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BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT

2012 Annual Report
October 2011 - September 2012

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BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT

2012 Annual Report October 2011 – September 2012

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BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT

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ACRONYMS

BCA	Bolivia Communications Activity
BTBC	Bolivia Trade and Business Competitiveness. USAID Project, phase 1: 2003-2005, phase 2: 2005-2009)
BLA	Bolivia Lowlands Activity Bolivia Productivity and Competitiveness Project
CAF	Andean Development Corporation
CEDES	Consejo Empresarial para el Desarrollo Sostenible/Business Council for Sustainable Development
CEDETEX	Centro de Desarrollo de Productos Textiles/ Textile Development Center
CEPB	Confederación de Empresarios Privados de Bolivia/Private Entrepreneurs Confederation of Bolivia
CPTS	Centro de Promoción de Tecnologías Sostenibles/Center for the Promotion of Sustainable Technologies
COTR	Contract Officer´s Technical Representative
CP- OSH	Cleaner Production – Occupational Safety and Health
DANIDA	Danish International Development Agency
ePC/UCB	Escuela de la Producción y la Competitividad -Universidad Católica Boliviana/Production and Competitiveness School-Catholic University of Bolivia
FAUTAPO	Fundación de Apoyo a Universidades de Tarija y Potosí/Foundation to Support the Universities of Tarija and Potosí
FST	Fondo de Servicios Técnicos/Technical Services Fund
FUNDAPRO	Fundación para la Producción/Foundation for Production
FUNDEMPRESA	Fundación para el Desarrollo Empresarial/Business Development Foundation
GDA	Global Development Alliance
GDP	Gross Domestic Product
IBCE	Instituto Boliviano de Comercio Exterior/Bolivian Institute of Foreign Trade
IBNORCA	Instituto Boliviano de Normalización y Calidad/Bolivian Institute of Standards and Quality
ICAP	Instituto de Capacitación/Vocational Training Institute
IDB-MIF	Inter-American Development Bank – Multilateral Investment Fund

IDEPRO	Instituto para el Desarrollo de la Pequeña Unidad Productiva/Institute for the Development of the Small Productive Unit
IFS	Integrated Food Security
INE	Instituto Nacional de Estadística/National Bureau of Statistics
JICA	Japan International Cooperation Agency
MAPA	Market Access and Poverty Alleviation Project (USAID)
MSME	Micro, small and medium enterprise
M&E	Monitoring and evaluation
NDP	National Development Plan
PAI	Programa Amazónico Integrado (BLA)/Integrated Amazon Program
PMP	Performance Monitoring Plan
PPP	Public Private Partnerships
SDF	Service Delivery Fund
SEGE	Office of Sustainable Economic Growth and Environment (USAID/Bolivia)
SENASAG	Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimentaria/National Service for Agricultural and Animal Health and Food Safety
TA	Technical assistance
USAID	United States Agency for International Development

