

PROGRAM OF COMPREHENSIVE SERVICES FOR CHILDREN UNDER SIX

(BO-0130)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Bolivia

EXECUTING AGENCY: Social Investment Fund (*Fondo de Inversión Social*) (FIS)

AMOUNT AND SOURCE:

IDB:	US\$20.0 million (FSO)	59.7%
Local counterpart funding:	US\$13.5 million	40.3%
Total:	US\$33.5 million	100.0%

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	40 years
Grace period:	10 years
Disbursement period:	5 years
Commitment period for projects component:	4 years
Interest rate:	1% for 10 years, 2% thereafter
Inspection and supervision:	1% of the loan amount
Credit fee:	0.5% per annum on undisbursed balances

OBJECTIVES:

The purpose of the program is to contribute to the growth and development of about 70,000 poor children under six years of age in marginal urban and/or rural areas, with a view to the maximum development of their potential, through services to help improve their physical, psychosocial, cognitive and emotional state, and through support for the organization and active involvement of their families and communities, and of public and civil society institutions, in the effort.

The program will provide assistance in bringing child services into the existing institutional framework and ongoing reforms of the State seeking more efficient and effective resource allocation and use and more sustainable investments.

DESCRIPTION:

The defining feature of the program is more the process by which the above objectives are to be accomplished than the specific expenditures planned, which will be for the comprehensive care of and services for children. The program has been divided into two

components: (i) child services projects, and (ii) institutional strengthening.

Child services projects. Financing is to be provided to about 360 child services projects (US\$25 million) in 200 municipalities. The projects are backed by a local participatory status diagnosis and will encompass the basic elements of child services (primary health care, nutrition, early stimulation, protection, and training in reproductive health for parents). Mechanisms are included to promote better quality services that are more responsive to actual needs and local initiatives, and involve civil society.

The "direct service" modality on the menu of project approaches will involve direct care for children in comprehensive "centers" serving 25 to 40 children, depending on the existing demand and institutional capacity, on community premises, for eleven months of the year. Indirect modalities will also be financed, in which family members will be trained and given the skills they need to attend to the health, nutrition and physical and emotional protection of children, and stimulate the development of children's capacities and skills through play and other activities, in their own homes and communities.

Services will be performed preferably by third parties under contract. As part of the projects the program will finance the construction and rehabilitation of basic service infrastructure, materials, equipment, food, remuneration, training, preinvestment expenses for project preparation, technical assistance, and administrative expenses of project operators.

The cost of infrastructure rehabilitation and construction, equipment, and materials will be cofinanced 90% from the proposed financing and 10% from the budgets of the municipal governments (MGs). The costs of operating and maintaining the services for children will be cofinanced 50% with proceeds of the financing and 50% by departmental governments (prefectures) and MGs. The plan is that the prefectures and MGs will gradually take over these costs until they are covering 100% of them by year 5 of the program.

The **institutional strengthening** component (US\$4.2 million) will build capacity in the public sector to design, support, and oversee decentralized

cross-sectoral operations in concert with civil society for the furtherance of child development. This will be accomplished by sensitizing and training the different levels of government and civil society in aspects of comprehensive care of and services for children; strengthening the technical capabilities of the Ministry of Human Development (MDH) so that it can further the work of the National Child Services Board, which is charged with charting public policies and standards for the sector; supporting the prefectures by cofinancing specialized human resources in the sector and their training; developing and adapting curricula and materials; and strengthening and expanding a system of information, planning, monitoring and impact measurement at the central, departmental, and municipal government levels.

**THE BANK'S COUNTRY
AND SECTOR
STRATEGY:**

The priority in the Bank's strategy in Bolivia is to support programs and projects that help (i) improve social conditions, by providing ongoing support for the strategy of investment in human capital formation and reforms in education, health and housing, specifically at the basic service level and to benefit the lowest income groups; (ii) promote reform of the State and decentralization; (iii) promote sustained development through structural reforms, encouragement to investment and increases in productivity, and (iv) restore and protect the environment.

The program is in line with this strategy in supporting comprehensive primary care and services for the group of highest social priority and in furthering decentralization and strengthening the involvement of civil society, by making child services part of the existing institutional structure.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of May 11, 1996, classified this as a Category II operation. It was forwarded to the Bank's Public Information Center on June 26, 1996.

BENEFITS:

The program is expected to produce improvements in the level of the early development of children that will enable them to perform better in the subsequent stages of their lives and to improve their personal integration in society. Concretely, the program will lead to improved health and scholastic performance, which will translate into more and better employment opportunities and a reduced likelihood of delinquency. This change in children's life profile

will bring benefits to the country in the form of resource savings in the social and judicial spheres: in the social area, from savings on education expenditures when a child completes his or her schooling in fewer years; on the health-care spending front, when morbidity among children decreases and they therefore require fewer clinical services; and in the judicial sphere, from cost savings relating to the victims of crime, the justice system and productivity losses.

Preparing the program has itself already yielded several benefits of an institutional nature: (i) it has helped in the institutional definition of the child services sector and the framing of a public policy proposal; (ii) it has aided in the collective framing of basic technical standards and a curriculum for the sector; (iii) it has supported the development of mechanisms for coordination among the many actors in the sector; (iv) it has perfected a methodology for support to municipal and community actors in preparing projects involving comprehensive child services, and has made municipal governments and prefectures aware of the importance of the sector; (v) it has based the design of project modalities on the findings of participative studies to characterize demand and cultural patterns and on an examination of lessons learned in other ongoing operations, in order to come up with solutions based on local experiences and needs, but leaving them flexible enough for changes to be made in progress; and (vi) it has developed a package of technical designs and standard costs for the modalities that will facilitate execution and quality control.

RISKS:

Real decentralization and community participation, while crucial to pare back public-sector operations at the central level, entail risks stemming from (i) limited project-implementation capacity of municipal governments and their lack of experience in this area; (ii) the different demands on the funds available to those governments and their rudimentary experience to date in investment prioritization, which could compromise the implementation and sustainability of operations under the program; (iii) the small number of nongovernmental organizations with long experience in this sector in rural areas; (iv) weak cross-sectoral coordination, and (v) weaknesses at the central level, since sectoral institutions have only recently been defined.

The projects' simple designs and the proposed comanagement arrangement with project operators and active community involvement, the technical assistance, the plan for close FIS monitoring of operations, and the training of government employees, operators and community actors, all will counter the risk posed by the lack of implementing capacity of the MGs.

**SOCIAL
CLASSIFICATION
AND POVERTY
TARGETING:**

Pursuant to the Eighth Replenishment document (AB-1704, paragraph 2.13), it has been determined that the proposed program would qualify as a social program because of the nature of the proposed investments in the areas of education, health, nutrition, and support to reproductive health and child development, targeted to the country's low-income population (paragraphs 4.24 and 4.25).

Likewise (in accordance with paragraph 2.15 of document AB-1704), the program is poverty-targeted, providing systems for targeting the poorest groups by prioritizing activities for promotion and technical assistance to municipalities with the highest indices of poverty and other social indicators in health and education (paragraph 3.18).

The foregoing notwithstanding, in terms of percentage shares of financing, an agreement has been reached with the Government of Bolivia that the Bank will fund only 59.7% of the total cost. The reason for this is that most of the program costs are recurrent, and one of the program's aims is to see the MGs and prefectures gradually take over those recurrent costs until they are paying them in their entirety by the end of the program. This will ensure the sustainability of the processes set in motion by this program.

**EXCEPTIONS
TO BANK
POLICY:**

Owing to the decentralized implementation arrangement planned for this program, it is recommended that the requirement of prior consultation with the Bank as to procurement and contracting apply only for the selection and contracting of goods worth over US\$100,000, works projects over US\$200,000, individual consultant contracts over US\$50,000, and consulting firm contracts over US\$100,000. For services contracts, the Bank would previously review the terms of reference (paragraphs 3.33 and 3.34).

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement:

- a. Demonstration that the National Child Services Bureau has been given the staff needed to implement the program (paragraph 3.4).
- b. Demonstration that the National Child Services Board has been set up (see paragraph 3.3).
- c. Entry into force of the Operating Regulations (paragraph 3.11).
- d. At least two framework agreements signed with prefectures of the sample (paragraph 3.12).
- e. Presentation to the Bank's satisfaction of detailed terms of reference for the training and information, monitoring and impact measurement (SISMI) systems for the program (paragraph 3.28).

Other contractual conditions

The contract will include provisions sufficient to ensure adequate monitoring and evaluation of the program (paragraph 3.31) and the presentation of audited financial statements (paragraph 3.40). Specifically, when 30% of the Bank's financing has been disbursed or 50% of it has been committed, whichever occurs first, a mid-term evaluation of the program will be performed (paragraph 3.32).

PROCUREMENT:

Goods, construction work, and services will be purchased or contracted for in accordance with the Bank's policies, with the exception indicated above. International competitive bidding will be mandatory for purchases above US\$2 million for works projects, US\$250,000 for goods, and US\$200,000 for services (see paragraphs 3.33 and 3.34).

I. FRAME OF REFERENCE

A. Socioeconomic profile

- 1.1 Though Bolivia's gross domestic product has been growing an average of 4% a year since 1990 and price stability has been achieved, the country has not been able to reduce poverty to any significant degree. With a per capita income of US\$916, Bolivia is one of the poorest countries in Latin America. In 1993 about 60% of the population was living in poverty, an estimated one third of them in extreme poverty. ^{1/} The effects of the low income level are exacerbated by a lack of basic health services for 33% of the population, of drinking water supply for 13% and of sanitation for 28% of urban dwellers, and for 63% and 68%, respectively, of the rural population, which constitutes 42% of the national total.

B. Sweeping reforms to break out of the cycle of poverty

- 1.2 In August 1993 the Government of Bolivia launched a far-reaching reform of the State to help break out of the cycle of poverty by smoothing out the income distribution and bringing basic services to broad segments of the population, especially in the countryside. It promoted the value of the cultural and geographical diversity of the society and established the importance of the social sectors as an integral part of the solution. To implement these proposals, which constitute the government's strategic framework and priorities, important laws and decrees have been enacted, including (i) the Education Reform Law (see paragraph 1.12); (ii) Reform of the Executive Branch, which merged into the Ministry of Human Development (MDH) the public agencies responsible for health, education, sanitation, housing, and others, to make for more integral use and targeting of public resources in the social area, and (iii) decentralization, under the Laws on Citizen Participation (LPP) and Administrative Decentralization (LDA), which deconcentrate and decentralize government functions to the departments and municipalities.
- 1.3 In this new institutional setting, sectoral policy- and standard-setting and oversight are kept at the central level. The LPP mandates the transfer of 20% of fiscal revenues to the municipal governments (MGs), which are given responsibility and authority for maintaining and expanding health, education, sports, cultural, and agricultural support infrastructure. MGs must allocate at least 30% of the investment funds they receive to social areas. The LPP makes the MGs the cornerstone of democracy and institutionalizes the social control of local administration through participation by community organizations (COs) and their oversight committees. COs must participate actively in the formulation and execution of

^{1/} Source: The Bank's Bolivia country paper, 1996 (GN-1904-1).

annual municipal operating plans (PAO-M), setting priorities, overseeing the use of resources, and ensuring that municipal funding is equally distributed between the urban and rural populations.

- 1.4 The PAO-M is then submitted for approval to the departmental prefecture, to make sure that it conforms to sectoral technical standards and that sufficient funds have been allocated to defray the recurrent costs ensuing from social infrastructure investment. PAO-Ms are the core of the annual plan of departmental operations. The recently enacted LDA, which went into force on January 1, 1996, broadens the functions of the nine departmental prefectures, including transfer to them of the administration of health and education human resources and the management of social assistance institutions that are not under municipal authority. The object of these basic reforms is economic growth with social equity.
- 1.5 Several funds continue to play an important part in this new institutional structure: the Social Investment Fund (FIS), the National Fund for Regional Development, and the Campesino Development Fund, as efficient agencies for the transfer of counterpart funds from the central level to investments selected and cofinanced by the MGs in priority areas for the country's development (such as education, health and sanitation). These funds, and the FIS in particular, are supporting the MGs in the preparation of their annual operating plans and in their institutional consolidation.
- 1.6 To overcome constraints for the delivery of social services to the more vulnerable population groups, and to children, women and indigenous populations in particular, the government has instituted a Program of Strategic Action for Human Development (PAE-Social), which is designed to coordinate and expedite social policy management by means of a concerted, efficient allocation of resources to attain human development objectives in the short run. Ten areas of action have been identified: health, education, citizen participation, drinking water supply and sanitation, comprehensive child services, elimination of gender discrimination, indigenous peoples and multiculturalism, social and community services, sports, and culture. Some of the salient accomplishments of the PAE-Social in regard to children have been the setting up of the National Maternal and Child Insurance Plan, preparation of the program proposed herein, and progress in framing public policies for comprehensive child services.

C. Children in Bolivia

- 1.7 About 1.55 million Bolivians (20% of the population) are children under 6 years of age. Over 75% of these children live in poverty, most of them in extreme poverty. The majority of the children face from birth a host of circumstances that impede their physical, intellectual, and social development, to the manifest detriment of

their academic performance after they reach age 6. This is the result of the poverty in which they live and the attendant factors, mainly the prevailing deficiencies as far as nutrition, health, psychoaffective stimulation and cognitive development are concerned.

