Lea	ader(s):	Norr	nan Bentley	y Piccioni					
		ı		Recij	pient				
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		•					•		
Projec	t Financing	Data -		30 PICA 137 ) (in		nunity Inves llion)	tment	in Rura	al Areas-
Key Date	s								
Project	Ln/Cr/TF	Status	Approval Date	Signing	g Date	Effectiveness Date	Origin Closin	al g Date	Revised Closing Date
P107137	IDA-50040	Effective	21-Jul-2011	22-Aug	Aug-2011 23-Nov-2011		30-Apr	-2017	30-Apr- 2017
Disburser	ments				1		T	1	1
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Dis- bursed	Undis- bursed	% Dis- bursed
P107137	IDA-50040	Effective	XDR	25.00	25.00	0.00	17.72	7.27	70.89

Pro	•		_	ditional Financin litional Financin	_	•		
[ ]	Loan	[ ]	Grant	[ ] IDA	Grant			
[X]	Credit	[ ]	Guarantee	[ ] Othe	er			
Total Pr	oject C	ost:	64.10	To	otal Bank F	Financing: 6	0.00	
Financii	ng Gap:		0.00					
Finai	ncing S	ourc	e – Additional I	inancing (AF)		•		Amount
BORRO	)WER/I	REC.	IPIENT					0.00
Internat	ional D	evelo	opment Associati	on (IDA)				60.00
Local C	ommun	ities						4.10
Total								64.10
Policy V	Waivers	S						
Does the respects		t de <sub>l</sub>	part from the CA	S in content or in or	ther signifi	cant	)	
Explana								
1								
Does the	e Projec	et rec	uire any policy v	vaiver(s)?		No	)	
Explana	-							
				Toom Comp	ag <b>itian</b>			
Donl. C	La CC			Team Comp	osition			
Bank St	taii		D.I	/F:41		G • 1• 4•		TT *4
Name	D: :		Role	Title		<b>Specialization</b>		Unit
Norman	Piccioi	11	Team Leade (ADM	r Sr. Rural Developme		TTL		GFADR
			Responsible					
Francisc	co Obre	que	Team Memb	oer Agricultur	al Spec.	Agriculture		GFADR
Jose Ra	smusser	1	Procuremen Specialist	Sr. Procure Specialist	ement	Procurement		GGODR
Patricia	Hoyes		Financial	Sr Financi		Financial		GGODR
			Managemen Specialist	t Manageme Specialist	ent	Management		
Jorge Ti	revino		Team Memb		Resources	Rural Infrastruc	ture	GWADR
Juan Ca	rlos En	rique	Safeguards Specialist	E T Consu		Environmental Safeguards		GENDR
Miki Te	rasawa		Safeguards Specialist	Social Developme		M&E and CDD		GSURR

				Specialist			
Rodrigo Reyes		Safeguards Specialist		Consultant	Social	l safeguards	GSURR
Elena Segura		Country Lawy	yer	Senior Counsel	Legal	advice	LEGLE
Maria V. Horma	azabal	Team Membe	er	Finance Officer	Disbu	rsement	WFALN
Extended Tean	1						
Name		T	itle			Location	
Juan Morelli		Е	Cono	mist		Montevideo	
Ricardo Castel	lon		ocial Consu	Development Itant		Managua	
Vivian Polar				oltural / Social Opment Specialist		La Paz	
Locations							
Country	First A	Administrativ	e Lo	cation		Planned	Actual
Bolivia	Pando	)	De	partamento de Pan	ido	X	
Bolivia	Oruro	1	De	partamento de Oru	ıro	X	X
Bolivia	La Pa	Z	De	partamento de La	Paz	X	X
Bolivia	Cocha	abamba		partamento de chabamba		X	X
Bolivia	Chuqi	uisaca	De	partamento de Chi	ıquisaca	a X	X
			In	stitutional Data			
Parent (BO PI	CAR C	community In	vestm	ent in Rural Areas	-P10713	37)	
Practice Area (	Lead)						
Agriculture							
<b>Contributing P</b>	ractice	Areas					
Cross Cutting	<b>Topics</b>						
[ ] Climate Ch	ange						
[ ] Fragile, Co	nflict &	Violence					
[ ] Gender	[ ] Gender						
[ ] Jobs							
[ ] Public Priv							
Sectors / Clima							
Sector (Maximu	ım 5 and	d total % must	equal	100)			

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %		
Health and other social services	Other social services	81				
Public Administration, Law, and Justice	Public administration- Agriculture, fishing and forestry	13				
Public Administration, Law, and Justice	Sub-national government administration	6				
Total		100				
Themes		•				
Theme (Maximum 5 and total % must	equal 100)					
Major theme	Theme		%			
Rural development	Rural services and infrast	ructure	50			
Social dev/gender/inclusion	Indigenous peoples		50	50		
Total			100	100		
Additional Financing BO Communi (P154854)	ty Investment in Rural Area	as Proje	ect Additional <b>F</b>	inancing		
Practice Area (Lead)						
Agriculture						
<b>Contributing Practice Areas</b>						
Social, Urban, Rural and Resilience Pr	actice					
<b>Cross Cutting Topics</b>						
[ ] Climate Change						
[ ] Fragile, Conflict & Violence						
[X] Gender						
[ ] Jobs						
[ ] Public Private Partnership						
Sectors / Climate Change						
Sector (Maximum 5 and total % must	equal 100)		T	Ti-		
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %		
Agriculture, fishing, and forestry	General agriculture, fishing	60				

	and forestry sector				
Transportation	General transportation sector		20		
Water, sanitation and flood protection	General water, sa and flood protect		20		
Total		100			
Themes					
Theme (Maximum 5 and total % must	equal 100)				
Major theme	Theme			%	
Rural development	Rural services	and infrast	ructure	50	
Social dev/gender/inclusion	Participation a	nd civic en	gagement	30	
Rural development	Other rural development			20	
	·				
Total				100	
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required? No consultants are required					

#### I. Introduction

- 1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of SDR 43.2 million (equivalent to US\$ 60 million) to the Bolivia Community Investment in Rural Areas Project (*Proyecto de Inversiones Comunitarias en Áreas Rurales*, PICAR, P107137, Credit No. 50040-BO).
- 2. The Additional Financing (AF) will scale-up activities to enhance the impact of a well-performing project that has proven effective in reducing extreme rural poverty, especially for women, in the poorest municipalities in Bolivia. The additional credit will finance community investment sub-projects in 870 targeted communities, 750 of which would benefit from a first round of sub-projects (new communities) and 120 with a second round (repeating communities). The AF will continue to support activities in the four Departments where PICAR is currently active (La Paz, Oruro, Cochabamba, and Chuquisaca) and in the newly added Pando Department. The AF seeks to finance 1,100 sub-projects (on average 1.3 per community) benefitting approximately 200,000 additional community members by improving their access to basic and productive infrastructure (e.g. small irrigation facilities, rural roads, fencing for livestock management) and services (domestic water supply and electricity). Forty five percent of beneficiaries are expected to be women, and 20 percent women heads of household one of the most vulnerable population groups in rural Bolivia. Around 85 percent of the Project's beneficiaries would be members of indigenous populations. At least 75 percent of sub-projects are expected to be fully operational one year after completion.
- 3. As a result of scaling up Project activities, the Project's Results Framework would be revised; and due to the inclusion of the Pando Department one additional safeguard policy, Projects on International Waterways (OP/BP 7.50), would be triggered.

