COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

Consideration and approval of country programmes

THIRD PROGRAMMING FOR BOLIVIA

Note by the Administrator

Programme period

1984-1986

Illustrative IPF for 1982-1986

$US 19.5 million

1. Nature of the programming exercise

1. The preparation of this country programme was a joint exercise of the Ministry of Planning and Co-ordination and the UNDP Office in Bolivia. It was based on the extension document of the 1977-1981 country programme approved by the Governing Council at its 1983 session and the broad lines of the National Development Plan (1984-1987) now in preparation.

2. In preparing the first draft of the document, the Department of International Co-operation of the Ministry of Planning compiled and analysed the technical assistance requirements of the sectoral planning offices and made the final selection of projects on the basis of the project profiles submitted by those offices.

* Notes by the Administrator on previous country programmes for Bolivia were issued under the document symbols DP/CC/BOL/R.1/RECOMMENDATION and DP/GC/BOL/R.2/RECOMMENDATION.
3. The participation of the specialized agencies of the United Nations system consisted of identifying and formulating some of the projects included in the present programme through their local representatives or special missions. The United Nations Industrial Development Organization sent a programming mission. This third programme reflects the close collaboration and co-ordination with activities financed by the United Nations Fund for Population Activities (UNFPA), the United Nations Capital Development Fund (UNCDF), the United Nations Voluntary Fund for the Decade of Women, the System of Financing of Science and Technology for Development and the World Food Programme (WFP).

4. Of the total resources taken into account for the programme, a high proportion (approximately 76 per cent) is to be spent on new projects. This is primarily because the Government decided to organize a meeting of donors in the second quarter of 1984 at which profiles of new projects would be put forward requiring a higher level of resources under the cost-sharing system both from the Government and from third party sources. On the other hand, the programme also reflects the allocation of funds to priority sectors, the distribution by project to be determined once the National Development Plan 1984-1987 is ready and the economic policy of the Government has been formulated.

II. Relationship of the country programme to the objectives of the National Development Plan

5. The National Development Plan now being prepared calls for the launching of a series of actions aimed at reactivating the development of the economy, which has been weakened by structural imbalances and the effects of the world crisis and by natural disasters which are eroding the way of life of Bolivian society. The country is estimated to have suffered a loss of about $US 900 million in production, infrastructure and social capital. Consequently, the Plan seeks to offer an alternative which will help to resolve the emergency in the next few years.

6. The general objective of the Plan is to stop the steady deterioration in the living standards of the vast majority of the population by concentrating the State's action and support on the production of goods and services of mass consumption, adapting the process of industrialization to the need to produce that type of goods and services and developing the export sector with a view to coping with payment of the external debt and with the needs of the economy described above. This third programming is related to that general objective.

7. The measures for achieving that objective have to do with the re-direction of public social expenditure so that it is geared especially to rural and urban low-income groups and aimed at wiping out the most severe manifestations of extreme poverty, including high infant mortality, malnutrition and illiteracy.

8. The Plan also called for the division of the economic system into an essential area and a complementary area, reaffirming the mixed nature of the economy through greater participation by private initiative in the development process.
9. The four basic pillars of the development process will be: (a) the agricultural sector, as the target area for the effort to effect structural reform; (b) the hydrocarbon, energy and mining sector, as the area for generating foreign exchange and domestic savings; (c) the transportation and infrastructure sector as the foundation for economic flows and exchanges of goods between the newly incorporated regions and zones and urban markets; (d) the public sector, which is to organize and direct the orderly process of economic recovery and economic development on the basis of those priorities.

III. Content of the country programme

10. The illustrative IPF for Bolivia for the period 1982-1986 is $19.5 million. Subtracting the non-programmable balance ($8.76 million) and expenditure for 1982 and 1983 ($4.16 million) and adding the balance of the IPF for the second cycle ($820,000) and the costs of participation by way of cost sharing ($15.38 million), the total resources which can be counted on for the programme come to $22.76 million for the period 1984-1986.

11. The breakdown of those resources by sector reflects the high priority the Government has placed on the natural resources sector (52.2 per cent of the total) as a source of foreign exchange and employment and for its input into the development of the energy sector. The sector absorbing the next highest proportion of resources is the industrial sector, representing 14 per cent of the gross domestic product (GDP), which has been assigned an important role in the context of the exports expansion policy based on high manpower utilization and the use of local raw materials. The planning and agriculture sectors rank third and fourth respectively, and are expected to contribute to the process of structural reform necessary for a rapid reactivation and recovery of socio-economic development.

12. Within the framework of the Government's priority objectives, UNDP co-operation for the period 1984-1986 envisages the implementation of projects in the following sectors:

(a) Development policy and planning. Projects: economic analysis; programming of investments and training; establishment of a centre for forecasting trends;

(b) Natural resources. Projects: study of the country's gold-bearing reserves; development of geothermal energy in the area of southwest Bolivia;

(c) Agriculture, forestry and fishing. Projects: agricultural pre-investment and expansion of agricultural frontiers; irrigation-based agricultural development; improved irrigation in traditional areas; exploitation of underground water by sinking shallow wells in the Altiplano and in valleys selected for agricultural purposes; support for the development of rural co-operativism and promotion of new forms of association for production; strengthening of the forestry sector; increase in production; increase in the production of seeds;
(d) **Industry.** Projects: establishment of a pilot centre for the processing of meat and milk products; creation of a wine-growing centre in the department of Tarija; development of the activities of small industries in urban and rural centres; assistance to the wood and pulp industry; overall assistance to the industrial sector; increase in mining production; pre-feasibility studies for the installation of foundries and refineries;

(e) **Human settlements.** Project: overall demonstration assistance to the urban development and housing sectors;

(f) **Employment.** Project: integration of women in the productive process;

(g) **Culture.** Project: cultural tourism programme.

13. The allocation of UNDP assistance was determined not only on the basis of the priorities proposed by the Government but also by specific additional criteria relating to the improvement of living conditions of the more disadvantaged population groups, emphasis on inter-agency and intersectoral activities to give the programme greater internal cohesiveness, preferential attention to the utilization of existing national expertise and utilization of UNDP assistance as a catalyst to mobilize other sources of aid.

14. A breakdown of resources by sector is shown in the annex to the country programme document.