1. Health

- 1.8 At 68 per 1,000 live births, Bolivia's 1996 infant mortality rate is the second highest in the Americas, and is one third higher in rural areas than in cities. Under-5 child mortality stands at 100 per 1,000. Bolivia has one of the highest prevalences of population at nutritional risk in the region: in 1992, 38% of children under 5 suffered from some degree of malnutrition. Malnutrition is the leading associated cause of child mortality and morbidity, 60% of which is caused by diarrheal and respiratory diseases, and most heavily concentrated in children under 2. The increase in its prevalence in children over six months of age is largely attributable to inadequate care and feeding practices. ^{2/} Also, according to research done, the risks against child survival and development are bound up with the high level of illiteracy among women. These high child mortality rates are a product of the poverty cycle, in which another factor is a high fertility rate of 4.8 children for every woman, compared with the Latin American average of 3.6. Only 18% of women of childbearing age who are partners in consensual unions use modern birth-control methods.
- 1.9 This state of maternal and child health reflects a critical, complex situation. Some contributing factors are a low level of service coverage and quality, major difficulties of intercultural understanding and communication, the country's rugged terrain, and poorly informed users. Until some years ago virtually the exclusive focus of the health sector where child services were concerned was the child's survival. This perspective is shifting to a recognition that the first priority of the health sector is to support comprehensive care of children, so they will survive and develop their full potential.
- 1.10 In July 1996, National Maternal and Child Insurance was introduced to give expectant mothers medical, surgical, and pharmaceutical care, basic laboratory analyses and hospital care during pregnancy, delivery, postnatal confinement, and obstetrical emergencies. Similarly, neonates and children under 5 receive care in cases of acute diarrheal diseases and acute respiratory infections. Within eight months after this insurance went into effect all 331 municipalities in the country had joined, and are allocating 3% of

^{2/} UNICEF, *Bases para la Formulación del Programa de Cooperación Bolivia-UNICEF*, 1998-2002. Working document. La Paz, September 1996.

their tax revenue share-outs to fund it. To this is added the contribution of the prefectures in the area of human resources. This important initiative marks a first step toward improving the coverage of the medical services available to this group. Still lacking, however, are information on primary health care, access to preventive services, and a comprehensive approach to child services.

2. Education

1.11 The school system is extremely inefficient and ineffective. Only 63% of children between the ages of 6 and 14 in the countryside and 86% of those in urban areas are in school. Many children are enrolled late in the first grade, absenteeism and drop-out levels are very high, and the proportion of repeaters is 24.4% in the first six grades. These circumstances help explain the fact that only 7% of rural and 53% of urban children complete the eight grades of primary school. ^{3/} Attendance at formal preschool is low, totaling about 85,000 children in urban and 65,000 in rural areas, for a coverage of about 35% of children aged 4 and 5. There is a marked difference between the enrollment of boys and girls. Though enrollment rates in the first grade suggest an effort on the part of parents to enroll their daughters, they appear to drop out in larger numbers than boys very early on. As a result, the illiteracy rate among rural women is as high as 50% compared with 20% nationwide.

1.12 In recognition of the urgent need to improve the efficiency and equity of basic schooling, the Education Reform Law was approved in 1994. ^{4/} This law brings in a set of instructional, legal, and administrative reforms to improve education coverage and quality. It responds to the need to recognize and strengthen the country's cultural and linguistic heritage and diversity and to make education relevant to the real lives of the community once again. Implementation of this statute is one of the greatest challenges now confronting the country, but it also holds out a great opportunity for indispensable investment in human resources development. To maximize the efficiency of this investment, however, attention must also be given to development of the "raw material": boys and girls before they start school. It is very difficult, and sometimes impossible, to retrieve potential that has been lost by failure to nurture a child's development in its earliest years, in which learning capacity is largely determined.

3. Protection

1.13 Another constant in children's lives is physical and psychological abuse associated with poverty and traditional practices, which

^{3/} IDB. Report on the Education Reform project. PR-1992.

^{4/} The Bank is supporting this reform with loan 931/SF-BO.

severely impede their normal growth and development. Research done in the country has found that one in three children is hit or otherwise subjected to physical aggression, and one in five present beating-inflicted injuries. Psychological abuse is even more frequent, being suffered by two out of five children. This helps explain the presence of about 1,500 street children and 8,000 children in institutions, most of them in large towns and cities. Child labor is widespread, especially in the countryside. To improve this situation, a new Child and Adolescent Welfare Code is expected to be approved in 1997, in pursuit of the doctrine of comprehensive protection. Moreover, municipal Child and Adolescent Advocacy Services are being set up to advocate, protect, and defend children's rights.

4. Delivery of services

- 1.14 In the past, the response of Bolivian society and the government to the problems of the country's children was limited and slow in coming. The government's first efforts date back to the 1980s, with health initiatives in urban areas and education programs in rural communities. In 1993-94 these two sets of initiatives were merged into the National Agency for Women and the Family (ONAMFA) as Combined Child Development Centers (CIDIs). By the end of 1996, there were 946 CIDIs operating in rural and marginal urban areas, serving 29,474 children under six. The CIDIs, with community involvement, see to the food needs and, to a lesser extent, to the educational and preventive health needs of the children.
- 1.15 The CIDI project has been kept going almost solely by support from international agencies such as the World Food Programme, UNICEF, and the World Health Organization, having had no local counterpart funding for years. Some CIDIs, especially in large towns and cities, have also had some support from nongovernmental organizations (NGOs) and religious organizations, though their technical capacity has been variable. The quality of these efforts has suffered from lack of financial and technical resources. Quality is generally poor, particularly in the countryside, and teachers need better training and supervision.
- 1.16 An initiative introduced to broaden coverage in marginal urban areas is the Comprehensive Child Development Project (PIDI), which embodies a new approach to comprehensive care based in a family home in the community. The PIDI began in 1992 with a pilot stage, and was put into full operation in mid-1994 with support from the World Bank, World Food Programme, UNICEF, and the European Community, among other sources. At the end of 1996 it was covering 14,379 children in 1,017 day-care homes. The PIDI supports early childhood development by providing education, care and nutrition services 8 to 10 hours a day, five days a week. In 1995 the PIDI and CIDI together reached about 3.8% of Bolivian children under 6 living in poverty.

- 1.17 The PIDI and CIDI projects were originally entrusted to executing units under ONAMFA. As a result of the Decentralization Law, ONAMFA was dissolved with effect from January 1996 and its functions were transferred to the departmental prefectures and MGs. At that time, the PIDI and CIDI executing units were transferred to the Social Investment Fund (FIS), an agency working out of the Office of the Minister and Chief of Staff in the Office of the President, to ensure that they would continue to operate during the institutional redefinition and reorganization process. The transfer of some ONAMFA functions to the prefectures and MGs poses challenges for the management of the services that agency had been delivering, owing to the lack of experience of the departmental administrations and MGs in this sector and to difficulties encountered in the reassignment of responsibilities, inasmuch as the function of the prefectures and MGs is to coordinate work in this area rather than carry it out directly. To adapt to this new setting, make the most of the new coordination and resource allocation mechanisms, and respond to the recently completed analysis of its technical design and execution mechanisms, the PIDI is now restructuring its operation, which should expedite its implementation.
- 1.18 NGOs have also been delivering services for children in recent decades, through support to child care and children's services centers, mothers' clubs, maternal and child health programs, nutrition, literacy training, and radio education programs, among others. Of particular importance in the area of preventive and reproductive health, including family planning services, is a network of 24 NGOs - PROCOSI - whose aim is to help bring down the high rates of maternal and child mortality. Civil society organizations have done important work in this area to devise locally generated approaches suited to the diverse situations in Bolivia, and to develop training materials and systems. However, many of these NGOs need technical and/or organizational strengthening, operate on a small scale and in isolation, and would benefit from a definition of policies, standards and a curriculum to guide them.

5. Absence of an institutional setting

- 1.19 Despite the above-described efforts, the impact on the target population is diminished by a lack of institutional clarity in the sector, evidenced by the weak coordination of programs and projects, uneven quality of services, and activities that sometimes overlap or compete with each other. To maximize efforts and use allocated resources efficiently, the current disjointed operations need to be consolidated, made complementary and coordinated, and be made to work more systematically with community organizations (COs) and MGs. The sector's problems are aggravated by the absence of a general framework of standards and public policies and of a central institutional framework that would make it possible to define the

sector and help it participate more effectively in the country's development processes.

- 1.20 In view of this situation, in March 1995 the Bolivian government, with UNICEF support, held the First National Seminar on Comprehensive Services for Children under Six, to examine the needs of the sector. Most public and private agencies working in this field attended this event. The following priority lines of action were identified: (i) development of a framework of standards and policies for the sector in the short and medium term to coordinate child services with reform of the State efforts and ensure inter- and cross-sectoral coordination in service delivery; (ii) the broadening of coverage through interventions that draw from existing experiences and meet the needs of rural residents; (iii) training for child care providers at the family and community level; (iv) creation of a national information and evaluation system to measure the impact and efficiency of the different interventions, and (v) support from outside (the government, NGOs, etc.) and active community and family involvement to sustain the child services programs. These conclusions of the seminar were taken as a basis for the thrust and design of the program proposed herein.
- 1.21 In November 1996 a National Committee was set up with the support of the IDB and the World Bank, among others, to draw up a final proposal for a national public policy and institutional framework for the sector. The Committee took as its primary inputs the findings of the preinvestment work and studies for the program described herein and the evaluations of the execution of the PIDI. The Committee's proposal was accepted by the government and put into effect by Supreme Decree 245557 of April 7, 1997, which created the National Child Services Program (PAN) to promote services for early childhood education, health, nutrition and protection of children under 6. The PAN is cross-sectoral, comprehensive, decentralized, and participative, and is governed by the standards of the MDH, which will work through a National Child Services Board. Services for children, mainly under contracts with third parties, are the responsibility of the departmental prefectures and MGs, with operations coordinated and cofinanced by the FIS, which also provides technical assistance. The PAN is to absorb gradually the PIDI and CIDI programs now in operation, and constitutes the core of the proposed program.

D. Lessons learned in services to children

1. From current programs in Bolivia

- 1.22 An evaluation conducted of the PIDI in December 1995 and an analysis of existing demand in the country done for the preparation of this program have identified the following lessons: (i) MGs, NGOs, and COs need to be involved in project planning, monitoring and supervision, and heavier investments must be made in local

human resources to improve the quality of the service and make it sustainable; (ii) interventions, curricula, training, promotion and publicity must be designed to be responsive to the local culture if they are to be supportive of the community and family; (iii) the delivery of services must be linked to the school system to ensure their concordance with the Education Reform Law; (iv) teacher and family training must be the main focus for interventions to introduce the concepts of early stimulation, health, hygiene and nutrition; and (v) a variety of modalities must be available to respond to different situations and age groups.

2. General lessons learned

- 1.23 Studies and programs conducted in different parts of Latin America and elsewhere in the world are building a corpus of information the lessons of which, summarized in Table I-1, have been taken into account in the design of the present operation.

Table I-1: Investing in comprehensive services for children under 6

<p><i>The facts:</i></p> <ul style="list-style-type: none">▶ Learning begins at birth.▶ The brain develops most quickly in the early years; brain development is significantly influenced by the child's environment.▶ For children to develop to their full potential, their need for affection, interaction and learning through play must be satisfied along with their need for protection, proper food, and health care.▶ Children's learning capacity and their attitude toward learning are determined in the early years. <p><i>Why invest?</i></p> <ul style="list-style-type: none">▶ Interventions targeted to very young children can benefit the entire community, and mothers and older siblings in particular.▶ Such investments can remedy inequities rooted in poverty and social and gender discrimination.▶ Improvements in nutritional, health and psychosocial status boost school enrollments and improve academic performance, and reduce repetition and dropping out, thereby bringing down the cost and improving the efficiency of basic education.▶ Children who develop their full physical and mental capacity will be more productive citizens. <p><i>Suggested measures:</i></p> <ul style="list-style-type: none">▶ Development of national policies on comprehensive child services and legal and regulatory frameworks.▶ Imparting to families and communities the basic information and skills they need to nurture their children's development.▶ Increased services for children under 6, combining early stimulation, health, nutrition and protection with a strategy of cross-sectoral coordination and coordination between government and civil society.▶ Strengthening of community organizations that can carry out programs for children.

3. From studies conducted to prepare the program proposed herein

- 1.24 It is useful to single out, among the studies done in preparation of this program, the proposed technical standards devised for the sector and a number of studies of childrearing patterns in the three predominant cultures in the rural area: the Quechua, Aymara and Guaraní. Recommendations in these studies were: (i) support for the family in performing its early socialization functions, with a return to traditional rearing practices that favor the child's development, and pointing out the negative features of those that do not do so; (ii) locating children's services in proximity to user families and operating them with flexible schedules to make them more readily accessible; (iii) for cultural and logistical reasons, child care should be provided for mainly by training mothers, older siblings and other relatives, and (iv) the modalities of care should be built around cross-cultural teaching

approaches, starting with reassertion of the value of each indigenous language as the first step toward bilingualism.