#### II. Background and Rationale for Additional Financing

- 4. In the last several years Bolivia has made substantial gains in reducing poverty, however, significant challenges with eradicating extreme poverty in rural areas still remain. Overall poverty decreased during the period 2002-2013: from 63 percent to 39 percent of the population, and extreme poverty from 37 percent to 19 percent. Over the same period, the Gini coefficient decreased from 0.60 to 0.49. Despite those achievements, rural Bolivia which comprises approximately 3.3 million inhabitants (30 percent of the total population) still faces chronic development challenges: 6 out of 10 rural inhabitant are estimate to be below the poverty line and 4 are classified as extreme poor. The rural poor are highly vulnerable to food insecurity, have limited economic opportunities and lack access to basic services and infrastructure. This particularly affects indigenous groups and rural women, who on average have two years of education less than their male counterparts and face a series of constraints derived from socio cultural biases.
- 5. The proposed AF with its scale-up in outreach to most vulnerable communities is consistent with the current Country Partnership Framework (CPS) and the development agenda of the Government of the Plurinational State of Bolivia (GoB). The current CPS (FY2012-2015) discussed by the Executive Directors on November 1 2011 defines sustainable productive development as one of the four pillars for the World Bank Group (WBG)

interventions in Bolivia. Within that pillar, the WBG has committed to supporting sustainable agricultural productivity and improving productive infrastructure in rural areas. This will directly contribute to addressing the country's high rates of poverty in rural and peri-urban areas. The CPS Progress Report of January 2014 states that Bank's efforts have been particularly successful in rural areas, where investments such as PICAR have yielded significant results in improving the living conditions of poor rural households and their exit from poverty or extreme poverty. In 2013, the GoB launched the 2025 Patriotic Agenda with the overall goal of eradicating extreme poverty and translating prosperity into local principles of well-being. To this end, the GoB seeks to expand effective development interventions such as PICAR in order to reach out a larger range of vulnerable communities and municipalities across the country.

6. The PICAR Project seeks to improve access to sustainable infrastructure for extreme poor rural population. The PICAR Project is currently financed by an International Development Association (IDA) Credit of Special Drawing Rights (SDR) 25 million (US\$ 40 million at the currency exchange rate at approval). The credit was approved by the Board on July 21, 2011 and became effective on November 23, 2011. The Project Development Objective (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. Infrastructure has been principally understood as productive, non-commercial investments at community and family level. Target communities have been selected based on degree of vulnerability (in particular, food insecurity), density of vulnerable communities, spatial continuity, and complementarity with other programs and projects led and executed by the GoB.

The original credit is expected to finance approximately 800 subprojects and benefit 150,000 rural inhabitants in 35,000 rural households from the poorest 642 communities by improving basic and productive, non-commercial infrastructure; the Project is likely to achieve or surpass all targets. As of April 2015, PICAR has financed 612 sub-projects in 551 communities from 48 of the most vulnerable municipalities in the Departments of La Paz, Oruro (highlands), Cochabamba, and Chuquisaca (valleys). The Project has benefited 132,219 rural inhabitants in 25,871 households. Seventy five percent of sub-projects are completed and fully operational. Sub-projects include water and sanitation (37 percent), livestock facilities and other productive infrastructure (30 percent), small irrigation schemes (13 percent), and rural roads and bridges (9 percent). During implementation, the Project improved women's participation in subproject identification and implementation. As a result, 40 percent of sub-projects were prioritized and implemented by women only, developing about 660 female leaders at community level. The Project has been consistently rated Satisfactory on its Development Outcome and Implementation Progress. The Project has complied with all legal covenants. Procurement has been consistently rated Satisfactory for the past three years, while Financial Management has been recently upgraded to Satisfactory signaling a positive fiduciary performance. All audits and financial reports have been submitted timely with no qualifications. Safeguard compliance has also been Satisfactory. The table below presents the coverage with both the current and the additional credit.

	Original Credit (US\$ 40m)	Proposed Additional Credit (US\$ 60m)
Project's area	4 Departments (La Paz, Oruro,	5 Departments
	Cochabamba and Chuquisaca)	<ul> <li>4 original Departments</li> </ul>
		<ul> <li>1 new Department of Pando</li> </ul>
	48 Municipalities	83 Municipalities
		<ul> <li>48 original Municipalities</li> </ul>
		<ul> <li>21 new Municipalities in the original</li> </ul>
		Departments
		<ul> <li>14 new Municipalities in Pando</li> </ul>
	642 Communities (500	870 Communities
	Communities was the original	• 600 new Communities in the original
	target)	Departments
		<ul> <li>120 repeating Communities (second round of</li> </ul>
		subprojects)
		<ul> <li>150 new Communities in Pando</li> </ul>
Subprojects	800 subprojects	1,100 subprojects
and		<ul> <li>760 subprojects in the original Departments</li> </ul>
beneficiaries		<ul> <li>150 subprojects in repeating Communities</li> </ul>
		• 190 subprojects in Pando
	Approx. 150,000 beneficiaries	Approx. 200,000 additional beneficiaries

### **III. Proposed Changes**

### **Summary of Proposed Changes**

The proposed changes are as follows: (a) financing of about 1,100 additional sub-projects in 870 existing and new communities, including both a first and a second round of subprojects; (b) addition of the Pando Department to the Project area; (c) a revised Results Framework to account for the new targets; and (d) triggering of one additional safeguard policy, Projects on International Waterways (OP/BP 7.50).

Change in Implementing Agency	Yes [ ] No [ X ]
Change in Project's Development Objectives	Yes [ ] No [ X ]
Change in Results Framework	Yes [ X ] No [ ]
Change in Safeguard Policies Triggered	Yes [ X ] No [ ]
Change of EA category	Yes [ ] No [ X ]
Other Changes to Safeguards	Yes [ ] No [ X ]
Change in Legal Covenants	Yes [ X ] No [ ]
Change in Credit Closing Date(s)	Yes [ ] No [ X ]
Cancellations Proposed	Yes [ ] No [ X ]
Change in Disbursement Arrangements	Yes [ ] No [ X ]
Reallocation between Disbursement Categories	Yes [ ] No [ X ]

Change in Disbursement Estimates	Yes [ X ] No [ ]
Change to Components and Cost	Yes [ X ] No [ ]
Change in Institutional Arrangements	Yes [ ] No [ X ]
Change in Financial Management	Yes [ ] No [ X ]
Change in Procurement	Yes [ ] No [ X ]
Change in Implementation Schedule	Yes [ X ] No [ ]
Other Change(s)	Yes [ ] No [ X ]

#### **Development Objective/Results**

#### **Project's Development Objectives**

#### Original 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.

#### **Change in Results Framework**

#### Explanation:

PDO indicators would be streamlined by re-defining the number of direct beneficiary indicator to measure number of target community members benefiting from sub-project investments (with breakdown by sub-project type). Percentage of females, indigenous populations, and female heads of household (most vulnerable group in target communities) would also be measured. Improved access attributed to key sub-project investments, including availability of safe drinking water, road access, and fences constructed would also be measured. A composite social capital index composed of four sub-indicators has been converted into four indicators at intermediate result indicator level.

#### **Compliance**

#### **Change in Safeguard Policies Triggered**

#### Explanation:

Projects on International Waterways (OP/BP 7.50) is triggered because of the expansion of the Project's reach to the Pando Department, where all major rivers are tributaries of international rivers within the Amazon basin. The exception to riparian notification was approved by the Regional Vice President on May 22, 2015, because (a) drinking water and irrigation sector micro-projects would be of limited local scale and focused on the rehabilitation of existing village systems for drinking water sector and rehabilitation and cleaning of village canals for irrigation; and (b) rehabilitation and improvement of small wooden docks and fishing facilities would be limited in scale and focused around enhancement of the existing facilities. Consequently, the proposed Project's activities are not likely to damage the quality or quantity of the water flowing to downstream riparians and the Project will not be affected by other riparians' possible water use.

