

## BUDGET SCENARIOS FOR USAID/BOLIVIA DEMOCRACY PROGRAM

As you requested, we are transmitting a proposed breakdown of how USAID's Democracy Program would use additional funds, over our current FY 08 budget of \$9.192. The draft budget shows a simplified breakdown of how we would use additional funds of \$2.0 M, \$4.0 M, or \$6.0 M should they become available.

As discussed with you earlier, the rationale behind the budget distribution is based on the identification of our highest priorities:

- 1) activities related to the upcoming elections processes, particularly national and international elections observation and voter education; and
- 2) increasing citizen confidence in democratic institutions and processes through improved sub-national government response to democratically articulated citizen demands. We plan to address this priority through a new project aimed at improving local service delivery and infrastructure, the Democracy Delivers Project.

Determining the amount of our proposed support for elections activities is difficult at this point, because of the many uncertainties that exist regarding the upcoming elections. It is still unclear how many elections events will take place during the next year and what their schedule will be. Following consultation with the Embassy, we have based our estimates for elections observation support on the assumption that we will be supporting observation and voter education for one elections event – the referendum on the new Bolivian Constitution. However, it is still unclear what role the USG will be able to play in supporting the elections. Potential sensitivity regarding USG support for elections-related activities may affect our ability to participate. There is also uncertainty regarding the possible participation of international organizations in the observation effort. Any elections observers must receive a formal invitation from the National Electoral Court. While the CNE and others in the Government have expressed interest in receiving elections-related support from the OAS and the European Union, the nature of the support to be requested is not yet clear. Adding to the uncertainty, statements made by the OAS Secretary General on a recent visit to Bolivia have raised questions for some regarding the potential credibility of an OAS observation in the lowland departments of the country.

We hope to reach greater clarity in our plans for elections support soon, but we are likely to continue to need particular flexibility regarding the proposed use of funds for activities in this area.

The estimate of costs for the international observation effort is based on elements included in budgets developed by the OAS for the last observation they carried out in Bolivia, during the 2005 elections, adjusted for inflation and other pertinent factors.

Beyond these two principal priorities, the next important priorities for us include launching a much-needed management training project for GOB officials in various sectors, to encourage decision-making based on technical criteria. This effort could enjoy strong GOB support and would greatly facilitate bilateral coordination and implementation of our program.

As an unexpected piece of good news, we had a successful meeting this week with the Minister and Vice-Minister of Justice, and were able to resolve the obstacles that had been holding up our activities in the justice sector. The Ministry is eager to resume our collaboration and has requested increased support to increase access to justice services for Bolivia's poor population, through additional Integrated Justice Centers and Casas de Justicia. For that reason, we are requesting additional funds for the justice program, which would enable us to support two additional justice centers and increased assistance to the Casas de Justicia.

We would also propose adding relatively small amounts to provide support for legislative activities, which have been eliminated under our current FY 08 budget. We consider that

maintaining a presence in Congress will be important given its role in upcoming legal reforms stemming from the results of the debates on the new Constitution.

At higher funding levels (scenarios 2 and 3) we would also seek to support a proposed new project aimed at supporting vulnerable indigenous populations, which was discussed with you during your visit.

At the highest funding level, we would also increase civil society activities related to harmonization of community justice systems with the formal justice system to help insure broader access to justice and protection of human rights. Our civil society justice advocacy program has been able to exert a moderating influence on the debate in this area, which is a high priority for our GOB counterparts.

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# BUDGET SCENARIOS FY08 FUNDS

OBJEC TIVE	PROGRAM AREA	Prog Elem	PROGRAM ELEMENT	ORIGINAL BUDGET	+ 2M	+ 4M	+ 6M	
<b>2. Governing Justly &amp; Democratically</b>	2.1 Rule of Law & Human Rights	2.1.3	Justice System	Administration of Justice (CHECCHI)	1,000,000	400,000	450,000	600,000
				Civil Society support for Justice Reforms (POA)	922,000			450,000
		2.1.5	Program Design & Learning	PD&L	100,000			
		2.1.6	Administration and Oversight	Salanes & Adm Costs	200,000			
					<b>2,222,000</b>	<b>400,000</b>	<b>450,000</b>	<b>1,050,000</b>
	2.2 Good Governance	2.2.1	Legislative Function and Processes	Legislative Support (CHEMONICS)		150,000	250,000	250,000
				CHEMONICS - Legislative Support				
		2.2.2	Public Sector Executive Function	NEWACTIVITY Public Management Training		250,000	250,000	250,000
		2.2.3	Local Government and Decentralization	NEWACTIVITY Democracy Delivers (munic streng ) (1) Decentralization/Dept Govt Strength (CHEMONICS)	3,000,000 1,000,000	1,000,000	2,250,000	3,500,000
		2.2.6	Program Design & Learning	PD&L	100,000			
		2.2.7	Administration and Oversight	Salanes & Adm Costs +Communc	325,000			
					<b>4,425,000</b>	<b>1,400,000</b>	<b>2,750,000</b>	<b>4,000,000</b>
	2.3. Political Competition & Consensus-Building	2.3.2	Elections and Political Processes	International Observation (OAS) (2)(3)	300,000	100,000	100,000	150,000
				Elections Observation (POA) (2)	750,000	100,000	200,000	300,000
		2.3.5	Administration and Oversight	Salanes & Adm Costs	110,000			
					<b>1,160,000</b>	<b>200,000</b>	<b>300,000</b>	<b>450,000</b>
	2.4 Civil Society	2.4.1	Civic Participation	Civil Society Support (CHEMONICS)	1,200,000			
				NEWACTIVITY Vulnerable Populations (PEP)			500,000	500,000
				SDA	30,000			
		2.4.3	Program Design & Learning	PD&L (includes DVS)	25,000			
	2.4.4	Administration and Oversight	Salanes & Adm Costs	130,000				
				<b>1,385,000</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	
<b>GRAND TOTAL FY08 Funds</b>				<b>9,192,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>6,000,000</b>	

**Notes**

- (1) includes \$1M from Water Earmark Funds
- (2) Assumes observation of one referendum in 2008  
However, the USG role in electoral observation is yet to be defined
- (3) An additional \$250k in FY07 Funds has been set aside for international observation

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