E. Experience of the Bank and other agencies

- 1.25 The proposed program would be the Bank's first direct involvement with the comprehensive development of children under 6 in Bolivia. It will complement other ongoing operations: (i) the basic health services program (loan 858/SF-BO for US\$33.9 million), supporting the institutional strengthening of public agencies in the sector and the health care services network; (ii) education reform (loan 931/SF-BO for US\$80 million); (iii) regional development and sanitation program II (loans 777/OC and 914/SF for US\$64 million), which is funding basic infrastructure needs and basic services of municipal governments; (iv) technical cooperation for the schooling of working children (ATN/SF-5143-BO for US\$2.6 million), supporting the re-enrollment in school of urban children aged 7 to 12, and (v) the national governance program (loan 976/SF for US\$12 million) and social management support program (loan 982/SF for US\$3 million), which will support implementation of the Decentralization Law and basic institutional development of departmental prefectures, and better equip them to conduct public social policy. In the 1997-98 operations pipeline, the proposed program would also complement: (i) a second stage of the FIS (loan 950/SF-BO), and (ii) a health project (BO-0115) for reform of that sector, with special emphasis on preventive services for mothers and children.
- 1.26 The proposed operation likewise would complement programs for the care of Bolivian children under 6 being supported by other international agencies: (i) food support to the CIDIs and PIDIs by the World Food Programme (WFP), which is gradually shifting its support from urban to rural areas (the WFP is concluding agreements with the prefectures, which would be the interface point with this program); (ii) the World Bank, with a loan of US\$40 million for the PIDIs, and in the health field US\$20 million for a program of support to hospitals in the health districts; (iii) UNICEF, with technical and supervisory aid to CIDIs and PIDIs and support for implementation of the Mother and Child Insurance and municipal child advocacy bureaus; and (iv) USAID, with support to the PIDIs and PROCOSI, among others.

F. The Bank's country strategy

- 1.27 The Bank's strategy in Bolivia gives priority to the support of programs and projects intended to: (i) improve social conditions through ongoing support to the strategy of investment in human capital formation and reforms in education, health and housing, specifically at the basic service level and for the benefit chiefly of the lowest-income earners; (ii) promote reform of the State and decentralization; (iii) promote sustained development through structural reforms, encouragement of investment and increased

productivity, and (iv) protect and restore the environment. The proposed program is consistent with this strategy, in its support for comprehensive primary care and services for the top-priority group in the social area, and for furthering decentralization and the involvement of civil society, by giving it a place in the existing institutional structure.

- 1.28 The proposed program could be classified as a "third-generation" loan as defined in document GN-1932-1 regarding support for social-service delivery reform, in that it: (i) identifies and ranks the problems to be solved in order of priority, states clear and measurable objectives, and promotes local and community participation; (ii) rewards efficiency in social expenditure on the basis of results; (iii) encourages service delivery by third parties (NGOs, COs and private firms), and (iv) promotes the sustainability of services offered.

II. THE PROGRAM

A. Objective

- 2.1 The objective of the program is to help further the growth and development of boys and girls under six years of age in rural and marginal urban areas so that they can develop to their full potential, by providing services that will improve their physical, psychosocial, cognitive and emotional state and supporting the organization and active participation of their families and communities and of public institutions and civil society in this effort. The Logical Framework of the program is presented in Annex II-1.

- 2.2 A series of indicators have been identified to monitor the program and gauge its impact (see summary in Table II-1). These performance indicators, described more fully in Annex II-2, will be the basis for annual reports, for monitoring the operation and measuring its impact, and for the ex post evaluation.

Table II-1 Indicators of program success

	<i>In points</i>	<i>Current status**</i>
• <i>Coverage of poor children served</i>	+ 6	3.8%
• <i>Primary cycle repeater rate</i>	- 8	24.4%
• <i>Under-5 mortality rate*</i>	- 5	100/1,000

* *In participating municipalities.*

** *Baseline and targets will be reviewed at the program startup meeting.*

B. Description

- 2.3 The program's defining feature is more the process by which the above purposes are to be accomplished than the specific expenditures envisaged, which will be for comprehensive child services (primary health care, nutrition, early stimulation, and protection) and community organization, and give priority to services for children at risk (in situations in which acute diarrheal diseases or acute respiratory infections are present). Providing such services under a decentralized scheme will bring decisions on them closer to users and prompt the different levels of government and community organizations to give priority in their annual participative planning to sustainable preventive measures for comprehensive child services.

- 2.4 The program has two components: (i) child service projects, and (ii) institutional strengthening.

1. Child service projects component (US\$25 million)

- 2.5 This component will fund about 360 projects in some 200 municipalities, for the construction and rehabilitation of basic services infrastructure, materials, equipment, food,

remuneration, training, preinvestment outlays to prepare the projects, technical assistance, and administrative costs of local project operators (POs). Table II-2 presents the menu of service modalities to be offered by the program (hereinafter "the Menu") together with estimates of the numbers of persons to be served per year when operating at capacity. The Menu modalities are described in the following sections.

Table II-2
Menu of service modalities and estimated number of beneficiaries ^{5/}

Modality	Unit	Beneficiaries
a. <u>Comprehensive child development center</u>	Children 0 to 6 Parents Educators	7,650 3,825 765
b. <u>Parenting school</u>	Children 0 to 6 Parents Promoters	9,760 4,880 122
c. <u>Comprehensive mother and child care</u>	Children 0 to 6 Mothers Promoters and health workers	22,720 11,360 852
d. <u>Siblings</u>	Children 0 to 6 Children 7 to 14 Parents Promoters and teachers	8,320 4,160 4,160 416
e. <u>Literacy training for mothers, with a child development element</u>	Children 0 to 6 Mothers Promoters	22,880 11,440 286
f. <u>New experiences</u>	Children 0 to 6	480

a. Direct-service modality

- 2.6 The purpose of comprehensive child development centers is to improve the quality and extend the coverage of child development and day-care services for children under 6 years of age. The child's nutrition, health status and readiness for school will be improved and an attempt will be made to leave mothers free to do their work and enable older siblings to attend school. In general, a center will be housed in community premises where it will care for 25 to 40 children, depending on the demand and the

^{5/} This calculation was based on the demand for projects in the indicative sample; the assumption that demand in the other municipalities would be similar to the ones in the sample, because those other municipalities have similar social indicators; and the local counterpart capacity.

institutional capacity, for 4 to 8 hours a day. There will be one educator for every 10 children and one cook. The daily food ration will cover 70% of a child's nutritional requirements (50% when attendance is for 4 hours a day), and locally available foods will be served.

- 2.7 To complement the care and feeding provided in the center, the educators, with support from professional staff of the POs, will hold followup and training sessions with parents and visit the homes of at-risk children. They will also monitor and track the health and nutrition of children attending the center. In more serious cases, with support from the POs, they will coordinate with the local health services network to set up a schedule of joint measures and a child referral system.

b. Indirect modalities

- 2.8 To help teach family members how to properly supervise and care for their children under age 6, four indirect service modalities have been developed:
- 2.9 **Parenting school.** Defined as an educational process that provides opportunities for awareness-building, reflection and learning in topics relating to child growth and development, for groups of 20 to 25 mothers and fathers of children under 6, and other members of the community. Group learning methods will be used, starting with identification of basic learning needs and the recovery of traditional childrearing patterns. Twenty training sessions will be held at intervals during the year, led by a promoter with assistance from other local social agents. The course will be based on an educational package and guides combining classroom instruction and practical application. Children accompanying their parents will receive a food ration and development stimulation from their own parents. The promoter will make two or three home visits a month to monitor each child and provide reinforcement information and training to the parents in their own setting.
- 2.10 **Comprehensive maternal and child care.** Aimed at expectant and nursing mothers and mothers of children under 6, to promote preventive maternal and child health care, family planning, and early stimulation and growth, nutrition and protection of children by providing training and information and monitoring the family. This modality is not covered by the Mother and Child Insurance, which it complements by adding the role of the community promoter with a preventive approach. The PO will prepare health workers (physicians, nurses, midwives, etc.) to promote the comprehensive development of children in the services they are already performing. Supported by local health workers, the promoter will meet monthly with mothers in the health center or other community premises to discuss and examine aspects of the care of their children and monitor their growth and development. The promoter

will make home visits to support mothers and their families, with priority to children at highest risk, and to mobilize demand for the use of health services.

- 2.11 **Siblings.** 6/ The purpose of this menu modality is to give children aged 7 to 14 comprehensive information on caring for their younger siblings, using a participatory, active learning methodology taught at school. Schools will educate and train their pupils by introducing the subject of children in learning materials for primary education. The PO will train teachers in active methodologies that promote learning in their pupils in subjects and activities relating to the care and stimulation of their young siblings. Teachers will have the ongoing support of a community promoter. The tasks of the promoter include monitoring the tasks and actions of the pupils, meeting with parents every two weeks to make the family aware of the importance of child development, and home visits to monitor children's progress. The training of the pupils, involving two hours a week, will continue throughout the school year as an addition to their regularly scheduled classes.
- 2.12 **Literacy training for mothers with a child development element.** Bilingual literacy training will be provided, including learning material on comprehensive child services. It will be imparted to groups of 15 to 20 mothers of children under 6 and expectant mothers, in premises provided by the community, in two or three weekly meetings for one year, and will include specific tasks for the mothers to do with their children at home. Both the literacy training and child-care skills training will be guided by a promoter/literacy trainer and will be supported by health workers. The program will provide education materials and resources in child development, and the PO will provide literacy methodologies and materials for this purpose. The promoter will be required to make home visits to monitor the children's growth and development, particularly for children at risk.

c. Special features

- 2.13 The Menu will be open to the inclusion of new modalities that can demonstrate a per capita cost not exceeding the cost of existing modalities of similar purposes and scope. The program thus will be able to adapt to the particular needs and experience of different municipalities, and to adopt new approaches as it proceeds. The Menu also offers funding for pilot tests of new modalities (a maximum of two per new modality).

6/ The demand study showed that the care of children 2-3 years of age is entrusted in rural areas to older siblings because parents are obliged by their work to be away from home for most of the day.

- 2.14 All modalities of the Menu will provide information on reproductive health, with greater or less emphasis on this subject depending on their features. One aim is to provide education in family planning, with information on and to generate a demand for contraceptive methods. Financing may be provided for specific reproductive health activities when requested by the community and/or the municipal government and when the PO shows that it has the technical capacity required to deliver those services.
- 2.15 The educator/promoters will undergo continuing training and be monitored and supervised by the POs. In addition, since the mere imparting of knowledge to family members by the educators may not suffice to bring about the changes needed to promote and establish better conditions for children, human resources training support will be provided at other levels of action to further child development. To this end, the technical personnel of the POs will be responsible for training and coordinating measures with other local agents in the social and child protection areas, and in particular with local health workers, municipal child advocacy bureaus, and staff in primary schools.
- 2.16 The demand of communities for the modalities will be expressed in the form of project proposals. Each project is to be grounded in a local participatory status diagnosis, basic aspects of services for children, meet the prescribed core minimum standards of comprehensive care, and identify how the community will be involved in its implementation. The purpose of this approach is to ensure that the services provided are of good quality and that they are delivered in a manner that responds to real needs and local initiatives, and are suited to the ethnic, sociocultural and linguistic characteristics of the community. As a complement to the services offered on the Menu, all projects will seek to promote the formation of community child welfare committees and/or municipal child and adolescent advocacy offices to help protect children's rights locally.

2. Institutional-strengthening component (US\$4.2 million)

- 2.17 This component will strengthen the capacity of public and private agencies at different levels to supervise and deliver social services to poor children under age 6, by building technical capacity in sector institutions, helping to develop and adapt curricula and instructional materials, and helping to implement a system for informing on, monitoring, and measuring the program's impact.
- a. Building technical capacity in sector institutions
- 2.18 **Central level.** The technical capabilities of the National Education Secretariat (SNE) of the Ministry of Human Development will be strengthened by the addition of human resources with

expertise in the sector. Thus reinforced, the SNE will be equipped to provide better technical support to the National Child Services Board; supply feedback on the implementation of standards and policies at the national level, and analyze the purposes, targets, resources and operating methodologies of the different sectors involved. In addition, studies will be funded to gain a better understanding of the features of the child population and the care children are receiving, such as deficient nutrition in family diets, the incidence of abuse in the home, the extent to which departmental prefectures and MGs are applying standards and policies, and gender equity in each modality.