1 8	`	Proposed(from Additional Financing
		ISDS)

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

## Covenants - Community Investment in Rural Areas Project Additional Financing (P154854)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Section I.A.1. (c) of Schedule 2	The Recipient shall vest the overall responsibility for the implementation of the Project in the MDRyT, and to this end shall, through MDRyT no later than three (3) months after the Effective Date complete the staffing of the ROUs, in a manner acceptable to the Bank.	28-Feb- 2016			New
IDA	Section I. D. 1. (a) of Schedule 2	Prior to the implementation of any Subproject, the Recipient through EMPODERAR shall, when applicable, enter into a memorandum of understanding with each Participating Municipality where those Communities are located, under terms and conditions acceptable to the Association and substantially similar to those provided in the OM.			CONTINUO US	New
IDA	Section I. D. 1. (b) of Schedule 2	Prior to the implementation of Subprojects, the Recipient through implementing agency			CONTINUO US	New

Source of Funds	<b>Proposed Additional Financing Credit Closing Date</b>
International Development Association (IDA)	30-Nov-2019

### **Change in Disbursement Estimates (including all sources of Financing)**

#### Explanation:

Given November 30, 2019 closing date, disbursement projection is as follows:

#### **Expected Disbursements (in USD Million (FY)**

Fiscal Year	2016	2017	2018	2019	2020
Annual	2.00	17.10	19.00	19.00	7.00
Cumulative	2.00	19.10	38.10	57.10	64.10

## Allocations - Community Investment in Rural Areas Project Additional Financing (P154854)

Source of	Currency	Category of	Allocation	Disbursement % (Type Total)	
Fund		Expenditure	Proposed	Proposed	
IDA	USD	Goods, consultants' and non-consulting services, incremental operating costs, and training & workshops	15,000,000.00	100.00	
IDA	USD	Community investment grants	45,000,000.00	100.00	
		Total:	60,000,000.00		
COMM	USD	Counterpart contribution for subprojects by beneficiary communities	4,100,000.00	0.00	
		Total:	4,100,000.00		

#### **Components**

#### **Change to Components and Cost**

#### Explanation:

Changes to the components are as follows: Component 1 (community capacity building) will support about 750 new communities in five Departments (including Pando) in consultations, sub-project identification and implementation, while some support will also be given to about 120 communities selected for second round of sub-project financing. Component 2 (community-driven development investment) will finance approximately 1,100 sub-projects to improve basic infrastructure and services in these communities. Component 3 (coordination, monitoring, and evaluation) would finance setting up of a regional operation unit in Pando and operating costs in central and two other regional units, including monitoring and evaluation as well as third party impact evaluation.

Revised Project's costs include IDA proceeds and communities' contribution to the implementation of subprojects under component 2 (all sources of financing).

Current Component Name	Proposed Component Name	Current Cost (USD M)	Proposed Cost: original credit and AF (USD M)	Action
1 - Community Capacity Building	1 - Community Capacity Building	5.00	13.50	Revised
2 - Community-Driven Development Investment	2 - Community-Driven Development Investment	33.00	80.10	Revised
3 - Coordination, Monitoring and Evaluation	3 - Coordination, Monitoring and Evaluation	5.00	13.50	Revised
	Total:	43.00	107.10	

Other Change(s)							
Implementing Agency Name Type Action							
Plurinational State of Bolivia	Recipient	No Change					
Ministry of Rural Development and Land	Implementing Agency	No Change					

#### **Change in Implementation Schedule**

#### Explanation:

The original credit is expected to be fully disbursed in 2016, and all planned activities would be completed by the current closing date (April 30, 2017). Considering the substantial increase in the number of target communities (from 500 as in the original design to 1,512 communities, including both credits), the closing date of the proposed additional credit would be November 30, 2019 to ensure all additional planned activities would be satisfactorily completed.

#### IV. Appraisal Summary

#### **Economic and Financial Analysis**

#### Explanation:

The Economic and Financial Analysis for the Project was updated to include activities to be financed by the proposed additional credit; it indicates that the expected economic results are highly positive and robust against major risks. The overall Project Internal Rate of Return (IRR) was estimated at 13.9 percent and the Net Present Value (NPV) at USD 4.9 million, which is slightly higher than the IRR estimated for the original Project (13 percent). This estimate is conservative, as it does not take into account Project's indirect benefits or spillovers, such as increased well-being of benefited communities as a result of more food availability and improved housing. The sensitivity of the

analysis to major risks was also tested: a 20 percent increase of the AF costs (from USD 69 million to USD 82.8 million) would reduce the IRR from 14 to 10.6 percent; a 20 percent reduction of the number of supported communities in the targeted areas would result in an IRR of 13.2 percent.

#### **Technical Analysis**

#### Explanation:

Compared to the original design, the AF would only include minor technical adjustments, such as a new round of subprojects for 120 benefited communities (Component 2).

The AF would extend activities to the Pando Department and has adjusted operational elements in accordance to the particular conditions of the area. Lessons learned from the implementation of the Territorial Economic Development Project financed by the Danish Cooperation have been taken into account. Because livelihoods in Pando are highly dependent on the Amazon Basin's river system, potential sub-projects will include river transportation, pond fisheries, forestry (such as Brazil nuts), and post-flood rehabilitation. The Project's Operation Manual has been updated to reflect the likely types of subprojects. In addition, the staffing of the new Pando regional operation unit includes technical expertise in fields such as fisheries, forestry, and river transport engineering.

Pando has a population of 109,173. The selection of Pando is based on the area's vulnerability to food insecurity. According to Vulnerability to Food Insecurity study (VAM 2012) out of total of 15 municipalities 11 are classified as highly vulnerable to food insecurity and 3 are classified as moderately vulnerable. Pando has the highest share of highly vulnerable municipalities in Bolivia. There is a substantial presence of indigenous groups, including Tacanas, Cavineño, Esse Ejja, Machineri and Yaminahua. Over the last 10 years, the population in Pando has grown by 108 percent due to the migration of about 57,000 people from highlands and valleys. As activities to be funded by the proposed additional credit would support communities with a mix of ethnically and culturally different populations of indigenous groups, Aymara, Quechua, and mestizo migrants are expected to benefit.

Major sources of income in Pando are timber, gold mining and other minerals, rubber extraction, and Brazil nuts. While ecotourism generates some income, Pando has very little tourism infrastructure with few roads, as it continues to be a thick jungle riddled with rivers and suffering from continuous flooding. The humid tropical forest of the Pando Amazon forms an ecosystem that is home to a rich biodiversity and containing species of high economic value such as Brazil nut (*Bertollethia excelsa*), rubber (*Hevea brasiliensis*), mahogany (*Swietenia macrophylla*), cedar (*Cedrela odorata*) as well as many palm trees and non-timber products for medicinal use. Livelihoods of indigenous groups are dependent on fishery, forestry, agriculture, and livestock, while migrants depend largely on agriculture, bringing exogenous productive practices that could increase deforestation. These ethnic and socio-cultural differences are also at the root of unresolved issues stemming from overlapping rights of use of forest land, a major source of conflict in Pando. This is most acute in northwestern Pando, where forest areas that were traditionally occupied by indigenous populations have been declared as concessions.

#### Social Analysis

#### Explanation:

**Social safeguards.** OP/BP 4.10 (Indigenous People) and OP/BP 4.12 (Involuntary Resettlement) are triggered. A social assessment was carried out in Pando. The key stakeholders include community members (indigenous groups and migrants), CSOs (such as indigenous organizations),

NGOs, and local government offices. NGOs would facilitate overall project implementation at community level. CSOs and local government offices would support mobilization of community members, including indigenous populations. Unlike other Regions, private sector in Pando (Brazil nuts or rubber processors) would not as facilitating partner.

Indigenous People. During preparation for the Project, prior consultations with indigenous groups (Aymara and Quechua) which represented 95 percent of the target communities were undertaken. These consultations highlighted the following major requirements: equal attention to all communities, improved access to education and health infrastructure, and capacity building for communities. Recent consultations in Pando also found overall support for the Project and interests in sub-projects, such as productive infrastructure (roads and bridges). Women were interested in livestock (poultry, rabbits, and pigs). In preparation for the original credit, the implementation team developed community participation guidelines as a part of the operation manual, which lays out community engagement strategy in sub-project identification, prioritization, preparation, implementation, and operation and maintenance (O&M). The guidelines facilitated the project outreach to indigenous populations, who accounted for 90 percent of the beneficiaries of the original credit. The guidelines have been updated to facilitate sub-project planning and implementation in ethnically and culturally diverse targeted communities in Pando. Subprojects would not be implemented in areas under conflict.

**Involuntary Resettlement**. As the Project involves small-scale community investments, no significant involuntary resettlement or land acquisition is anticipated. A Resettlement Policy Framework (RPF) was prepared. In the original Project, there was no involuntary resettlement but a few voluntary land donations, which were not well documented. The RPF has been revised to improve documentation and reporting of such donations. The RPF has a grievance redress mechanism, around which the Project would build on the Project-wide grievance redress mechanism. The revised RPF as well as social assessment have been disclosed in country as well as on the Bank external website.

