

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA24518

Project Name	BO Community Investment in Rural Areas Project Additional Financing (P154854)
Parent Project Name	BO PICAR Community Investment in Rural Areas (P107137)
Region	LATIN AMERICA AND CARIBBEAN
Country	Bolivia
Sector(s)	General agriculture, fishing and forestry sector (60%), General transportation sector (20%), General water, sanitation and flood protection sector (20%)
Theme(s)	Rural services and infrastructure (50%), Participation and civic engagement (30%), Other rural development (20%)
Lending Instrument	Investment Project Financing
Project ID	P154854
Parent Project ID	P107137
Borrower(s)	
Implementing Agency	EMPODERAR
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	27-May-2015
Date PID Approved/Disclosed	27-May-2015
Estimated Date of Appraisal Completion	27-May-2015
Estimated Date of Board Approval	30-Jul-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

In the last several years Bolivia has made substantial gains in reducing poverty and in improving shared prosperity; however, it still faces significant challenges in eradicating extreme poverty in rural areas. Using national poverty lines and the latest information available, overall poverty decreased from 63 percent of the population in 2002 to 39 in 2013 and extreme poverty from 37 percent to 19 percent in 2013. Similarly, the Gini coefficient measuring inequality has decreased from 0.60 in 2002 to 0.49 in 2013. The average income of the bottom 40 percent of the population has also improved by increasing 15 percent per year over the same period. Despite all those major achievements, rural Bolivia, comprising approximately 3.3 million inhabitants (30 percent of the total population), still faces chronic development challenges: 6 out of 10 rural inhabitant still are under the poverty line and 4 are classified as extreme poor. The rural poor are highly vulnerable to

food insecurity, dispose of limited economic opportunities and lack access to basic services and infrastructure. This particularly affects indigenous groups and the rural women, who on average have two fewer years of education than their male counterparts and face a series of constraints derived from socio cultural biases.

Sectoral and institutional Context

The proposed AF, with its scale-up in outreach to most vulnerable communities, is consistent with the current CPS and the development agenda of the Government of Bolivia (GoB), which pursues extreme poverty eradication. The current CPS (FY2012-2015) 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 support sustainable agricultural productivity and to improve 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, 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 development projects and programs such as PICAR, which have reached proof of concept and need now to reach scale in the poorest rural communities of the most vulnerable municipalities of the country.

The original credit finances approximately 800 subprojects and benefits 130,000 rural inhabitants in 35,000 rural households from the poorest 642 communities, improving basic and productive, non-commercial infrastructure; with an outstanding performance, the project is likely to achieve or surpass all targets. Through 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. 75 percent of sub-projects are completed and fully operational. Sub-projects include water and sanitation (37 percent), livestock protection 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 sub-project 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 complied with all credit 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 proposed additional financing will scale up a well-tested poverty reduction, rural development approach in about 750 new communities in five Departments, including Pando. It will also consolidate development impact by providing a second round of community grants to about 120 communities. 600 new communities will be in the current 48 municipalities and 21 new municipalities within the Oruro, La Paz, Cochabamba and Chuquisaca Departments; 150 new communities will be in the 14 vulnerable municipalities of the Pando Department (according to the latest study on Vulnerability to Food Insecurity, VAM 2012). Located in the Amazon basin, Pando has a fragile eco-system, and its communities are a mix of indigenous and migrant populations. While these higher environmental and social risks associated with operating in Pando have been

mitigated by revising the project negative list in the operational manual, and ensuring inclusive consultations, the residual social/environmental risk is still substantial. The AF will also support a new round of sub-projects to 120 communities that received grants under PICAR. This will allow to consolidate access to infrastructure and services, enhance participatory decision making, and strengthen their capacity in project management and operation and maintenance (O&M).

II. Proposed Development Objectives

A. Current Project Development Objectives – 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.

III. Project Description

Component Name

Component 1 Community Capacity Building

Comments (optional)

This component would finance technical assistance, training and capacity building for target communities to identify, implement, operate, and maintain community investment subprojects.

Component Name

Component 2 Community Investment

Comments (optional)

This component would finance the provision of community investment grants to selected communities in order to carry out community investment subprojects. Subprojects would be presented by rural communities to respond to their self-identified priorities. Given the demand-driven nature of the Project, communities would have an open menu of social and economic investments, including rural infrastructure, basic services, vulnerability reduction and food security activities, nutrition, and management of natural resources. In AF, approximately 120 selected communities that have successfully implemented and maintained subprojects would receive second round of financing.

Component Name

Component 3 Coordination, Monitoring and Evaluation

Comments (optional)

This component would support establishment of a new regional operation unit in Pando, operation costs at national and regional operation units, monitoring and evaluation, and third party impact evaluation.

IV. Financing (in USD Million)

Total Project Cost:	64.10	Total Bank Financing:	60.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			60.00

Local Communities	4.10
Total	64.10

V. Implementation

The proposed AF will be implemented under the same arrangements of the current project. The Ministry of Rural Development and Lands will continue to retain the overall responsibility for the AF implementation through the Unidad Desconcentrada EMPODERAR, which is the project implementation unit. EMPODERAR, has a demonstrated capacity in project implementation. The financing under the original project is fully committed for the remaining months of 2015, and it is projected to disburse fully by 2016, which is a year earlier than originally planned. Under the AF, EMPODERAR will maintain its existing central and two regional operations units (ROU), and in addition it will establish a new ROU in Pando.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37	x	
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

Because AF would work in Pando, Projects on International Waterways (OP/BP 7.50) has been triggered. An exception to riparian notification has been requested since (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 in the irrigation sector; and (b) rehabilitation and improvement of small wooden docks and fishing facilities would also be limited local scale and focused around enhancement of the existing facilities.

The Environmental and Social Management Framework and other instruments have been updated, based on experiences and lessons learned from the original credit and environment and social assessments in Pando.

VII. Contact point

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