- 2.19 **Departmental level.** Campaigns will be conducted to build an awareness in senior departmental government officials of the importance of investing in human capital. Technical staff of the departmental Human Development Secretariats will be trained in comprehensive child services, and at least one expert in the sector will be funded in each prefecture. This reinforcement will stress the new sectoral functions delegated to the prefecture in connection with the program, such as promoting and evaluating project preparation, supervising the activities of the POs and MGs, and participating in the analysis of information on and the periodic evaluation of actions at the departmental level.
- 2.20 **Municipal level.** Training in the structure, management and supervision of the Menu modalities and in fundamentals of child development will be provided to the technical officer who will track the implementation, monitoring and evaluation of a municipality's projects and to the person appointed by the Oversight Committee to serve as liaison with the community project.
- 2.21 **Project operators.** Provision is made for systematic training in year 1 of a project for PO technical personnel who will be supervising its execution. The administration of the standards, instruments and operating mechanisms of the modalities and of the program will be transferred to that personnel, their technical skills will be upgraded so that they can train and monitor the technical and managerial performance of educators/promoters of the modalities on the Menu, and their ability to coordinate with other services will be strengthened. For the POs of the comprehensive development center and literacy training modalities that do not have the required number of years of experience in projects for, respectively, the education of children or literacy training, additional institutional strengthening activities will be included to give them the technical capacity required to provide those services with a good standard of quality.

b. Development and adaptation of curricula and educational materials

- 2.22 In the preinvestment stage, the program designed a core curriculum, instructional materials, and training materials based on the needs of the direct-service Menu modality. However, as the program proceeds, these inputs will need to be adapted for use in the indirect modalities and to be introduced into the different ethnolinguistic areas of the country. The effectiveness of the curriculum and materials will be evaluated in the course of the program, and they will be adjusted as needed. To this end, financing will be provided for technical assistance and the production of materials and publications.

c. Program information, monitoring and impact measurement system

- 2.23 A Program Information, Monitoring and Impact Measurement System (SISMI) will be designed and set in place within the framework of Bolivia's information and statistical systems. It will provide better information on the condition of children in the country, apprise the program management of the extent to which the proposed execution targets are being met, and make it possible to evaluate the implementation of activities so that decisions may be taken and corrections made as the program proceeds, and to measure the program's impact on its beneficiaries. With the SISMI it will be possible to evaluate at intervals the growth and development of children and the attainment of the other aims of each modality. It will be flexible, simple, and understandable, and as a shared system it can be used by project operators as a management tool and by MGs, prefectures, and the program management in their monitoring work.

C. Size of the program

- 2.24 The dimension of the program was based on: (i) the operational capacity of the institutional scheme adopted for its execution; (ii) the actual demand of 79 municipalities for implementation of the projects (20 municipalities with 38 prepared projects constituting the indicative sample, another 34 municipalities with completed participative diagnoses, and 25 letters from other municipalities interested in participating in the program); (iii) the analysis of the indicative sample, on the basis of which the cost structure was defined; and (iv) the availability of counterpart resources from the MGs and prefectures to finance recurrent costs. The program would provide resources for about 200 (64%) of Bolivia's 311 municipalities, which is considered sufficient for the introduction of relatively new child service activities.

D. Cost and financing plan

1. Cost

- 2.25 The total cost of the program comes to US\$33.5 million, broken down by expenditure item and source of financing as shown in the table below.

Table II-3: Program cost
(in millions of U.S. dollars)

Expenditure Item	Local	IDB/FSO	TOTAL	%
1. Administrative expenses	0.8	1.9	2.7	8.1
2. Child services projects component	12.5	12.5	25.0	74.6
3. Institution-strengthening component	0.2	4.0	4.2	12.5
4. Preinvestment (PPF)	—	1.5	1.5	4.5
5. Inspection and supervision charge	—	0.1	0.1	0.3
TOTAL	13.5	20.0	33.5	100.0
Percentage	40.3	59.7		

2. The Bank's financing

- 2.26 The Bank would provide US\$20 million in funding from the Fund for Special Operations, to defray about 59.7% of the total program cost. Though the program is poverty-targeted, it has been agreed with the Bolivian government that the Bank would finance only that percentage, inasmuch as most of the program costs are recurring ones, and one of its purposes is to see the MGs and prefectures gradually take on such costs until they are paying them in full by the end of the program. This will ensure the sustainability of the processes set in motion by the program. The terms and conditions of the loan are as follows:

Table II-4: Terms and conditions of the loan

Source of funds:	Fund for Special Operations
Amount:	US\$20 million
Currency:	U.S. dollars
Amortization period: Grace period: Disbursement period: Commitment period:	40 years 10 years 5 years 4 years
Interest rate:	1% first 10 years, 2% thereafter
Inspection and supervision:	1% of the loan amount
Credit fee:	0.5% per annum on undisbursed balances

3. Local counterpart contribution

- 2.27 The local counterpart contribution of US\$13.5 million will defray 40.3% of the program cost. It will be furnished by the Bolivian Treasury (3.4%), the departmental prefectures (48.3%), and the MGs (48.3%). The feasibility of the contributions of the prefectures and MGs is explained in chapter IV of this proposal, which examines the financial feasibility of the program.

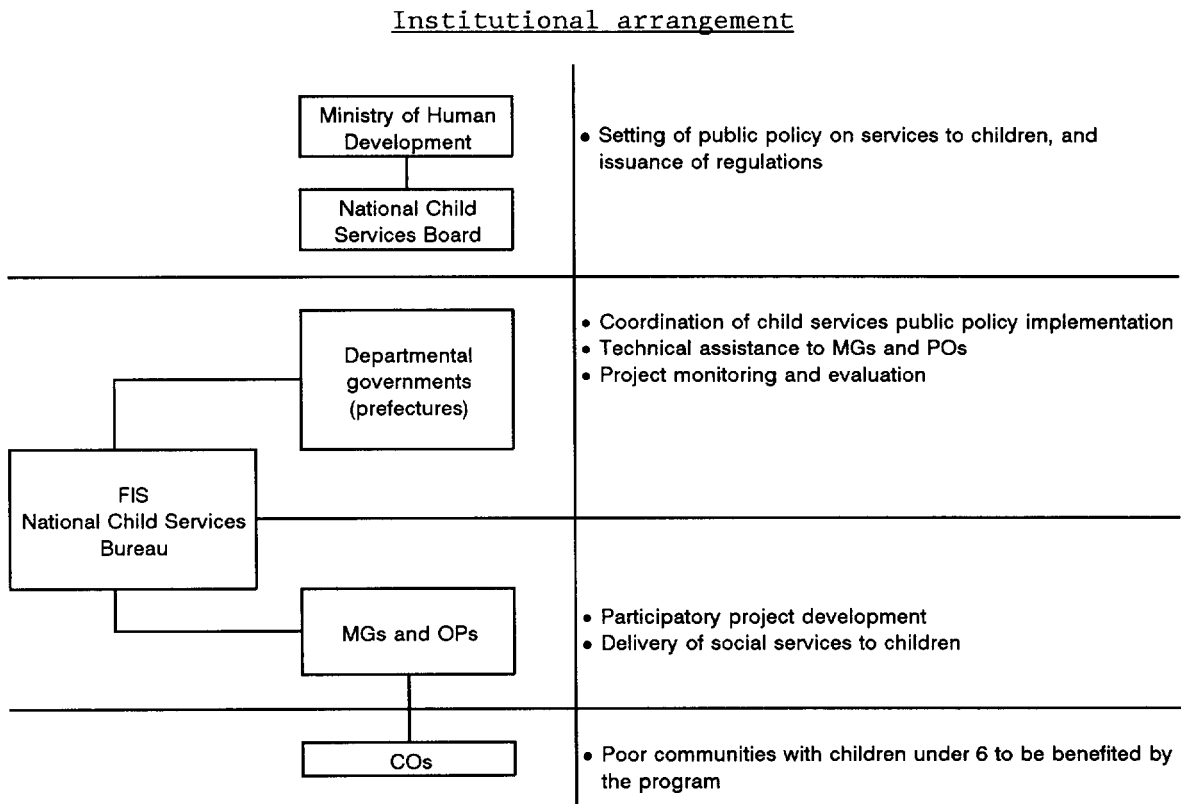
III. PROGRAM IMPLEMENTATION

A. The borrower

3.1 The borrower for the program would be the Republic of Bolivia.

B. Institutional arrangement and executing agency

3.2 The decentralized scheme for execution of the program calls for the participation of the agencies shown in the following chart. Their functions are described in the sections that follow.



3.3 The **National Child Services Board**, to be created in the MDH, will set public policy on child services and issue the pertinent regulations. Its members will be the National Education Secretariat (SNE), the National Health Secretariat (SNS), the National Secretariat for Citizen Participation, and the National Secretariat for Coordination in the Office of the Minister and Chief of Staff, Office of the President. The SNE will be the Board's executive secretariat, chaired by the Minister for Human Development. Presentation of a copy of the ministerial order establishing the Board is a condition precedent to the first disbursement.

- 3.4 The **executing agency** of the program will be the Social Investment Fund (FIS), through a National Child Services Bureau (GNAM) to be created. This Bureau will be in charge of implementation of the National Child Services Program, of which the program described herein will be a part, and will coexecute the program together with the nine departmental prefectures. Though the operation will be executed under a decentralized arrangement, the FIS will be accountable to the Bank for implementation of the program. As a condition precedent to the first disbursement, it must be demonstrated that technical personnel needed for the program's implementation are in place.
- 3.5 Functions of the National Child Services Bureau will include: (i) coordinating and guiding operations called for in the National Child Services Program; (ii) providing technical and administrative guidelines and procedures for the program; (iii) making certain that the program funds are efficiently managed; (iv) evaluating projects for the program; (v) performing institutional and financial evaluations of prefectures and MGs; (vi) monitoring the program targets and compliance with the adopted standards and procedures; (vii) aiding the prefectures, MGs, NGOs, and COs in project preparation and execution, and (viii) promoting and publicizing operations under the program.
- 3.6 The **departmental prefectures** will prioritize, evaluate, and rule on the eligibility of project proposals presented by MGs for funding under the program. They will cofund, in conjunction with the FIS and the MGs, the remuneration of the permanent staffs of projects to be executed in their jurisdictions, under an arrangement that will enable them to take over this responsibility gradually.
- 3.7 The **MGs** will be responsible for the participative formulation with the COs of project proposals to be presented to the prefectures, for the execution of those projects preferably by contractors, and for the operation and maintenance of the modalities included in them. They will cofinance investments in civil works and equipment and fixed costs (remuneration, when applicable) and variable costs (food, fungibles and utilities) of projects to be executed in their jurisdictions, with the same arrangement for gradual assumption of those costs as in the prefectures. The percentages to be cofinanced by prefectures and MGs may vary from project to project, and will depend on the funds available to each and on the arrangements they work out together.
- 3.8 **Project operators (POs):** Projects will be executed under contract by operators of social services (NGOs, social service providers, COs and, in a few cases, MGs) to ensure that the operation is relevant, make the most of local experience and resources, coordinate with other local development initiatives, facilitate the promoter training and supervision work, and improve the conditions for sustainability. Each project will be in the charge of one PO.

When necessary, work for some of the modalities included in the project may be subcontracted to or comanaged with other POs.

- 3.9 **Community organizations** (COs) will take an active part in formulating projects, and will monitor and supervise execution of construction work and provision of services; 1/ and, under comanagement agreements with the MGs and of NGOs, they may take responsibility for carrying through and operating part or all of the projects and for their maintenance.

C. Implementation requirements

- 3.10 The program will be executed essentially in compliance with the operational, technical, and financial requirements, standards and procedures set out in the eventual loan contract and in the program's Operating Regulations. The draft Operating Regulations agreed upon with the Bolivian government are in the Bank's technical files.
- 3.11 The Operating Regulations deal, inter alia, with the operating mechanisms of the program and the allocation of resources to the prioritized municipalities; eligibility criteria for municipalities, and technical, economic, legal, institutional, financial and environmental eligibility criteria of projects. The following documents are an integral part of the regulations: Manual of Organization and Functions of the National Child Services Bureau; Guidelines for Project Design, Preparation and Evaluation; agreements with prefectures and MGs and the associated contracts, based on models agreed upon with the Bank; and manuals on operating procedures, personnel, and the Information, Monitoring and Impact Evaluation System for the program. The Operating Regulations must be in force before release of the first disbursement.
- 3.12 With each prefecture, the FIS will sign a framework agreement on participation in the program, setting forth the terms and conditions for execution of the envisaged operations. As a condition precedent to the first disbursement at least two framework agreements signed with prefectures are to be presented. For each project an FIS-prefecture-MG agreement will be drawn up defining the financing structure based on actual costs, and give rise to the commitment of corresponding funds. The guarantees and implementing arrangements will also be stated, to determine the share and scope of participation of POs and COs in the phases of implementation, operation, maintenance and evaluation. For coordination between them and the health sector at the central level, a national agreement will be concluded with the National Health Secretariat.

1/ As provided in Article 7 of the Citizen Participation Law.

D. Duration of program and deadline for commitment of funds

- 3.13 The program will be executed over five years, and four years will be allowed for commitment of funds for the projects component, both periods commencing to run on the effective date of the loan contract.

E. Implementation of the child services projects component

1. Program publicity and promotion

- 3.14 **Public information.** The FIS will conduct public information campaigns on the importance of comprehensive care and services for children, to build a general public awareness and generate demand for the activities of the program; distribute public information materials on the program; distribute Guidelines for Project Design, Preparation and Evaluation; and contact regularly with POs and other agents that have demonstrated a commitment and capacity for working with the communities covered by the program.
- 3.15 **Promotion.** The FIS will foster, in coordination with the prefectures, specific promotion, technical assistance and preinvestment actions for the MGs that have priority in year 1 of the program (paragraph 3.18).