Gender. During consultations with indigenous groups, women indicated the following as constraints to participating in community activities: (i) their role or work limits free time, (ii) perception that men are responsible for the communities and therefore make decisions, (iii) lack of self-esteem because of limited knowledge, (iv) poor communication and information, and (v) lack of training opportunities. The original credit developed a gender action plan and ensured women's participation in sub-project prioritization by having women only consultations, which effectively channeled their priorities in sub-project decision making. In the original credit, around 40 percent of sub-projects were prioritized and implemented by women only, developing about 660 female leaders at community level. The Project will continue enhancing women's participation in sub-project identification, management, and O&M.

#### **Environmental Analysis**

#### Explanation:

The environmental assessment category remains as B. An additional safeguards policy is triggered OP/BP 7.50 (Projects on International Waterways). An environment analysis was carried out in the newly included area of Pando, and EIA was prepared to analyze potential project impact. Pando Department is located in the north of Bolivia in Amazonia basin, bordering with Brazil and Peru. The Department has mostly a flat terrain with an average altitude of 280 meters above sea level. It has a fragile eco-system. Pando has a tropical climate and is covered with jungle of the Amazon and crossed by many rivers. The Madre de Dios and Tahuamanu rivers, both tributaries of the Beni River,

which belong to the great Amazon basin course, are the main sources of surface water. The lower floors are characterized by frequent floods during several months a year. Pando is a region with a high level of precipitation with the average of 1,865 mm. The rainy season runs from October to April and the dry season has its minimum of rain in July. Surface waters abound throughout the year, but are of variable quality.

Subprojects in Pando would likely include fisheries from artificial ponds, forestry (community-based collection facilities of Brazil nuts), river transportation (financing small boats or rehabilitation of small wooden docks), micro-hydroelectric initiatives, and post-flood rehabilitation. Potential negative impact could include water pollution, over exploitation of fish or forest products. However, as subgrants are small, no substantial negative impact is foreseen. Under the original credit, the implementation of environmental safeguards has been satisfactory. The project team developed and updated various tools, including IPM. To ensure that sub-projects are implemented in an environmentally sustainable manner in a fragile ecosystem in Pando, the ESMF and environmental safeguard instruments, including environmental screening process and negative list, have been updated with environmental risk elements from Pando. Both EIA and ESMF have been disclosed in country and the Bank's external website. The key enhancements are highlighted below:

Natural Habitat. In Pando, there are two protected areas: Manuripi Heath Reserve Protected Area at national level and Forest Reserve Bruno Racua as a protected area at department level. While the project did not originally finance sub-projects within protected areas, the additional credit may finance subprojects to support sustainability in these areas.

Forests. Key selection criteria for forestry sub-projects would include promotion of sustainable agricultural / agro-forestry practices, no deforestation, or no damage to fragile ecosystems. Subprojects in Pando could involve collection of nuts or other vegetation.

Pest Management. The environmental conditions of Pando with high temperatures and levels of humidity increase the threat of pest attack to agriculture, agro-forestry and forest management initiatives, thus increasing the risk of pesticide misuse and/or water and soil contamination. To address this issue a specific crop mapping of Pando was prepared and IPM was updated, including a revised positive list of pesticides.

Projects on International Waterways. As previously noted, because Pando has all major rivers that are tributaries of international rivers within the Amazon basin, this policy has been triggered. Exception to the riparian notification was recently approved (see Compliance Section).

#### Risk

#### Explanation:

The overall risk of the Project remains moderate. The expansion into the Pando Department involves three key risks, namely that: (a) due to newly settled communities, agricultural practices that are not adapted to the region could have a negative impact on the fragile ecosystem in Pando; b) the complex and sensitive social relations between migrant and indigenous communities could result in the perception that the interventions supported by the Project are inequitable; and (c) weaker capacity in minority indigenous communities would hamper effective procurement. To manage these risks, the Project would promote locally adapted agricultural practices to the non-indigenous population, ensure transparency in the community selection process through public consultations, and strengthen the implementing unit increasing the number of procurement staff and providing them with specific training.

#### V. World Bank Grievance Redress

7. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing Project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address Project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

## Annex 1: Results Framework and Monitoring and Evaluation BOLIVIA: Community Investment in Rural Areas – Additional Financing

1. The table below compares the original and revised results framework:

**Table A1.1 Changes Made to Results Framework** 

Table A1.1 Changes Made to Results Framework					
Original	Revised				
PDO Indicators					
Beneficiary communities show improvement in Social Capital Index (four themes are O&M, participation in sub-project identification, women's participation, and social accountability)	( <b>Deleted</b> ) To highlight Project's achievements around four themes, the index was replaced by a four standalone intermediate results indicators				
	(New) Number of direct Project's beneficiaries (% of women, indigenous groups, and female heads of households)				
Community (of which women's) subprojects that achieve at least 75 percent of their expected results	Replaced by (New) Improved access to basic infrastructure and services in targeted communities (measured by additional months of road access per year; ha irrigated [new and improved]; km of fences constructed; additional safe drinking water available for targeted communities)				
Community (of which women's) subprojects fully functional one year after their completion	Unchanged				
Intermediate Results Indicators					
<b>Component One:</b> Capacity of beneficiary rural communication subproject preparation and implementation and management of the component of the	munities strengthened in needs assessments, prioritization, gement of community organizations				
Intermediate Result indicator 1: Number of training events implemented	(Deleted)				
Intermediate Result indicator 2: Share of community members (of which women) having attended at least one training	Number of beneficiaries (of which women) trained in project management				
	(New) Number of beneficiaries engaged in sub-project implementation committees (of which women)				
Intermediate Result indicator 3: Share of families in targeted communities that are satisfied with the prioritized investments	Percentage of community members (of which women) satisfied with the planning processes and sub-project identification				
<b>Component Two:</b> Beneficiary families in targeted coeconomic investments	ommunities implement and maintain their priority social and				
Intermediate Result indicator1: Beneficiaries (of which women) that have benefited from at least one subproject,	Replaced by mandatory PDO beneficiary indicator				
Intermediate Result indicator 2: Community (of which women's) subprojects financed by Project end	Percent of subprojects satisfactorily completed implementation, including final accounting				
	(New) Percentage of community members satisfied with sub-project outputs (infrastructure/service) (of which female)				
Intermediate Result indicator 3: Share of technical and fiduciary audits undertaken each year that are unqualified (over total audits undertaken in same year), including women's subprojects	Percentage of completed subprojects whose technical and fiduciary audits have no substantial remarks				

#### **Monitoring and Evaluation**

- 2. PICAR has an established Management Information System (MIS), which collects data to update results framework, prepare progress reports for the Government of Bolivia according to their sectoral outcome indicators and the Bank. The revised results framework incorporates some of GoB outcome indicators, which are under the new improved access to basic infrastructure and services indicator. Most of key data in the MIS are disaggregated by gender, and some are disaggregated by ethnicity and vulnerability (female heads of household).
- 3. At community level, sub-project implementation is monitored by a social control committee comprised of female and male community members. Monitoring and data collection are facilitated by consultants (local NGO or firm). Community-level data are aggregated at regional operation offices and further aggregated at national level.
- 4. **Impact evaluation.** Originally, impact evaluations were planned annually to establish targeted communities for later intervention as control groups and those under implementation as treatment groups with all target communities becoming treatment group at the end of the intervention. However, given the practical difficulties with operationalizing that design it was decided to undertake a third-party impact evaluation in two phases: (i) for the communities covered by the original credit at mid-way through implementation of the activities being supported by the additional credit; and (ii) for the communities benefitted by the AF (new and repeating communities) prior to AF credit closure.

### **Table A1.2 Adjusted Results Framework**

#### **Project Development Objectives**

Original Project Development Objective - Parent:

To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia. Infrastructure is principally understood as productive, non-commercial investments at community and family level. This would be accomplished through a participatory process in which empowered rural communities identify, prepare, implement, and maintain development and productive infrastructure sub-projects that respond to their priorities, based on the Community Driven Development approach.