GLOSSARY

BIOPRODUCTS	Bioproducts result from the application of biotechnology in the industrial sphere (white or industrial biotechnology) in which, through biological, biochemical, physical, thermic, fermentation, esterification, transesterification, digestion, or hydrolysis processes, and the addition of enzymes, microorganisms, bacteria, etc., biomass (nonfood crops, forest mass, vegetable residues, etc.) is converted into bioproducts such as bioplastics, biopaints, biolubricants, and bioconstruction materials.
BIOCOMMERCE	Activities associated with collecting, producing, processing, and marketing goods and services derived from native biodiversity, based on practices that ensure conservation and sustainable use.
CLEANER PRODUCTION	Ongoing application of an integrated, preventive environmental strategy to reduce relevant hazards to humans and the environment.
CLIMATE CHANGE	Long-term fluctuations in temperature, precipitation, winds, and all of the other components of the Earth's climate.
CLUSTER	A group of inter-connected companies and associations, which are in close geographical proximity, work in a comparable industry, and are united by a set of common and complementary characteristics.
COMPARATIVE ADVANTAGES	In economics, a country will have a comparative advantage over others in the production of a good if it can produce it at the lowest possible cost. This means that it is able to produce a particular good with less labor and resources investment.
COMPETITIVE ADVANTAGES	The set of attributes of a company (and its products) that distinguish it from its competitors and are recognizable by its customers. Differences that afford the company an advantage to compete better, gain on, and edge out the competition. Competitive advantages are usually classified as those relating to price, quality, and opportunity.
COMPETITIVENESS	The capacity to generate greater consumer satisfaction at a lower price, in other words with the lowest possible production costs. It is especially associated with product quality and innovation; with the prices upon which productivity is contingent; and with inflation differentials between countries (WB, 2008).
COSMECEUTICALS	Products resulting from a combination of cosmetics and pharmaceuticals, which are at once beauty enhancers and skin care products. The project will work on this line with products created from biodiversity.
COST LEADERSHIP	A market strategy based on low sales prices in the market for a particular product or service. This is achieved through systems such as economies of scale, learning curves, minimizing research and development costs, etc.
DIFFERENTIATION LEADERSHIP	This market strategy seeks to differentiate or distinguish a business unit's product by creating something that its customers perceive as different, exclusive or superior to the rest of the competition. In cases where the difference is perceived by the customer, it is possible to set premium prices for the final product.
ECONOMIC MULTIPLIER	The influence that one variable has on another on an amplified scale, in other words, when the effect is greater than the cause that produced it.
EFFICIENCY	The capacity to carry out a task or produce a particular result or effect, while minimizing the use of resources, or the relationship between the result obtained and the resources used.
ENERGY EFFICIENCY	The ratio between the amount of energy consumed and the final products or

services obtained. It can be optimized through the implementation of different measures and investments in the areas of technology, management, and community cultural practices.

ENTREPRENEUR	An entrepreneur is someone who identifies an opportunity and organizes the resources necessary to put it into practice. This term is frequently used to describe someone who “creates a business” or identifies a business opportunity, or starts a project at his or her own initiative.
ENTREPRENEURSHIP	Assuming the risk and responsibility for designing and putting into practice a business strategy or a new business.
FOOD SECURITY	Availability at all times of a sufficient world supply of basic foodstuffs to support ongoing expansion of food consumption and to counteract production and price fluctuations.
GROWTH	An economic growth concept that refers to the percentage increase in the gross domestic product of an economy in a specific time period.
INNOVATION	The application of new ideas, concepts, products, services, and practices, which are potentially useful for boosting productivity. Innovation must include successful commercial application.
INSTITUTIONAL STRENGTHENING	A process through which an institution’s capacity for action is developed and enhanced.
LOCAL CAPACITY-BUILDING	A tool for strengthening and furthering decentralization as the most effective means of restoring authority and resources to local government and for creating mechanisms for civil society participation and oversight.
LOCAL DEVELOPMENT SERVICES PLATFORM	Economic development is the transformation of the local economy and society to surmount existing barriers and challenges and improve the population’s living conditions through concerted joint action by local public and private socioeconomic stakeholders and to use existing resources more efficiently and sustainably by building the capacity of local business ventures and creating an innovative environment in the territory.
PROCESSING	Conversion of a raw material into a finished product.
PRODUCTIVE COMPLEX	A productive complex is commonly understood as a sector-specific and/or geographic concentration of businesses engaged in the same or closely related activities with significant, cumulative external economies, which are agglomerated and specialized (due the presence of specialized producers, suppliers, and labor, and sector-specific auxiliary services)and are in a position to work together in pursuit of collective efficiency.
PRODUCTIVITY	The capacity to produce more goods or services with fewer resources. Productivity depends largely on the technology applied (physical capital) and the quality of vocational training provided to workers (human capital). Greater productivity entails producing more at the same cost, or producing the same product at a lower cost.
REGIONAL DEVELOPMENT SERVICES PLATFORM	It can be construed as a holistic process in which different regional stakeholders participate in defining, deciding on, and implementing the most suitable type of social and economic development without detriment to the capacity for economic and social investment or to the environmental assets of future generations.
SECTOR CORDINATION	Planning mechanism or tool to coordinate priority-driven decision-making among different sectors. Through coordination each responsible sector makes a commitment to the established objectives. This helps them avoid taking different tangents and ensure more rapid and effective progress, evaluation of results, and adaptation to changing circumstances.
TECHNICAL ASSISTANCE	Transfer of knowledge, information or services to solve specific technical problems or contribute elements conducive to their resolution.