2. Municipality eligibility and participation

- 3.16 An MG will present to the FIS a letter of inquiry expressing interest in participating in the program, together with its budget performance reports for the latest two fiscal periods of the annual municipal operating plan. The FIS will rule on a municipality's eligibility when the municipality demonstrates that it can allocate at least 10% of current revenues to finance new activities. Failing that, the departmental prefecture will work out an agreement with the municipality for the streamlining of its budget to redirect expenditures, so as to make available the funds needed to meet its obligations for its own contribution and ensure the sustainability of the actions when the program ends.
- 3.17 If the letter of inquiry is approved, the FIS will advise the prefecture concerned accordingly, and the MG will prepare projects for its locality. The MG may prepare such projects directly if it has the capability to do so, hire third parties for the purpose, or (in priority municipalities) use the technical assistance envisaged in the program.

3. Set-aside for priority municipalities

- 3.18 During the first 12 months, 30% of the funds will be set aside to give 40 priority MGs access to financing (commitment of resources); the other 70% will be available to the other MGs. At the end of

that initial period, this set-aside will be lifted and any funds remaining will be released for use by all eligible MGs. Table III-1 shows the criteria used to rank MGs from 1 to 311. The 40 MGs ranked first have been accorded priority as having the neediest populations. The program's Operating Regulations contain the ranked list of MGs and the 40 that have been given priority.

Table III-1: Criteria for ranking municipalities

Indicators	Top priority to:
Socioeconomic	Poverty index Coverage of water and sewage services
Health	Child mortality rate Malnutrition rate
Education	Female illiteracy rate Enrollment ratio in basic cycle Existence of school units under Education Reform
Institutional	Municipalities served by other institution-strengthening programs Percentage of municipal budget allocated for education, culture, health, and social security

4. Project design and preparation

- 3.19 Projects will be designed through a participatory planning process provided for in the Citizen Participation Law, and will be part of the municipalities' annual operating plans. In accordance with the agreements signed, the MG will hire NGOs with experience in the sector, or individual consultants selected by competition, to prepare projects following the methodology of the Program Guidelines for Project Design, Preparation and Evaluation. An MG may have one or more projects, and a project may encompass one or more modalities of the Menu. The prefecture, with FIS support, will monitor project development and give guidance to the technical personnel preparing project proposals.
- 3.20 Preinvestment costs may be recognized under the program as costs of the project in question. In the case of the priority MGs, such costs will be recognized before the project is approved, that is, funds for preparing the project will be provided in advance. For non-priority MGs, the outlays will be recognized when the project has been approved by the prefecture. Preinvestment costs may not exceed the standard amount established for this purpose.
- 3.21 Project proposals will be presented immediately to the prefectures for verification that they satisfy the eligibility criteria and to ensure that funds are committed to defray the recurrent costs they will generate. These costs are to be provided for opportunely in

departmental and municipal annual operating plans. The reviewed projects will be presented by the prefecture to the FIS for clearance before they are declared eligible.

5. Project eligibility and evaluation

- 3.22 To clear a project presented by a prefecture, the FIS must evaluate it with due regard to the technical, economic, financial, environmental and institutional criteria spelled out in the Operating Regulations. Briefly, these criteria are as follows: (i) the project may not be one included in PIDI action plans; (ii) the yearly variable costs of operating and maintaining all an MG's projects must not exceed 20% of the current savings obtained by that MG in the previous year, unless a program for streamlining its budget has been agreed upon which sets a different target; (iii) the project must have been formulated with active involvement of the CO and local facilitators; (iv) it is scaled to the effective demand, offers a least-cost technical solution, and falls within the cost-efficiency parameters defined for the program (see Table IV-2); (v) the designs must conform to the criteria in the Guidelines for Project Design, Preparation and Evaluation; (vi) there must be legal evidence of ownership of land slated for construction work and, where necessary, authorization for rights-of-way and easements; (vii) the technical and institutional feasibility of the project must be shown in accordance with the criteria stated in Annex III-1; (viii) health services must be available nearby and an agreement must be in place with the local municipal health district (DILOS) to coordinate service delivery; (ix) there must be a primary school nearby (within a radius of 10 kilometers); (x) the selected PO must have been operating in the municipality for at least a year, and (xi) the project must provide measures for the mitigation of the environmental effects of the civil works it calls for.

6. Project implementation, operation, and monitoring

- 3.23 Project implementation and operation will be entrusted to the respective POs. The head of the project will vary with the nature of the PO. If the PO is an NGO, a project coordinator will be appointed; when it is a CO, an administrative board will be assembled and a manager appointed, who in turn will select the staff needed to perform the different tasks in the phases of implementation and operation; and when it is the MG, a manager will be appointed and the project may be executed through the MG's line units and/or ad hoc entities.
- 3.24 To enhance the efficiency of service delivery and reward community participation and effective local cross-sectoral coordination (health services and the primary school), the program will include a system of incentives (provision of classroom libraries, a playground, or small equipment for the school or health post) to reward projects for outstanding implementation and impact.

- 3.25 One of the functions of the SISMI will be to monitor the projects. It will have three subsystems for this purpose. One will be a management information system to monitor service delivery and evaluate the quality of the administrative, training and public information activities, which will ensure the timely availability of adequate information for planning and review and for making adjustments in process. This subsystem must be supported by the FIS's existing information system. A second subsystem will monitor the progress of children in the program on the basis of data from forms used for the different modalities and the development scale already in use in the country, and adjust technical aspects of the design of the operation in process, to improve the quality of services for children. This subsystem must be supported by the evaluation system already in use for the PIDI program and will also include resources for operations research. The third subsystem will use a control group and qualitative and quantitative indicators, and measure the change in scholastic performance in basic schooling and under-5 child mortality in the participating MGs after they leave the program. This information will make it possible to gauge the program's impact and assess its different modalities in the medium term. This subsystem is to be coordinated with the Education Quality Measurement System (SIMECAL) and information systems in the health sector. The indicators will be developed on the basis of the information in Annex II-2.

7. Cofinancing of projects

- 3.26 The cost of rehabilitating and/or building the infrastructure required for the direct-service Menu modality and the cost of equipment and materials for all modalities will be cofinanced 90% with resources of the financing and 10% from the MGs' budgets. The total cost of operating and maintaining a project throughout the life of the program will be cofinanced 50% with proceeds of the financing and 50% by the prefectures and MGs. The plan is to have the prefectures and MGs gradually take up these costs until they are defraying them in full by the end of the program. The annual incremental cofinancing to be provided by the prefectures and MGs will be calculated by the following formula:

$$P_i = \frac{i}{x} * 100$$

where

P_i is the percentage of cofinancing to be assumed by the prefecture and/or MG in year i .

x is the total number of years in which funds can be disbursed

- 3.27 For example, a project eligible in year 1 of the program will have four years to take over all its operating and maintenance costs. Applying the formula, the percentage of cofinancing for the prefecture and MG would be 25% in year 1, 50% in year 2, 75% in year 3, and 100% at the close of year 4. How gradually the costs are taken over will depend on when the project becomes eligible under the program: the earlier, the more time there will be to take over the costs and the lighter the annual cofinancing burden.

F. Execution of the institutional-strengthening component

- 3.28 The responsibilities for activities under this component will be apportioned as follows: the National Education Secretariat for the studies and the hiring of one expert in comprehensive child services to assist the National Child Services Board; the FIS for awareness-building campaigns in the prefectures and training of their technical personnel; the departmental technical team, directly and/or through specialized organizations to be contracted, for technical training of teams of the MGs and POs; and the FIS for inviting tenders for work needed to implement the SISMI. As a condition precedent to the first disbursement, a final version of the terms of reference of an activity must be presented together with a timetable for its implementation.

G. Monitoring the program

- 3.29 **Startup.** The Bank will send a technical mission to Bolivia to work with the FIS to set the program in motion in its technical, methodological, institutional and financial aspects, and review the specific targets for year 1 of the program. One important focus will be a review of the institutional arrangement devised for the program. Agreement will also be reached on the package of rewards (paragraph 3.24). Regarding the eligibility of projects, the first two project proposals of each prefecture must be presented to the Bank before they can be declared eligible for financing under the program.
- 3.30 **Reports.** The FIS will present to the Bank an annual report on implementation of the program within 30 days after the end of each calendar year for the duration of the program. This report will include, inter alia, an analysis of the state of repair of the works and equipment financed. This analysis will be done on a sample to be agreed upon every year. The areas on which the monitoring must focus are those established in the Logical Framework (Annex II-1) and the execution targets and impacts agreed upon with the Bank (Annex II-2).
- 3.31 **Yearly review and programming.** On the basis of the monitoring reports, the Bank and the borrower will perform an annual review of progress on the program and its accomplishments within 30 days after the presentation of each annual report, and will agree on

targets for the following year. If from the annual meetings or from its review of the reports presented the Bank is not satisfied with the status of the program and/or the maintenance of the works and equipment financed, the executing agency will be required to present within the following 60 days additional reports describing the adjustment measures it proposes to take and the corresponding changes to the timetable and budget.

- 3.32 **Mid-term evaluation.** When 30% of the program funds have been disbursed or 50% of them committed, whichever occurs first, the FIS and the Bank will perform a mid-term review of the operation in order to: (i) assess whether the program is accomplishing its purposes; (ii) evaluate the operation of the SISMI and the application of the Operating Regulations and other program requirements; (iii) examine the performance of the FIS and the participating institutions; and (iv) evaluate the possibility of preparing a second phase of the program. Based on the results of this evaluation the Bank and the FIS can agree on measures to be taken and/or adjustments to be made.

H. Contracting for works, goods and consulting services

- 3.33 In contracting for works and goods, the Bank's standard procedures will be followed. International competitive bidding will be mandatory for contracts exceeding US\$2 million for works and US\$250,000 for goods. Tendering involving smaller amounts will be conducted in accordance with Bolivian law. A procurement timetable is presented in Annex III-2. The Bank may waive the requirement of ex ante review of documentation for goods worth under US\$100,000 and construction work under US\$200,000.
- 3.34 International competitive bidding will be required for the selection and contracting of consultant services costing more than US\$200,000. Given the many services the program will require and in order to expedite its execution and facilitate its supervision by the Bank (through the Country Office), it is recommended that the requirement of prior consultation with the Bank apply only for the selection and hiring of individual consultants involving amounts above US\$50,000 and consulting firms above US\$100,000 (in addition to the per-contract threshold, the Bank may prescribe a cumulative threshold). These hirings will be reviewed on a simple random sample that will be taken to determine the number of contracts to be reviewed. If any departures are found from the procedures established in Annex C, a larger percentage of contracts would be reviewed and any hirings in which irregularities are found would not be eligible for financing.

I. Disbursements

- 3.35 The Bank's disbursements will be deposited in a special account of the Ministry of Finance in the Central Bank of Bolivia. Together

with the local counterpart resources from the Bolivian Treasury, the Bank's funds will be deposited in special accounts of the FIS, from which the FIS will transfer funds directly to the POs.

- 3.36 Funds will be disbursed in accordance with Bank rules and procedures. However, in view of the nature of the operation, the volume of transactions that will be required to procure goods and services, and the features of a global program of this type, the Bank may agree upon a mechanism to expedite disbursement of the program funds. To this end, for the justification of advances and reimbursements of payments made, the FIS would present to the Bank only the request for disbursement accompanied by the Breakdown of Payments and Control of Disbursements and Local Contributions form; the related supporting documentation would remain with the program executing agency.
- 3.37 With this mechanism the executing agency would make sure that information in the Breakdown of Payments is duly supported by the evidence that the Bank normally requires. It should keep on hand originals and/or copies of the contracts, orders, invoices, receipts, payment vouchers, suppliers' certificates, certificates of origin and other documents confirming the information supplied in the Breakdown. This document should be properly labeled, suitably filed at the location indicated by the executing agency and available for review by the IDB's authorized officers and external auditors for at least five years from the date of the last disbursement from the Bank's loan.
- 3.38 Through its Country Office, on its technical and/or financial inspection visits the Bank would determine on simple random samples that the FIS has supporting documents for disbursement requests on file, and that funds were used in conformity with the loan contract. If errors are found, it would review a larger percentage of the transactions (up to 100%, if necessary) and notify the executing agency of deductions to be made from future requests.

J. Advances of funds

- 3.39 Based on the flow of funds envisaged to set the program in motion and the proposed modality for disbursements to projects, it is recommended that an advance of funds be made in the equivalent of 10% of the amount of the eventual loan.

K. Audits

- 3.40 During the five-year program implementation period, the financial statements of the program are to be presented yearly within the first four months after each fiscal year-end, accompanied by an opinion of independent external auditors, who must include their opinion of the management of the program in all its aspects. To this end, the audit must include a project sample, the size of which will be decided each year with the Bank.

L. Ex post evaluation

- 3.41 Three years after the last disbursement from the loan, the FIS will perform an ex post evaluation of the program. During those three years the executing agency will send the Bank, within the first 90 days of every calendar year, the statistical data produced by the SISMI (see Annex II-2).

IV. FEASIBILITY, BENEFITS AND RISKS

A. Feasibility analysis

1. The indicative sample

- 4.1 To expedite the start of the program and have a basis for its analysis, an indicative sample has been prepared. The sample consists of 38 projects covering 64 Menu modalities, distributed among 20 MGs in Bolivia's nine departments and three geographic regions. Projects in the sample will require US\$4.4 million in financing, or 17% of the resources allocated to the projects component and 13% of the total cost of the program. A summary description of the sample is provided in Table IV-1.