Proposed Project Development Objective - Additional Financing (AF): The PDO remains unchanged.

## Results Core sector indicators are considered: Yes Results reporting level: Project Level

Pro	Project Development Objective Indicators							
Ind	icator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target	
1	Direct Project's beneficiaries	$\times$	Number	Value	0.00	132219.00	350000.00	
				Date	01-Nov-2011	31-Mar-2015	30-Nov-2019	
				Comment		Irrigation (14,096 beneficiaries), road (13,416 beneficiaries), production (53,590 beneficiaries), sanitation (38,586 beneficiaries), electrification (4,379 beneficiaries), other (8,152 beneficiaries)	Moved up to PDO indicator and redefined to monitor number of targeted community members benefiting from improved infrastructure and access to basic services	
1.1	Female beneficiaries	$\boxtimes$	Percentage	Value	0.00	49.80	45.00	

1.2	Indigenous beneficiaries	Percentage	Value	0.00	90.00	85.00
1.2		Sub Type				
		Supplemental				
1.3	Female heads of household <sup>1</sup>	Percentage	Value	0.00	24.00	20.00
1.3		Sub Type				
		Supplemental				
2	Subproject fully functional 12 months	Percentage	Value	0.00	0.00	75.00
	after their completion		Date	01-Nov-2011	24-Oct-2014	30-Nov-2019
			Comment		This will be assessed in June 2015 when first batch of about 30 sub-projects reaches 12 months after completion	End target date revised
3	Improved access to basic infrastructure and services in targeted communities	Text	Value	0	Additional 3 months of road access per year; 800 ha irrigated (new and improved); 250 km of fences constructed; additional 200 m³ per day safe drinking water available for targeted communities	Additional 3 months of road access per year; 1,400 ha irrigated (new and improved); 480 km of fences constructed; additional 400 m³ per day safe drinking water available for targeted communities
			Date	01-Nov-2011	01-Apr-2015	30-Nov-2019
			Comment			

<sup>&</sup>lt;sup>1</sup> Female headed households are the most vulnerable in targeted communities, which are located in most vulnerable as well as food insecure municipalities.

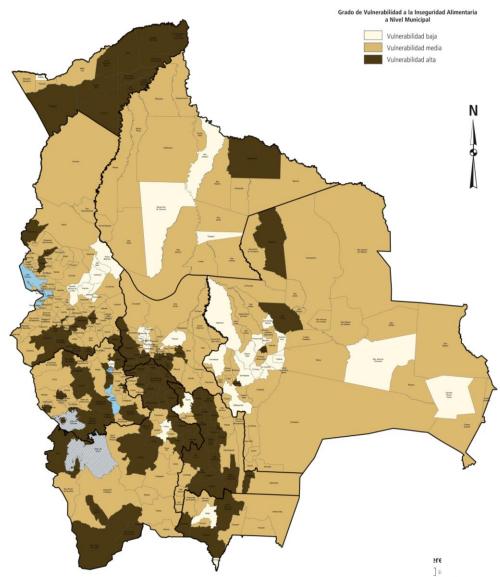
Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Number of beneficiaries trained in project management (of which women)		Number	Value	0.00	7192.00	14000.00
			Date	01-Nov-2011	31-Mar-2015	30-Nov-2019
			Comment		FM, procurement, safeguards, sub-project management, and O&M 37.2% of beneficiaries are women	40% of beneficiaries wou be women
Number of beneficiaries engaged in sub- project implementation committees (of which women)		Number	Value	0.00	3216.00	7800.00
			Date	01-Nov-2011	31-Mar-2015	30-Nov-2019
			Comment		49% of committee members are women	50% of committe members would be women
Percentage of community members satisfied		Percentage	Value	0.00	58.00	70.00
with planning process and sub-project identification (of which women)			Date	01-Nov-2011	31-Mar-2015	30-Nov-2019
identification (of which wohlen)			Comment	Level of satisfaction in mobilization (participation, inclusiveness in decision making)	58% of women are satisfied	70% of women would be satisfied
Percent of subprojects satisfactorily completed implementation, including final accounting		Percentage	Value	0.00	65.00	80.00
			Date	01-Nov-2011	31-Mar-2015	30-Nov-2019
			Comment			
Percentage of completed subprojects whose		Percentage	Value	0.00	70.00	90.00
technical and fiduciary audits have no			Date	01-Nov-2011	01-Apr-2015	30-Nov-2019

substantial remarks			Comment			Revised to monitor sub-projects with no substantial remarks (rather than unqualified)
		Sub Type	Date	01-Nov-2011	24-Oct-2014	23-Dec-2016
		Breakdown	Comment		See explanation above	
Percentage of community members satisfied		Percentage	Value	0.00	0.00	75.00
with sub-project outputs (infrastructure/service) (of which female)			Date	01-Nov-2011	31-Mar-2015	30-Nov-2019
(mirastracture/scrvice) (of which remaie)			Comment	Level of satisfaction in sub-project implementation and outputs (quality, use)	Not yet measured	70 percent for female beneficiaries
		Sub Type	Date		01-Apr-2015	31-Dec-2016
		Breakdown	Comment		No update since last report	

## Annex 2: Key Parameters for the Selection of the Pando Department BOLIVIA: Community Investment in Rural Areas – Additional Financing

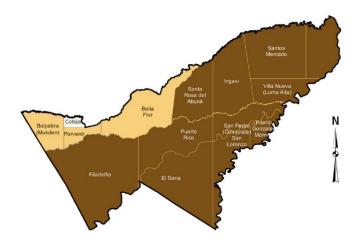
1. The Government has selected the Pando Department because of its high level of vulnerability to food insecurity. The latest study on Vulnerability to Food Insecurity, carried out by the Ministry of Rural Development and Lands with support of the World Food Program in 2012, classified 14 Municipalities from the Pando Department as moderately or highly vulnerable to food insecurity. To the total of 102 highly vulnerable Municipalities across the country, Pando contributes with 11 Municipalities. Based on the Department's surface Pando has the largest share of vulnerable area (see following figures).

Figure A2.1 Vulnerability to Food Insecurity



Source: Vulnerability to Food Insecurity 2012, Ministry of Rural Development and Lands (with support of the World Food Program)

Figure A2.2 Vulnerability to Food Insecurity, Pando Department



Source: Vulnerability to Food Insecurity 2012, Ministry of Rural Development and Lands (with support of the World Food Program)

- 2. Two main factors contribute to the high level of vulnerability to food insecurity in Pando: access to and use of food. The index of vulnerability to food insecurity comprises the following three components: (a) food availability, which integrates biophysical territorial conditions and the local agricultural production; (b) access to food, which is mainly linked to poverty levels and physical access to food supply centers; and (c) use of food, which refers to the living conditions and the incidence of malnutrition and diseases linked to the lack of domestic hygiene. Due to high rainfall values, on average 1,800 mm per year, and poor road connectivity, most of Pando's Municipalities have limited access to food. The already poor road network becomes largely impracticable during the rainy season, and food distribution relies on boats or small aircrafts. In addition, Pando has a high incidence of chronic malnutrition (in some Municipalities 5 out of 10 children below the age of five suffer from it) and very limited access to sanitation, particularly drinkable water and sewage which couples with a severe lack of infrastructure and access to basic services cause high incidence of acute diarrheic diseases. (See table next page)
- 3. PICAR interventions in Pando are expected to significantly contribute to reducing vulnerability to food insecurity and extreme poverty eradication, in line with the sectoral Policy of the GoB. With regard to food availability, the PICAR can contribute to increasing food production, including the basic processing of wild non-timber

forest products such as moringa, açaí, majo or copoazú. The Project can also help the communities to improve their access to food supply centers through small roads, bridges, docks, and other small infrastructure. The same infrastructure can be used to deliver products to urban markets. PICAR can also contribute to improve nutrition and food consumption by financing storage facilities and improving overall hygiene conditions (sanitation, tap water). The subprojects can include training in proper food handling, cooking and storage. In addition to the contribution to all three vulnerability dimensions, PICAR provides a flexible delivery mechanism that can be tailored to the particular site conditions, constraints and potentials to maximize development impact. The Project provides a useful intervention mechanism for the priorities defined by the GoB in the Agricultural Plan 2014-2018, which, inter alia, seeks to boost agricultural production for food security and alternative livelihoods for the extreme poor.