Table IV-1: Summary of the indicative sample

Modality	Number of projects per region				Total cost (US\$)
	Total	Altiplano	Tropical area	Valley	
Comprehensive development center					
New	20	7	4	9	2,445,120
Improved	12	3	1	8	1,162,944
Mothers and children	13	3		10	396,188
Literacy training	13	4	3	6	294,710
Parenting school	5	2	3	-	84,925
Siblings	1			1	n.a.
Total	64	19	11	34	4,383,887

- 4.2 Preparing and analyzing the sample made it possible, among other things, to (i) refine and adapt the methodology of participative planning with the MGs, POs and COs and the intersectoral character of the measures; (ii) validate the importance and relevance of the Menu of modalities and the level of demand of these services on the part of the MGs, POs and COs (with the exception of the Siblings modality); (iii) review and improve the design of the modalities; (iv) define and fine-tune the technical, economic, financial and institutional criteria for eligibility of the modalities; (v) promote the making up of packages of complementary services using the same infrastructure to optimize the investment (parenting courses and the literacy modality can both be run at minimum cost in a center); (vi) construct a standard cost baseline for each modality; and (vii) confirm the interest of the MGs in participating in the program and in gradually assuming increasing proportions of the recurrent costs. It has been concluded from the

analysis of the sample that the operation is technically, economically, socially, institutionally and financially feasible, as described in the sections that follow.

2. Technical analysis of projects

- 4.3 The projects in the sample were reviewed during analysis of the operation to make sure they satisfied the technical appraisal criteria (Annex III-1). Of the 64 modalities in the sample, four involving comprehensive centers and one for literacy training did not meet the criterion of the minimum required target population, and will have to revise their radius of action to become eligible. In another eight comprehensive center projects and two literacy training projects, the POs did not satisfy the technical criteria, and another PO will have to be proposed as a coexecutor or a technical assistance plan presented to assure the requisite technical quality.
- 4.4 During preparation and review of the projects in the sample the following eligibility criteria were identified: (i) the beneficiary community must have a primary school and health center nearby to support the work envisaged in the Menu modality in question; (ii) CO participation must take the form of a concrete contribution to the project's execution; (iii) for a comprehensive center to be built the community must have a population of over 400, for the investment to be viable over time; and (iv) for the comprehensive centers and literacy training modalities the PO must have at least three years of experience in those areas.

3. The participatory approach to project preparation

- 4.5 The participatory process in the project cycle was enriched by the preparation and analysis of the sample projects, in which actions were identified that truly seek to involve communities in project preparation. The workshops must be held with local facilitators, be programmed on days and at times that do not interfere with the community's regular activities, and the facilitators must be experienced in the management of group dynamics and speak the primary language of the CO.
- 4.6 Involving technical staff of local NGOs in the design of the sample projects demonstrated that the proposed project preparation methodology works. The work of preparing the sample revealed the wide range of project development capabilities of MGs, and showed that there are NGOs having the technical and organizational capacity to carry out the kinds of actions proposed in the program. This experience has yielded important inputs for the design of the training system (in the technical files) and the system for promotion and technical assistance in project formulation, while at the same time highlighting the important role that NGOs can play in mobilizing demand. It was stressed that it is necessary to strike

a balance between their participation and that of COs and MGs, so projects will be responsive to local needs and priorities.

4. Economic analysis

- 4.7 A preventive social program such as the one proposed herein can help avert problems of malnutrition, morbidity from preventable diseases, abandonment and abuse, and inadequate school readiness, which leads to repetition and dropping out. Studies in the United States and other countries have shown that it costs much more to deal with these problems than to provide comprehensive child services. Hence, the program will help attain goals that are socially desirable and economically profitable for Bolivian society; the problem then becomes one of finding the option that can most efficiently yield the outcomes pursued by the program.
- 4.8 With this in mind, the economic analysis of the program centered on (i) standardization of the costs of the Menu interventions to ensure that all modalities are provided at the lowest possible cost and thereby maximize the number of children served under a given budget; (ii) application of the economic criteria to the sample; (iii) comparison of the economic cost per child with that of similar operations in the country; and (iv) a preliminary measurement of benefits.
- 4.9 **Standardization of costs of Menu interventions.** Standard costs for delivery of the services on the Menu were obtained by a detailed analysis of the various modalities. The process was as follows: (i) a study was done of the unit and total costs of each modality based on its technical requirements; (ii) the experience of the NGOs that helped MGs in constructing budgets for their projects in the sample was included; the NGOs were aided by an evaluator for the program who was acquainted with the benchmark budgets; (iii) the budgets drawn up by the NGOs were reviewed and adjusted if they included cost items that the program would not finance or if the unit cost was excessive; and (iv) adjustments were made in the costs in the different regions (the altiplano, the valley and the tropical area). ^{8/} Calculation of the standard costs included the costs of investments in infrastructure, operating costs (remuneration, food, materials, etc.), and the requisite equipment, costs were computed on the basis of service lives of 10 years for works and 5 years for equipment, with a discount rate of 12%. The parameters of standard costs for each modality and region are presented in Table IV-2.

^{8/} One of the remaining tasks of the Project Preparation Facility operation is to verify these standard costs on the basis of a detailed market-cost analysis.

- 4.10 The standard Menu costs will be updated every year to reflect, inter alia, changes in local prices, outcomes of the ongoing program, and new modalities added to the Menu. The table does not include the "Siblings" modality because only one MG expressed a demand for it when the sample was being put together. However, the demand assessment studies and experience in other countries point up the importance and potential impact of including older siblings as channels for action, and the modality has been left on the Menu for this reason. If, in the course of the program, a demand for this modality is expressed by MGs, its design will be refined and its benchmark costs calculated.

Table IV-2: Standard cost parameters ^{9/}
(in U.S. dollars)

Region	Modality	Infrastructure cost	Equipment cost	Variable costs/year	Fixed costs/year
Altiplano	Center	18,360 ^{10/}	6,453	7,736	5,845
	Mothers and children	0	343	2,283	2,280
	Literacy training	0	520	2,464	1,791
	Parenting school	0	0	3,283	1,791
Valley	Center	18,850	5,894	8,399	5,845
	Mothers and children	0	453	2,283	2,280
	Literacy training	0	563	2,644	1,791
Tropical area	Center	23,868	6,190	13,464	6,787
	Literacy training	0	532	2,644	1,791
	Parenting school	0	0	3,086	1,791

- 4.11 **Application of economic criteria to the sample.** Three of the sample projects in the altiplano – Chillcani, Pajchapata Lux and Quecoma Bajo – were discarded because of infrastructure costs exceeding the benchmark cost. In addition, adjustments will have to be made in the budgets of several projects that included indirect modalities, to redress false economies that would compromise effectiveness and impact, as, for example, projects that included the "Parenting School" modality but made no budgetary provision for food rations for children that would accompany their

^{9/} As an economic eligibility criteria for projects a variation of up to 10% will be accepted.

^{10/} The cost of infrastructure rehabilitation for a center may not exceed 40% of the cost of infrastructure of a new building.

parents. Support will be provided to the POs to make these adjustments using residual Project Preparation Facility funds.

- 4.12 **Comparison of economic cost per child with that of other actions.** This comparison was made for projects in the sample using an indicator of "cost per month per child served", the children being the principal and usual beneficiaries of the operations. It must be noted, however, that the different modalities will yield different benefits. Hence, a modality with a lower indicator is not necessarily the most desirable one. In the indirect Menu modalities, different positive externalities will arise which are not reflected in the indicator, such as literacy training of women whose economic status will be enhanced. The indirect modalities are new, however, and it remains to be assessed whether their impact on child development is the same as that of the direct-service modalities. Table IV-3 presents the calculation of the indicator of costs per child-month in U.S. dollars based on the standard economic costs and minimum service.

**Table IV-3: Cost indicators per child/month
(U.S. dollars)**

Modality	Infrastructure indicator	Equipment indicator	Operating indicator	Total cost indicator
Comprehensive development center	9.31	3.18	39.9	52.39
Mothers and children		0.18	9.5	9.68
Literacy training		0.18	9.11	9.29
Parenting school		0.18	10.36	10.54

- 4.13 For reference purposes, the program's direct child-services modality – comprehensive development centers – was compared with two other direct operations of PIDIs and CIDs. This was done with the total cost per child-month indicator: for a center US\$43.08, ^{11/} for a PIDI US\$38.20, and for a CIDI US\$14. This comparison is purely indicative, however, owing to variations in the definition and quality of the service provided. For instance, the infrastructure cost in the PIDI has to be considered as an operating cost because the home in which the service is provided is refurbished for only two years. In comparison, a comprehensive center is an establishment that meets architectural standards, will last for more than ten years, may be used for other modalities of the program, and belongs to the MG, which enhances the continuity of the service. Moreover, the operating costs of the centers

^{11/} From Table IV-3: the indicator of total cost for the centers, US\$52.39, minus the indicator of infrastructure cost, US\$9.31.

satisfy sector standards as to personnel, equipment and feeding, whereas most CIDs do not, nor do they have enough training or supervision, and do not account for contributions received from third parties.

- 4.14 **Measuring benefits.** An effort was made to calculate in an indicative way the value of the benefits expected of the operation and to include in the SISMI's functions the measurement of the indicators needed so that benefits that cannot be measured now may be quantified as the program proceeds. The anticipated benefit for children is a change in their early development that will improve their scholastic performance and health status, and so lead them on to more and better employment opportunities and make it less likely that they will turn to delinquency in the future (see paragraph 4.7). This change in the life profile of children will mean future savings for the social system. Even when the program was being prepared some calculations could be made of some of the expected savings, such as the saving to the education system when a child completes its schooling in fewer years of attendance, and the saving to the health system when a child is less frequently sick and requires fewer clinical services (see Annex IV-1). It must be noted that accomplishing the program's aims could also raise some education and health expenditures, but would also make them more efficient, since these services (i.e., basic education and family planning services and monitoring of children's growth) are underutilized at present.

5. Institutional and financial viability

- 4.15 The arrangement adopted for implementation of the program falls within the current institutional framework for social-services delivery in Bolivia as defined in the guidelines under the Citizen Participation Law and Decentralization Law (paragraphs 1.2 to 1.6). However, it is recognized that the new prefectures are institutionally weak and the MGs have little experience in social-sector management, and these deficiencies will have to be gradually overcome because the functions assigned to either level are permanent, lasting beyond the program.
- 4.16 Consequently, the institutional arrangements proposed in the program include long-term assistance to the departmental Human Development Secretariats to aid in their consolidation and give them the technical capabilities they require. This will enable them to perform efficiently the functions assigned to them in the Decentralization Act, which the program will reinforce. At the same time, the program includes training for municipal employees and Oversight Committees to ensure adequate levels of supervision, control and monitoring of the performance of the POs. Intensive use is also to be made of the installed capacity of NGOs experienced in delivering social services in rural and marginal urban areas so that they will operate and maintain child services

projects in both the direct and indirect modalities. This will be a way around the MGs' shortcomings in this area and make the most of their relatively greater experience in supervision of infrastructure projects.

- 4.17 The executing agency for the program, the Social Investment Fund (FIS), was created in January 1990 as a public institution of indefinite duration with its own legal status and assets, working out of the Office of the Minister and Chief of Staff in the Office of the President, to serve as an executing agency. It is regarded as one of the central, effective instruments for implementation of the government's social policy, especially because of its track record in identifying, developing and carrying through social projects that reach the most disadvantaged population groups.
- 4.18 The institutional viability of the FIS as an organization stems from: (i) the strong political backing and popular acceptance it enjoys, especially in the poorer, more remote communities; (ii) its operating efficiency; (iii) the experience it has acquired since 1987, when it was the Emergency Social Fund; (iv) the longevity and technical excellence of the critical mass of managerial and technical personnel, a high percentage of whom have been with the agency since its inception; and (v) the fact that it has external financing for its recurrent costs through to early 1999. The FIS has operating, financial and administrative manuals and rules which it has been using and updating continually for five years.
- 4.19 To implement the children's services proposed in the program, the FIS will adopt with the prefectures and MGs the decentralized arrangement described in chapter III of this proposal. This will help prompt the FIS to modernize its operating procedures, shifting away from a deconcentrated scheme to a decentralized one in which decisions are taken closer to the client - in this case, the CO and MG. As for human resources specializing in children's services, the FIS has the technical staff running the CIDI and PIDI programs, in addition to the local technical team who have been preparing the present operation. These staffs will be merged shortly (in the next six months) to form the National Child Services Bureau.
- 4.20 Given the nature of the investments to be financed, the financial viability of the program hinges on the availability of a local counterpart contribution in the execution phase and on its sustainability in the long run. Approval of projects will be contingent on a commitment to a counterpart contribution by the MGs and prefectures, which must include the projects in their annual operating plans, and the financial capacity of these government institutions is the principal constraint on demand. That is, projects in the jurisdiction of a prefecture or an MG can be financed to the extent that that subnational government allocates counterpart funds to the program. The program would recognize as a local counterpart contribution any other source of financing, such as the World Food Programme, NGOs, and private and other sources.

- 4.21 The project cofinancing scheme, in which the prefectures and MGs gradually take over the recurrent costs generated by operations under the program, ensures that, starting in the fourth year, those operations will be line items on those governments' operating budgets for the indefinite future. Thus, the share of cofinancing falling to a prefecture and an MG may vary from project to project, depending on the funds available to either of them and the internal arrangements they work out. Such arrangements will be presented as part of the financial feasibility of the projects, will be reviewed as part of the FIS's eligibility determination process, and will be reflected in the financial undertakings stipulated in the respective FIS-prefecture-MG agreement.
- 4.22 Regarding the availability of resources to MGs, Decree 24447 published on January 14, 1997, complementing the enabling decrees for the Citizen Participation Law and the Decentralization Law specifically authorized MGs to use part of the 85% of their revenue share-outs to fund social-service delivery costs. In this way, the concerted use of a larger share of municipal resources pooled with funds available to the prefectures would ensure the financial sustainability of the program. Sensitivity analyses of the conditions for sustainability by the prefectures and MGs have shown that there are sufficient counterpart resources to meet the program's financial demands.

6. Implementability of projects under the program

- 4.23 No difficulties are expected to arise in implementing projects under the program, given: (i) the degree to which Bolivian society has been awakened to the importance of attention to children, by virtue of the CIDI and PIDI programs (paragraphs 1.14 to 1.16) and the education reform (paragraph 1.12); (ii) the design of the service modalities included in the projects, most of which (except for the "Siblings" modality) are based on successful experience and lessons learned in the delivery of services to Bolivian children (paragraphs 1.18 and 1.22), has been enriched by studies done in preparation for the proposed operation, which reflect the demands of COs (paragraph 1.24) and experience acquired in similar programs in other countries (paragraph 1.23); (iii) arrangements for including civil society and NGOs (paragraph 3.19); (iv) the ownership of the projects and the fact that they will be sustained by cofinancing of the MGs and prefectures (paragraph 3.26); (v) introduction of the project cycle into the participatory and decentralized processes in the country (paragraphs 4.15 and 4.16); (vi) the strengthening and training of human resources at the different levels of government and in POs (paragraphs 2.18 to 2.21); and (vii) the experience of the FIS in social-project promotion and development (paragraphs 4.17 and 4.18). Confirmation of these aspects in the analysis of the sample (paragraph 4.1) has resulted in the availability of 38 projects prepared, evaluated, and ready for implementation once the financing becomes available.

B. Beneficiary analysis

- 4.24 The program has been conceived to further the development of human and social capital in poor communities of Bolivia, a country in which about 60% of the population earns income below the poverty line and 75% of children under 6 live in poverty. The program is demand-driven, answering to the needs of the participating MGs, and technical assistance will be available to MGs that have been given priority, to ensure that those whose children are in greatest need will have the support required to join the program. The modalities offered are targeted in their design and technical criteria at children of poor families, mainly in rural areas.
- 4.25 In accordance with the Eighth Replenishment document (AB-1704, paragraph 2.13), it has been determined that the proposed operation qualifies as a social program, owing to the nature of the investments proposed in the areas of education, health, nutrition, support to reproductive health and child development, which are targeted to the low-income population in the country.
- 4.26 The program will have an impact on the gender situation, the participatory planning methodology having made a place for decision-making by women at the municipal level. Also, the program's implementation of comprehensive centers and the literacy training will make it easier for mothers to take on gainful employment and for older sisters to attend school. In addition, the family training activities of the modalities, to make mothers and fathers aware of the importance of the care and development of their children and of family planning considerations, will strengthen the family setting and encourage males to share in child care. International studies (see Table I-1) also indicate that investments in comprehensive child services reduce gender discrimination by convincing families to educate their daughters and enable girls to complete more years of basic education.

C. Risks and benefits

1. Risks

- 4.27 Genuine decentralization and community participation, both of which are crucial to pare back operations of the public sector at the central level, are accompanied by risks ensuing from: (i) the limited capability of MGs to execute projects and their lack of experience in such work; (ii) the diverse demands on MGs' funds and their rudimentary experience, to date, in investment prioritization, which could jeopardize the implementation and sustainability of operations under the program; (iii) the small number of NGOs with long track records in this sector in rural areas; (iv) weak intersectoral coordination, and (v) weaknesses at the central level owing to the recent institutional definition of the sector.

- 4.28 The simplicity of the projects' designs and their administration under comanagement arrangements with POs and COs, coupled with technical assistance, close oversight by the National Child Services Bureau, and the training of government employees, POs and community agents, will counter the risk associated with the MGs' weak implementation capacity. To forestall problems of sustainability of projects, it has been established from the outset that MGs and prefectures will gradually increase their share of funding, and will have to include the projects in their own annual operating plans.
- 4.29 Core features of the program are cross-sectoral coordination and monitoring of the execution of a substantial number of projects. To counter the risk of inadequate coordination, the program will reinforce the human resources at the different levels of government to a critical mass, and operating mechanisms have been designed to encourage coordination among the sectors involved. In addition, the SISMI will facilitate the monitoring and timely control of operations, thereby lessening the risk involved in administering large numbers of projects. Moreover, to monitor these risks properly, the Bank would take an active part through a mission that will support measures to put the program into operation, yearly review meetings, and a mid-term evaluation mission.

2. Benefits

- 4.30 In addition to the direct benefits that will accrue from the program (see paragraphs 4.7 and 4.14) by way of improvements in the conditions in which poor children are living, stronger community involvement, and furtherance of the decentralization process, the process of preparing this program has already yielded several benefits: (i) it has helped in a definition of child services institutions and the framing of a public policy proposal; (ii) it has assisted with the collective framing of core technical standards and a curriculum for the sector; (iii) it has supported the development of mechanisms to coordinate the work of the many actors in the sector; (iv) it has perfected a methodology for support to municipal and community actors in preparing projects for comprehensive child services, and has made MGs and prefectures aware of the importance of the sector; (v) it has based the design of project modalities on the findings of participatory studies to assess demand and characterize cultural patterns and of an analysis of lessons learned in other ongoing operations, to devise solutions based on local experiences and needs, with flexibility to make changes as the program proceeds; and (vi) it has developed a package of technical designs and standard costs for the modalities that will facilitate execution and quality control.

LOGICAL FRAMEWORK
NATIONAL PROGRAM OF SERVICES FOR CHILDREN UNDER SIX
(PRONAM-6)

	OBJECTIVES	INDICATORS <u>1/</u>	MEANS OF VERIFICATION	ASSUMPTIONS
	To contribute to improved growth and development of boys and girls under age 6 in rural and marginal urban areas with a view to the maximum development of their potential.	In the participating municipalities: Reduction of the repeater rate in the primary cycle Reduction of pupil absenteeism Reduction of the under-5 mortality rate Operation of the Child and Adolescent Advocacy Bureaus	System for measurement of the quality of education (SIMECAL). <u>2/</u> Health Information System Undersecretariat for Generational Affairs Report of the Information, Monitoring and Impact Measurement System (SISMI)	Effective implementation of Education Reform. Consolidation of implementation of Citizen Participation Law. Decentralization Law. Consolidation of public provision of services. Continuity of the impact measurement system.
	<p>The purposes are:</p> <p>(i) to improve the quality of current services and extend coverage through the provision of comprehensive health, nutrition, early education and protective services, with support to the organization of and active participation by families, communities, public agencies and civil society in this effort</p> <p>(ii) to help bring the child services sector into the existing institutional structure and reforms of the State to improve the efficiency and effectiveness of resource allocation and use and make investments sustainable</p>	<p>In the participating municipalities:</p> <p>Reduction of the rate of malnutrition among children under 5</p> <p>Reduction of the rate of acute diarrheal diseases and acute respiratory infections</p> <p>Children presenting a normal development curve</p> <p>Level of awareness of children's rights</p> <p>Increase in coverage of comprehensive services for children under 6</p> <p>Fulfillment of community's commitment to participate in the project</p> <p>Number of community organizations (COs) and NGOs functioning as project operators (POs)</p> <p>Operation of a National Child Services Program (policy and operational aspects)</p> <p>Increase in departmental and municipal resources for comprehensive child services</p>	<p>Indicators of the impact of projects generated by SISMI</p> <p>Charter of the National Board and National Executive in the FIS, organizational chart and issuance of standards by the MDH</p> <p>Annual municipal budget performance reports</p>	<p>Transition period ensuring continuity of the National Program is completed</p> <p>National Mother and Child Health scheme is in operation.</p> <p>Effective coordination between municipality and prefecture</p> <p>Effective collaboration between government and civil society</p>

^{1/} Detailed account of implementation and impact targets, see Annex II-2.
^{2/} Reports with SIMECAL for the compilation of these data are being finalized.

	OBJECTIVES	INDICATORS 1/	MEANS OF VERIFICATION	ASSUMPTIONS
S	<p><u>Child services projects component</u></p> <p>To embody the demands of municipalities and COs in projects, with community involvement in the planning, implementation and monitoring of the services and reinforcing the actions of municipal governments, prefectures and civil society organizations. To implement and consolidate the following Menu modalities for direct and indirect services for children under 6:</p> <ul style="list-style-type: none"> (a) Comprehensive child development centers (b) Parenting school (c) Comprehensive maternal and child care (d) Literacy training with a child development component (e) Siblings (f) New modalities <p><u>Institutional-strengthening component</u></p> <p>To strengthen the capabilities of the public and private institutions involved for services for children under 6, through public information, promotion, training, technical assistance, implementation of the Information, Monitoring and Impact Measurement System (SISMI), and strengthening of policy- and standard-setting and oversight at the central level, to make for efficient, comprehensive, sustainable service delivery</p>	<p>Number of municipalities with number of projects in operation Number of modalities implemented and in operation</p> <p>Effectiveness of public information Strengthening of capabilities of the nine prefectures and the MGs involved to manage child services projects POs trained Consolidation of the SISMI Issuance and review of standards and policies</p>	<p>Annual reports of the National Child Services Bureau (GNAM)</p> <p>Public opinion surveys GNAM annual reports</p>	<p>The indirect modalities are implemented in accordance with expectations of the communities. There is sufficient interest and capacity in civil society to participate in the program in rural areas. Cross-sectoral coordination exists at the local level.</p> <p>The PCU and the prefecture are organized and maintain the staff needed for execution of the program. The program is truly flexible. The annual IDB-FIS process of adjustment is operating.</p>

	OBJECTIVES	INDICATORS <u>1/</u>	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><u>Child services projects component</u></p> <ul style="list-style-type: none"> Project preparation: Presentation of letter of inquiry; formulation of projects with participative workshops, diagnosis, prioritization of investments, financial analysis of the municipality, definition of POs, inclusion in municipal and departmental annual operating plans; evaluation and approval of the project Project management: signing of agreements, implementation, operation and supervision of direct and indirect modalities <p><u>Institutional-strengthening component</u></p> <ul style="list-style-type: none"> Media publicity Strengthening of departmental Human Development Secretariats in area of child development and care and in the model of participatory and cross-sectoral management Selection and preparation of training organizations Strengthening of POs and MGs Implementation of the SISMI Strengthening of the National Education Secretariat (SNE) as executive secretariat of the National Board 	<p>Projects approved by the PCU Rapid signing of agreements for execution of the modalities</p> <p>Program funds disbursed according to timetable Execution of activities under the modalities in accordance with the timetable</p> <p>Completion of public information, training, technical assistance, SISMI implementation, and SNE strengthening activities according to the timetable</p>	<p>GNAM annual reports based on execution indicators and SISMI data Internal and external audits IDB's yearly review and mid-term evaluation missions</p> <p>GNAM annual reports based on execution indicators and SISMI data Internal and external audits IDB's yearly review and mid-term evaluation missions</p>	<p>Program operating procedures adjusted periodically as needed</p> <p>Turnover of public employees to avoid institutional strengthening being imparted to the prefecture and municipal governments.</p>

IMPLEMENTATION AND IMPACT TARGETS

Implementation and impact indicators will be measured relative to the program's objectives of *contributing to improve the growth and development of children under six years of age in rural and/or marginal urban areas, with a view to the maximum development of their potential, by providing services that improve their physical, psychosocial, cognitive and emotional status, and promoting the organization and active involvement of the families, communities and institutions involved.* Most of the indicators would come from the Information, Monitoring and Evaluation System (SISMI), opinion surveys and meetings with focus groups, and special studies. The impact of the program would be assessed three years after its completion. The program will be reexamined during the annual reviews and the mid-term evaluation.

A. Implementation targets

Using SISMI data and based on the projects in the indicative sample, the following targets for execution of the activities to be financed have been estimated, on the assumption that the demand from the other municipalities will be similar and taking account of municipal financial criteria.