Table A1.1 Vulnerability to Food Insecurity 2012, Pando Department (3 = highly vulnerable; 2 = vulnerable; 1 = little vulnerable)

Province	Municipality	Vulnerability to Food Insecurity 2012 Composite index	Food availability	Access to food	Use of food
Nicolas Suarez	Cobija	1	1	1	2
Nicolas Suarez	Porvenir	2	1	1	3
Nicolas Suarez	Bolpebra (Mukden)	2	1	2	3
Nicolas Suarez	Bella Flor	2	1	3	3
Manuripi	Puerto Rico	3	2	3	3
Manuripi	San Pedro (Conquista)	3	2	3	3
Manuripi	Filadelfia	3	2	3	3
Madre De Dios	Puerto Gonzales Moreno	3	2	3	3
Madre De Dios	San Lorenzo	3	2	3	3
Madre De Dios	El Sena	3	2	3	3
Abuná	Santa Rosa del Abuná	3	2	3	3
Abuná	Ingavi	3	2	3	3
Federico Roman	Nuevo Manoa (Nueva Esperanza)	3	2	3	3
Federico Roman	Villa Nueva (Loma Alta)	3	2	3	3
Federico Roman	Santos Mercado	3	2	3	3

Source: Vulnerability to Food Insecurity 2012, Ministry of Rural Development and Lands (with support of the World Food Program)

## Annex 3: Revised Estimates of Project Costs and Absorptive Capacity BOLIVIA: Community Investment in Rural Areas – Additional Financing

- 1. The estimated required amount for the additional financing (AF) is based on the track record of the PIU's implementation and disbursement capacity. Once in fully operational mode, on average PICAR has been executing US\$ 10 million per year. Through April 2015, the PIU has submitted 21 disbursement requests (one request every 1.7 months) with an average amount of US\$ 0.96M and a total disbursement of US\$ 22.09 million equivalent to 62.93% of the Credit signed amount (considering current currency exchange rates). The balance of the proceeds is fully committed for the remaining months of 2015 and 2016. The Project is expected to disburse fully a year earlier than originally planned.
- 2. Considering the on-going Credit IDA-50040 and the proposed AF, the Project costs would reach about US\$ 94.6 million. The following table shows the distribution of the required funds per component. The AF of US\$ 60m of which US\$41 million would be for community investments is expected to benefit approximately 870 communities in 83 municipalities.

Table A3.1 Project's costs, including the original credit IDA-50040 and the additional financing

Commonant	Credit IDA-500040 original	Credit IDA-500040 real	Additional Financing	Total (real + AF)	
Component	(USD million)	(USD million)	(USD million)	(USD million)	
1. Community Capacity Building	4.5	3.1	6.5	9.6	
2. Community Investment	27.0	27.7	41.0	68.7	
3. Coordination, Monitoring and Evaluation	4.5	3.8	6.5	10.3	
Total baseline costs	36.0	34.6	54.0	88.6	
Physical contingencies	0.0		0.0	0.0	
Price contingencies	4.0		6.0	6.0	
Total Financing required	40.0	34.6	60.0	94.6	

Estimate of US\$ 34.6 m is based on currency exchange as for April 2015 and projection of 2015 and 2016

3. The Project will expand coverage from an area of 48 municipalities in four departments to an area of 83 municipalities in five departments. The incorporation of 14 municipalities in Pando will require the operation of a new regional office to be opened in the town of Cobija in Pando. To achieve the first regional transfers to this new region, more time than for the new transfers to the other regions will be

required. While the instruments are already created, the environmental characteristics of Pando are very different from those in the other departments, which will result in higher delivery costs (training, capacity building and Project coordination). In addition, considering that the participation of women in the decision-making process for subproject selection in their communities was improved since the 2<sup>nd</sup> Participatory Community Planning (PPC- 2), the time for implementation of the agreements was increased from 12 to 18 months.

4. For the AF it has been estimated that approximately 870 communities will be benefited. This target estimation was based on an average grant support of US\$ 51,700 per community determining that US\$ 45 million would be required for community investment under the AF. The original credit involved about US\$ 34.6 million allowing the project to benefit 642 communities and about 35,000 rural households, with an average cost of US\$ 53,900 per community (including a US\$ 43,146 grant for community investments).

Table A3.2 Detailed Project's costs for the original credit IDA-50040 (US\$)

	2012	2013	2014	2015	2016	Total
C1. Community capacity building	47,154	557,277	685,979	910,102	927,414	3,127,926
Dissemination activities	20,361	54,609	40,922	54,366	91,361	261,619
Studies and collaboration at local level	836	322,304	458,117	612,245	800,000	2,193,502
Participatory Planning	270	128,118	162,236	180,816	22,400	493,840
Equipment for training and capacity building	10,004	0	0	0	0	10,004
Operational costs	15,683	52,245	24,705	62,675	13,653	168,961
C2. Community Investment	0	10,280,712	6,706,994	7,306,356	3,420,568	27,714,630
Subgrants for community investments	0	10,279,094	6,697,319	7,288,630	3,402,568	27,667,611
Operational costs	0	1,618	9,675	17,726	18,000	47,019
C3. Coordination, Monitoring and Evaluation	858,839	578,135	999,897	940,071	452,252	3,829,194
Studies and consultancies	206,673	42,323	156,505	0	27,000	432,501
Technical services	97,879	148,370	237,880	289,784	114,509	888,422
Fiduciary management, including audits	44,554	103,030	231,755	212,825	60,328	652,492
Monitoring and Evaluation	255	19,873	34,299	0		54,426
Other services	11,985	31,231	44,535	54,147		141,898
Goods for PIU	378,916	23,514	39,513	111,910		553,852
Operatinal costs	118,577	209,795	255,411	271,405	250,415	1,105,603
Contingencies						4,000,000
	905,993	11,416,123	8,392,870	9,156,529	4,800,234	38,671,750

5. The Project is expected to fully disburse the proposed AF amount by November 2019. The PICAR is in full operational mode and counts on an experienced and competent

implementation team. On the assumption that the existing capacity is maintained and enlarged with a new regional office, and based on the demonstrated disbursement capacity, the Project is likely to execute an average of US\$ 15 million per year and disburse US\$ 60 million by the end of 2019. During the first years the additional resources will mainly flow to the current areas, where the PICAR already has Project offices operating; the new subprojects will follow the same pattern and certainly take advantage of the consultant network built so far. Nevertheless, the establishment of the Pando office and the first activities in the selected communities could cause delays in implementation in Pando. In Pando, the Project is expected to benefit a maximum of 150 communities with a total budget of US\$ 7.5 million. Even though the Project needs an estimate of six months to start in Pando, the planned budget is likely to be disbursed in four years. The following table entails the detailed estimate for the additional financing credit.

Table A3.3 Detailed budget for the additional financing credit (US\$)

	2016	2017	2018	2019	Total
C1. Community capacity building	343,858	1,469,003	2,503,504	2,183,634	6,500,000
Dissemination activities		156,824	235,237	235,237	627,298
Studies and collaboration at local level	314,870	914,870	1,672,305	1,352,435	4,254,480
Participatory Planning		296,027	444,041	444,041	1,184,108
Equipment for training and capacity building	23,988				23,988
Operational costs	5,000	101,281	151,922	151,922	410,126
C2. Community Investment	6,150,000	12,150,000	11,525,000	11,175,000	41,000,000
Subgrants for community investments	6,000,000	12,000,000	11,375,000	11,025,000	40,400,000
Operational costs	150,000	150,000	150,000	150,000	600,000
C3. Coordination, Monitoring and Evaluation	1,392,344	1,391,315	2,446,496	1,269,846	6,500,000
Studies and consultancies	169,422	169,422	682,206	272,903	1,293,954
Technical services	348,019	348,019	348,019	248,019	1,292,077
Fiduciary management, including audits	255,599	255,599	255,599	230,650	997,447
Monitoring and Evaluation	21,320	21,320	221,320	21,320	285,281
Other services	55,585	55,585	55,585	55,585	222,341
Goods for PIU	542,398		342,398		884,796
Operatinal costs		541,369	541,369	441,369	1,524,106
Contingencies					6,000,000
	7,886,202	15,010,318	16,475,000	14,628,480	60,000,000

### Annex 4: Revised Project Description and Components BOLIVIA: Community Investment in Rural Areas – Additional Financing

#### A. Project Development Objective (PDO)

1. The Project will maintain the original PDO, which 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. Infrastructure is principally understood as productive, non-commercial investments at community and family level. The Project will also maintain the community-driven development approach, according to which empowered rural communities identify, prepare, implement, and maintain development and productive subprojects that respond to their priorities.