Activities	Outputs/Outcomes	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Child Services Projects Component							
Projects	Approve projects	360	6%	43%	30%	14%	7%
Comprehensive Child Development Center	<ul style="list-style-type: none"> Implementation of new centers Refurbishment and equipping of existing centers Capability for care of children 0-6 Continuing education and training of educators 	160 95 7,650 * 765	12% 7% 10% 10%	39% 71% 60% 60%	35% 22% 90% 90%	14% 100% 100% 100%	100% 100% 100% 100%
Parenting school	<ul style="list-style-type: none"> Set up parenting courses Number of parents trained Continuing education and training of promoters 	122 4,880 * 122	5% 5% 5%	40% 45% 45%	30% 75% 75%	16% 91% 91%	9% 100% 100%
Comprehensive Mother and Child Services	<ul style="list-style-type: none"> Implementation of the modality Continuing training of health workers and promoters Training of groups of mothers Home visits Number of mothers served 	284 852 568 177,216 a year 11,360 *	4% 4% 4% 4% 4%	40% 44% 40% 44% 44%	30% 74% 30% 74% 74%	16% 90% 16% 90% 90%	10% 100% 10% 100% 100%
Literacy training with a child development component	<ul style="list-style-type: none"> Implementation of the modality Formation of groups of mothers to receive literacy training Continuing education and training of promoters Number of mothers who have received literacy training 	286 572 286 11,440 *	5% 5% 5% 5%	40% 40% 45% 45%	30% 30% 75% 75%	16% 16% 91% 91%	9% 9% 100% 100%

Activities	Outputs/Outcomes	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Siblings	• Implementation of the modality	104		46%	24%	18%	12%
	• Continuing training of teachers and promotor	416		46%	70%	88%	100%
	• Number of children ages 7 to 14 trained	4,160 *		46%	70%	88%	100%
New experiences	• Implementation and evaluation of new experience	12 projects			100%		
	• Services delivered to children under 6 years	480 *			100%	100%	100%

* Percentages are cumulative.

Activities	Outputs/Outcomes	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Institutional Strengthening							
Public information	• Public information campaigns on what the program offers	6	38%	38%	12%	12%	
	• Public information on the situation of children in Bolivia	Ongoing campaign	20%	20%	20%	20%	20%
Institutional strengthening of the SNE	• Technical assistance	36 months	33%	33%	33%		
Technical assistance and training for departmental prefectures and trainers	• Courses conducted	24	42%	42%	8%	8%	
	• Participants	114	100%	100%	100%	100%	
	• Level of understanding of messages/skills	High					
Strengthening of project operators and municipal governments	• Courses conducted	360	6%	43%	30%	14%	7%
	• Participants	5,130	6%	43%	30%	14%	7%
	• Level of understanding of messages/skills	High **					
Information, Monitoring and Impact Measurement System (SISMI)	• Development and setup of SISMI		100%				
	• Implementation of monitoring system		100%	100%	100%	100%	100%
	• Establishment of baseline for impact measurement		60%	40%			
	• Mid-term and final evaluations				50%		50%
Development and adaptation of curriculum and instructional materials	• Studies	4	50%	25%	25%		
	• Publications	6	50%	25%	25%		

** To be defined during implementation of the SISMI.

B. Impact targets

Since this a demand-driven program that is to be flexible, at the municipal level, as to the project mix for responding to local needs, the impact indicators will have to be measured at various levels. At the level of the participating municipalities the impact on the general objective and purposes of the program will be measured. Each project at the municipal level will propose municipal targets relative to the municipal diagnosis baseline, with due regard to complementary local measures. At the level of the modalities included in a project, the impact measured will be that on the children served by the given activity relative to the specific objectives of that particular modality.

1. Targets of the program relative to its overall objectives, in the participating municipalities

Objective	Indicator	Means of verification	Baseline	Expected target at end of program	+ 3 Years	+ 6 Years
To improve the growth and development of children under 6	<ul style="list-style-type: none"> • Repeater rate in primary cycle • Pupil absenteeism • Under-5 mortality rate • Operation of Child and Adolescent Advocacy Bureaus 	SISMI	<ul style="list-style-type: none"> • 24 % • High* • 100/1,000 • 4 % 	<ul style="list-style-type: none"> • - 40 % • Low* • - 5 % • 60 % 	<ul style="list-style-type: none"> • - 45 % • Low* • - 8 % • 80 % 	<ul style="list-style-type: none"> • - 50 % • Low* • - 12 % • 100 %

* To be determined during implementation of the SISMI.

2. Targets of the project relative to its objectives at the municipal and national level, as applicable

Purpose	Indicator	Means of verification	Baseline	Expected target at end of program	+ 3 Years	+ 6 Years
Improve the quality and extend the coverage of comprehensive child services	<u>At the municipal level</u> Malnutrition rate in children under 3 <ul style="list-style-type: none"> Prevalence of acute diarrheal diseases (ADD) and acute respiratory infections (ARI) Percentage of children presenting warning signs relative to the growth curve Level of awareness of rights of the child (measured as very unaware, unaware, moderately aware, aware, very aware) <u>At the national level</u> <ul style="list-style-type: none"> Comprehensive services for at-risk children under 6 	SISMI	<ul style="list-style-type: none"> 16% ARI 20%, ADD 28% 21% Unaware 3,8% 	<ul style="list-style-type: none"> - 15% - 50% - 30% - 70% Aware Rises to 9,8% 	<ul style="list-style-type: none"> - 20% - 60% - 35% - 80% Aware 12% 	<ul style="list-style-type: none"> - 25% - 70% - 40% - 90% Very aware 15%
Strengthen the child services institutional framework	<ul style="list-style-type: none"> Operation of a National Child Services Program (policy and operations elements) Sectoral policies (none, under study, under review, in force) 	Charter of the National Board and National Executive Office in the FIS	<ul style="list-style-type: none"> None Under study 	<ul style="list-style-type: none"> Operating satisfactorily In force 		
Departmental and municipal operations	<ul style="list-style-type: none"> Increase in departmental funding for comprehensive child services because of the program Increase in municipal funding for comprehensive child services because of the program 	Annual budget performance reports	To be determined in the startup mission			
Support participatory management with civil society	<ul style="list-style-type: none"> Percentage of program activities carried out directly or under comanagement by COs and NGOs Level of community's fulfillment of its commitment to participate in the project 	<ul style="list-style-type: none"> GNAM annual reports Opinion survey 		<ul style="list-style-type: none"> 90% 75% 	<ul style="list-style-type: none"> 95% 80% 	<ul style="list-style-type: none"> 95% 85%

3. Targets of each modality relative to its specific objectives

Objectives of modalities	Indicator	Means of verification	Target
Common to all modalities	<ul style="list-style-type: none"> Number of municipalities with number of active projects Use of mother and child health services Complete immunizations Community involvement in annual planning of the project (very low, low, fair, high, very high) 	<ul style="list-style-type: none"> GNAM annual reports Statistics of the health center SISMI 	<ul style="list-style-type: none"> 200 municipalities with 360 projects 50% 100% High
Comprehensive center	<ul style="list-style-type: none"> Number of centers established and operating in the municipalities Number of centers strengthened and operating in the municipalities Families enrolled in centers and their level of satisfaction (high, fair, low) Turnover of educators Formation of parents' associations Parents attending meetings Children attending Children dropping out Average time spent by child(ren) in center Change in attitude toward child(ren) (negative/indifferent/positive/very positive) 	<ul style="list-style-type: none"> GNAM annual reports SISMI 	<ul style="list-style-type: none"> 217 116 High 50% 100% 90% 90% 15% 4 years Positive
Mother and child services	<ul style="list-style-type: none"> Number of mothers' groups functioning Wider coverage of prenatal care Wider coverage of delivery care in health services Number of promotor training events Number of health worker training events Monthly home visits by promotor Attendance of mothers at mothers' groups Time spent Mothers dropping out Use of family planning methods Change in attitudes to child(ren) 	<ul style="list-style-type: none"> GNAM annual reports SISMI 	<ul style="list-style-type: none"> 568 80% 60% Three 5-day workshops + 6 supervision visits Three 3-day workshops + 6 supervision visits 52 90% 80% 15% 25% Positive

Objectives of modalities	Indicator	Means of verification	Target
Parenting school	<ul style="list-style-type: none"> Number of parents' groups in operation Number of promotor training events Monthly home visits by promotor Attendance of parents Time spent Parents dropping out Change in attitude toward child(ren) 	<ul style="list-style-type: none"> GNAM annual reports SISMI 	<ul style="list-style-type: none"> 244 Three 5-day workshops + 6 supervision visits 52 80% 80% 20% Positive
Literacy training with a child development component	<ul style="list-style-type: none"> Number of mothers' groups operating Number of promotor training events Monthly home visits by promotor Attendance of mothers Time spent Mothers dropping out Learning curve (of reading/writing, skills) [low/fair/high] Personal change (self-esteem) [low/fair/high] Change in attitude toward child(ren) 	<ul style="list-style-type: none"> GNAM annual reports SISMI 	<ul style="list-style-type: none"> 572 Three 5-day workshops + 6 supervision visits 52 70% 70% 30% High Fair Positive
Siblings	<ul style="list-style-type: none"> Number of sibling groups in operation Number of parents' groups in operation Promotor training events Teacher training events Monthly home visits by promotor Teacher participation (low/medium/high) Change in skills and attitudes of older siblings Personal change in children taking part in the siblings group (self-esteem, hygiene) 	<ul style="list-style-type: none"> GNAM annual reports SISMI 	<ul style="list-style-type: none"> 104 104 Three 5-day workshops + 6 supervision visits Three 3-day workshops + 6 supervision visits 52 High Positive Positive

**SUMMARY OF TECHNICAL AND INSTITUTIONAL ELIGIBILITY CRITERIA
FOR THE DIFFERENT MENU MODALITIES**

Modality	Criteria
Comprehensive child services centers	<ul style="list-style-type: none"> Water supply source near the center For new construction, a population of at least 400 required in area of influence (within 4 km of the center); for renovation of an existing center a verified demand of at least 25 children must be shown There must be community land available for construction or community premises available for adaption There must be a PO with at least three years' experience in children's education projects At least 50 children under 6 in the area of influence (to include a nursery there must be a confirmed demand of at least 10 infants 6 months to 2 years old)
Mother and child services	<ul style="list-style-type: none"> There must be a work plan drawn up in conjunction with the local health service Space available for meetings in the local health center and/or in community premises At least one worker employed permanently in the local health unit to be trained At least 50 women 15 to 45 years old in the area of influence A child mortality rate of at least 60/1,000 in the community
Parenting school	<ul style="list-style-type: none"> Community premises available to hold classes At least 35 families with children under 6 in the area of influence The "siblings" modality is unavailable
Literacy training for mothers, with a child development component	<ul style="list-style-type: none"> A confirmed demand of at least 35 illiterate mothers who are pregnant or have children under 6 Community premises in which to meet Existence of a PO with at least 3 years of experience in literacy training ^{1/}
Siblings	<ul style="list-style-type: none"> A school project proposal prepared in conjunction with the local primary school Availability of community premises for parent meetings Existence of an agreement for coordination between the program, the school director and the district director The school offers at least three primary-level courses and/or has at least 35 pupils aged 7 to 14 years Parenting-school modality not in operation

^{1/} If the PO does not have such experience, it will have to comanage the modality with an organization that does, or propose some other technical assistance solution that assures the technical and institutional feasibility of the project (i.e., hire a specialist, travel to visit a successful ongoing program to learn from its experience, etc.). The cost of such projects will be higher than the benchmark costs for the modality, owing to the need for additional institutional strengthening.

TENTATIVE PROCUREMENT TIMETABLE
(amounts in millions of U.S. dollars)

	Method	Year 1		Year 2		Year 3		Year 4	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
Projects ^{1/}	NL	54	4.0	108	8.0	126	8.5	72	4.5
Institutional strengthening									
Training	ICB	2	0.6	2	0.6				
Systems	ICB	1	0.5						

ICB: international competitive bidding

NL: national legislation

^{1/} Includes investment expenditure (for basic infrastructure rehabilitation, materials, and equipment) and operating costs of the modalities involved (salaries, food, instructional materials, etc.). Given the nature of the projects it would be difficult to group them for international competitive tendering. They thus are expected to be contracted for in accordance with Bolivian law.

INDICATIVE COSTS OF NO PREVENTIVE INVESTMENT

The following indicative table presents statistical data on the education and health sectors, showing costs incurred owing to the present lack of preventive care (on the assumption that the health sector is currently providing care for all the cases that arise).

Table IV-1: Indicative costs of no preventive investment

Education <u>1/</u>	
Repeater rate, first grade, 1990:	18.9%
Repeater rate, total primary, 1990:	24.4%
Total repeaters, primary:	163,500 children
Annual cost per pupil, primary:	US\$109
Annual total cost of repeating:	<u>US\$17.8 million</u>
Health <u>2/</u>	
Child mortality (60% caused by ADD and IRA), 1996:	68/1,000 live births
ADD rate in children under 6, 1995:	20%
IRA rate in children under 6, 1995:	28%
Hospital ADD management cost (US\$/unit):	US\$11
Hospital IRA management cost (US\$/unit):	US\$25
Annual cost of treatment of all ADD and IRA cases:	<u>US\$14.7 million</u>

ADD: acute diarrheal diseases
 IRA: acute respiratory infections

1/ *Situación educativa de América Latina y el Caribe, 1980-1994*. Santiago: UNESCO, 1996.

2/ *Plan Vida: Plan Nacional para la Reducción Acelerada de la Mortalidad Materna, Perinatal y del Niño*. La Paz: Ministry of Human Development, National Health Secretariat, 1994.

PROPOSED RESOLUTION

BOLIVIA. LOAN /SF-BO TO THE REPUBLIC OF BOLIVIA
INTEGRATED EARLY CHILDHOOD DEVELOPMENT PROGRAM

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Bolivia, as borrower, for the purpose of granting it a financing to cooperate in the execution of an integrated early childhood development program. Such financing shall be for the amount of US\$20,000,000 or its equivalent in other currencies, except that of Bolivia, which are part of the Fund for Special Operations of the Bank. The financing shall be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.