#### B. Project Area and Selection Criteria

2. For the AF credit the Project selected 83 Municipalities vulnerability based on their level. The selected Municipalities are broken down into three groups: (i) 48 Municipalities covered with the credit IDA-50040 in the La Paz, Oruro, Cochabamba and Chuquisaca Departments; (ii) 21 new Municipalities in the original four Departments; and (iii) 14 Municipalities in the newly added Pando Department. The Project selected the beneficiary Municipalities by using the same criteria as in the original design: degree of vulnerability to food insecurity (VAM 2012), density of vulnerable communities, spatial continuity, and complementarity with other programs and projects. The list of eligible municipalities is presented below.

Table A4.1 List of targeted Municipalities (original credit and additional financing)

	MUNICIPALITIES			
DEPARTAMENT	N°	CURRENT MUNICIPALITIES	N°	NEW MUNICIPALITIES (SAME LEVEL OF VULNERABILITY)
	1	AIQUILE	1	CAPINOTA
	2	PASORAPA	2	SICAYA
COCHABAMBA	3	ANZALDO	3	ARQUE
COCHADAMBA	4	SACABAMBA	4	BOLIVAR
	5	MIZQUE	5	TACOPAYA
	6	VILA VILA	6	TAPACARI

	7	ALALAY	7	INDEPENDENCIA
			8	POCONA
	8	AZURDUY	9	POROMA
	9	TARVITA	10	SAN LUCAS
	10	ZUDAÑEZ	11	VILLA CHARCAS
	11	PRESTO	12	INCAHUASI
	12	MOJOCOYA	13	CULPINA
	13	ICLA		
CHIOLIGACA	14	PADILLA		
CHUQUISACA	15	TOMINA		
	16	SOPACHUY		
	17	VILLA ALCALA		
	18	EL VILLAR		
	19	TARABUCO		
	20	YAMPARAEZ		
	21	VILLA SERRANO		
	22	CORO CORO	14	CALACOTO
	23	SANTIAGO DE CALLAPA	15	AYO AYO
	24	LURIBAY	16	SAPAHAQUI
	25	YACO	17	CAIROMA
	26	MALLA		
I A DAZ	27	COLQUIRI		
LA PAZ	28	ICHOCA		
	29	SICA SICA		
	30	UMALA		
	31	SAN PEDRO DE CURAHUARA		
	32	PAPEL PAMPA		
	33	CHACARILLA		
	34	CARACOLLO	18	SANTIAGO DE ANDAMARCA
	35	EL CHORO	19	PAMPAS AULLAGAS
ODITO	36	SORACACHI	20	SALINAS DE GARCI MENDOZA
ORURO	37	CORQUE	21	CHIPAYA
	38	CHOQUECOTA		
	39	CURAHUARA DE CARANGAS	1	

	40	TURCO		
	41	CRUZ DE MACHACAMARCA	_	
			1	
	42	TOLEDO	_	
	43	EUCALIPTUS		
	44	BELEN DE ANDAMARCA		
	45	SAN PEDRO DE TOTORA		
	46	HUAYLLAMARCA		
	47	MACHACAMARCA		
	48	POOPO		
	1		22	BOLPEBRA
	2		23	PORVENIR
	3		24	BELLA FLOR
	4		25	FILADELFIA
	5		26	PUERTO RICO
	6		27	EL SENA
PANDO	7		28	SANTA ROSA DEL ABUNÁ
FANDO	8		29	INGAVI
	9		30	SAN PEDRO (CONQUISTA)
	10		31	SAN LORENZO
	11		32	SANTOS MERCADO
	12		33	VILLA NUEVA (LOMA ALTA)
	13		34	PUERTO GONZALO MORENO
	14		35	NUEVA ESPERANZA

3. Within the selected municipalities, the Project will target the most vulnerable communities. Following the practice of the first Project stage, the PIU will prepare a list of eligible beneficiary communities according to their level of vulnerability; it will validate the list along with municipal-level committees comprising relevant local stakeholders such as representatives of local governments, indigenous organizations, and so on (the Project Operational Manual provides guidance on the committee composition). The Project will only benefit communities that are legally established or are able to be formalized in a short time.

#### C. PDO Level Results Indicators

## 4. The Project will track progress against the PDO by means of the following two indicators:

- i. Direct Project's beneficiaries (of which indigenous people, women, and women head of households)
- ii. Community (of which women's) subprojects fully functional one year after their completion
- iii. Improved access to basic infrastructure and services in targeted communities defined by the additional months of road access per year; hectares irrigated (new and improved); km of fences constructed; additional m<sup>3</sup> per day safe drinking water available for targeted communities

#### D. Project components

- 5. Component 1: Community capacity building (US\$ 3.1m IDA-50040; US\$ 6.5m additional financing: US\$ 9.6m in total). This component will 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.
- 6. Capacity building for communities will be provided for activities such as participatory planning, needs-assessment, beneficiary consultation, subproject preparation management, implementation, financial community procurement, operations and maintenance, as well as monitoring and evaluation. Specific trainings and awareness campaigns will also be financed for cross-cutting themes such as inclusion, nutrition, conflict resolution, and community management. Limited technical assistance to municipal-level entities authorities will 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. The Component will 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.

- 8. Component 2: Community-Driven Development Investment (US\$ 27.7m IDA-50040; US\$ 41.0m additional financing; US\$ 68.7m in total). The Component will finance the provision of Community Investment Grants to selected communities in order to carry out Community Investment Subprojects.
- 9. Communities will be basically selected using the same criteria of the original design, namely: vulnerability to food insecurity (estimate 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). Following the practice of the on-going Project, the PIU will prepare a list of eligible beneficiary communities and validate it along with municipal-level committees, as indicated in the Project's Operational Manual. The Project will only operate with communities that are legally established or are able to be formalized.
- 10. Subprojects will be presented by rural communities to respond to their self-identified priorities. Given the demand driven nature of the Project, communities will 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. Communities that apply for a second round of subprojects will contribute to the total subproject costs with at least 20%.
- 11. With the credit IDA-50040, PICAR has financed the following items:

Transport	<ul> <li>Road rehabilitation</li> </ul>				
	<ul> <li>Road improvement in discrete points (drainage, fords)</li> </ul>				
	<ul> <li>One-way vehicular bridges</li> </ul>				
	<ul><li>Pedestrian bridges</li></ul>				
Sanitation	<ul> <li>Tap water (improvement of pipeline, construction of wells with manual pumps, rain harvest systems, cleaning systems for drinkable water)</li> <li>Latrines</li> <li>Ecological toilets</li> <li>Sewage</li> </ul>				
Production	<ul> <li>Fences for livestock</li> <li>Family greenhouses</li> <li>Micro-irrigation infrastructure (channels, pipeline, small dams, water</li> </ul>				

	reservoirs, acquisition of water pumps)  • Agro-tourism  • Facilities for poultry and minor livestock production  • Improvement of cultivated areas (small walls in steep areas to avoid erosion)
Others	<ul><li>School room improvement</li><li>Solar panel and electrification</li></ul>
	<ul> <li>Improvement of other community facilities (e.g. health care)</li> </ul>

12. In the highlands (Altiplano and valleys) the AF is expected to finance the same types of community projects. In the Pando Department it is likely to finance also the following type of subprojects:

Transport	<ul> <li>Improvement of small wooden docks for small boats up to 2 ton capacity</li> <li>Acquisition and/or improvement of small boats up to 2 ton capacity (with motor outside of the boat)</li> </ul>
Production	<ul> <li>Agro-forestry harvest and post-harvest value addition of food and forest non-timber products</li> <li>Aquiculture (improvement of water harvesting structures (e.g. rainwater fish ponds)</li> <li>Fishing facilities in existing or new fish ponds.</li> </ul>
Others	<ul> <li>House improvement, particularly to prevent flood damage</li> <li>Rehabilitation of damaged facilities after flood</li> </ul>

- 13. Irrigation and tap water subprojects will be based on the acquisition of water pumps (up to 5.5 HP). There will also be a demand for the construction of wells and the acquisition of manual pumps.
- 14. This component will provide the following differentiated grants for community subprojects:
- a) As implemented with the credit IDA-500040, new selected communities will be able to receive a grant not larger than US\$ 1,000 per family for a community subproject and additional US\$ 500 per family for subprojects decided and led by the women.
- b) Communities that have successfully carried out their subprojects, particularly with regard to operation and maintenance, will be eligible for a second round of subprojects with a ceiling of US\$ 500 per family and additional US\$ 250 per family for an additional women's subproject.
  - 15. Component 3: Coordination, Monitoring and Evaluation (US\$ 3.8m IDA-50040; US\$ 6.5m additional financing; US\$ 10.3m in total). This component will finance strengthening the institutional capacity of the Unidad Desconcentrada

Empoderar under the umbrella of the Ministry of Rural Development and Lands, 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. The Project will maintain the Regional Operational Units (ROU) in Oruro and Sucre and create a new office in Cobija (Pando).

16. The Component will finance incremental costs of the MDRYT/EMPODERAR in order to establish and operate the Project Coordination Team, including: consultancy services (among others, establishment and operation of the monitoring and evaluation system, including baseline studies, surveys, and impact evaluations; technical and financial audits), travel cost and subsistence for missions of Project staff; operation and maintenance of Project offices, including utilities and telecommunication; acquisition, operation and maintenance of field equipment and vehicles needed for Project activities.

### Annex 5: Changes in Implementation Arrangements BOLIVIA: Community Investment in Rural Areas – Additional Financing

1. The proposed AF will be implemented under the same arrangements of the current Project. Following the successful arrangements set out in the original design, the Ministry of Rural Development and Lands will implement the AF through the Unidad Desconcentrada EMPODERAR (PIU), which comprises both a Project Coordination Team Regional Operational Units EMPODERAR will continue contracting qualified consultants according to the diverse requirements along the subproject (participatory planning, detailed planning, implementation support). The PIU will continue managing the Project designated account and transferring subgrants to the beneficiary communities without intermediary steps. Overall fiduciary arrangements, including both Financial Management and Procurement, will be maintained.

### 2. For the AF the Project will integrate the following changes into the implementation arrangements:

- Besides the ROU in Oruro (covering Altiplano in the Oruro and La Paz Departments) and Sucre (covering the Cochabamba and Chuquisaca Departments), the Project will create an additional regional office in Cobija to cover the entire Pando Department. As defined in the original Project design, the new ROU will 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.
- The Operational Manual has included an annex with specific guidelines for FM and procurement in Pando, particularly in Cobija, which is a free zone.
- The Project will maintain the demand-driven approach with a negative list, which has been revised by adding specific items for Pando.
- The Project will basically maintain the same scale of community subproject, which consists of grants not larger than US\$ 40,000 for new beneficiaries and not larger than US\$ 20,000 for repeating communities. Ceilings for women-led subprojects will continue to be 50% of the aforementioned amounts.
- The Project will continue applying the 12-step subproject cycle defined in the original design: (i) information and communications campaign, (ii) local diagnostic, (iii) prioritization of needs, (iv) formulation of subprojects, (v) evaluation of subprojects proposals, (vi) approval of subproject, (vii) signature of subproject financing agreement, (viii) subproject implementation, (ix) subproject monitoring, (x) subproject closing, (xi) technical audit, (xii) impact evaluation. The PIU will include *two measures* to ensure that

the subproject essentially benefits the poorest of the poor within the communities and, therefore, prevent elite capture of benefits: (i) within the local diagnostic, the community, assisted by consultants, will disaggregate all community members (households) according to vulnerability criteria and define a strategy to address the most vulnerable community group, including remote and dispersed households; and (ii) the subproject monitoring will include regular assessments of the extent, to which the subproject is benefiting the most vulnerable households. In the completion procedure for each subproject, the community will confirm and register the benefit received by those households.

- The ESMF and RPF have been updated to reflect the particular context of the Pando Department.
- The PIU has also updated the M&E to include the development of a Grievance Redress Mechanism and the design and implementation of an impact assessment.

#### Fiduciary risks

- 3. Overall fiduciary risks in Pando are not different from those in the original Project's area, however they are exacerbated by the specific context. For instance, the particular condition of Cobija as a free zone could pose additional difficulties to the subproject finance management. Procurement in remote communities could also be particularly difficult for the offer of services and goods is certainly limited in those areas. Areas in which supervision will need to focus include:
- Implementation delays due to excessive bureaucracy and accountability conflicts. The Department of Pando has a weak institutional environment, and the distance from the central decision making body may cause delays. To mitigate this the PIU will set out an ROU in Cobija with appropriate technical and fiduciary staff that can provide support to the beneficiary communities.
- Implementation delays due to limited planning and operating capacity. Potential beneficiaries in both the current and new areas show limited capacity for subproject implementation, which could cause delays and administrative mistakes, especially if adequate guidance and other strengthening mechanisms are not consistently applied, particularly in remote areas. Project implementation has shown that this risk can be minimized by providing capacity building and consultants "acompañantes" that assist the communities in executing the subprojects.
- Implementation delays due to weak capacities of staff. Lack of continuity of the managerial, technical and administrative staff may erode the capacity created under PICAR adversely affecting the implementation timeline (due to poor planning or inadequate execution in the procurement processes) and the correct implementation of procurement

guidelines. The Task Team will conduct frequent training and provide on-the-job support to Project's staff to maintain and even improve the performance shown so far.

# Annex 6: Key Documents in the Project Files BOLIVIA: Community Investment in Rural Areas – Additional Financing

Document name	Date
Economic and Financial Analysis	May 2015
Cost Tables	May 2015
Environmental Analysis	May 2015
Social Analysis	May 2015
Communication Strategy	May 2015
Operational Manual	May 2015
Selection of Project's areas (municipal level)	May 2015

Various - 2015

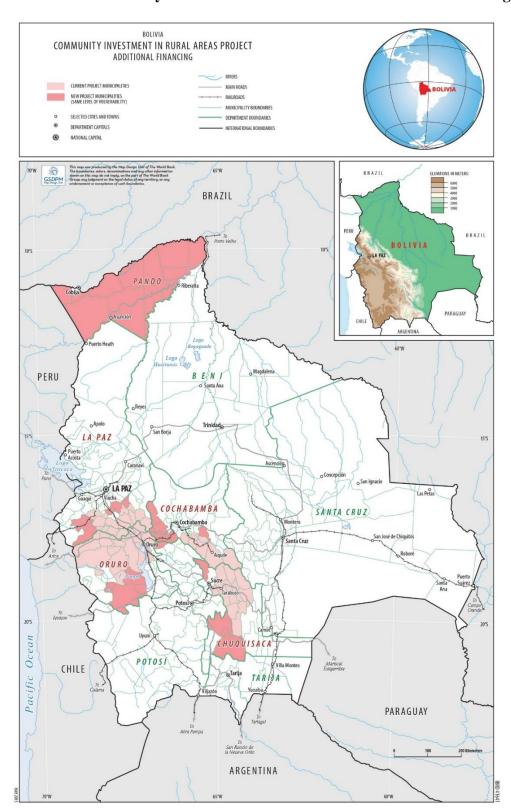
May 2015

Public Consultation Proceedings

Management Framework

Revised Environmental and Social

Annex 6: Map BOLIVIA: Community Investment in Rural Areas – Additional Financing



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