TERRITORY / REGION

A defined area (including land and water) frequently considered to be the possession of a person, institution, organization, or subdivided country or State.

TRAINING

A set of organized processes to extend and supplement initial education through knowledge generation, skills development, and attitudinal change in order to boost individual and collective capacity to contribute to the fulfillment of the institutional mission, improve service-provision to the community, and contribute to effective performance and integrated personal development.

VALUE CHAIN

The value chain is the productive linkage between two or more companies in a territory—one being a raw materials or services provider and the other a processor or marketer of the final product—that have agreed to take joint advantage of market opportunities (PC-B).

EXECUTIVE SUMMARY

The Bolivian Productivity and Competitiveness Project is a United States Agency for International Development (USAID/Bolivia) initiative whose main objective is to increase the productivity and competitiveness of MSMEs located in the urban zone and surrounding areas of Bolivia's main cities, in order to generate employment and improve income.

The main actions undertaken by BPC in this period focused on giving continuity to previously initiated activities, initiating the closure process of another set of activities, and starting interventions which were prioritized as a result of the refocus of the Project proposed to USAID.

Regarding **activities to strengthen the workforce to increase the productivity of the value chains**, the main activities are listed below:

Value Chain	Total Technical Assistance Contracts	Total Productive Units Supported	Number of Technical Assistance Contracts/Number of Benefitted Firms		
			La Paz/El Alto	Santa Cruz	Cochabamba
Textile and Apparel	16	60	3/16	7/21	6/21
Wood and Wood Furniture	2	11		1/3	1/8
Processed Foods	6	33	3/20	3/12	
Biocommerce	7	18	2/4	5/6	1/1
TOTALS	31	122	8/40	16/42	7/30

During this period, we concluded **activities to strengthen the workforce to increase the productivity of the value chains**, having worked on systematizing and consolidating the data and results obtained through technical assistance activities and the Training with Job Placement Program. The most significant progress during this period is detailed below:

Multi-sector Training	Training with Job Placement
✓ 116 activities	✓ 13 training institutions
✓ 1.036 trainees from manufacturing units	✓ 945 future operators trained
✓ Percentage of trainees per sector: 48% multi-sector, 25% Processed Foods, 13% Handcrafts, 11% textile and Apparel, and 3% Wood and Wood Furniture.	✓ 706 trainees placed in jobs
	✓ 165 employing MSMEs

During this year, BPC also finalized tasks related with **the strengthening of local institutions contracted to provide services to MSMEs**; final reports for the four strengthened institutions are being prepared: COTEXBO, CNI, CEDETEX and CPTS.

Regarding **activities to promote business alliances**, fifteen activities were carried out, as detailed below:

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Type of Activity	Number	Sales in Thousands USD	Sales Commitments in Thousands USD	Number of Supported MSMEs and Associations
Specialized tradeshows	9	628.4	469.9	146
Commercial delegations	2	81.4	1,677.8	35
Business Roundtables	2	224.1	4,024.3	42
Promotional Support Activities	2	6.2	0.0	3
Activities	15	940.2	6,172.0	226

During this year, BPC continued its efforts to finalize the investment phase of a set of fourteen **Public-Private Partnerships** in execution. In addition, the following new PPPs were established:

- ✓ Seven partnerships in the Cleaner Production/ Energy Efficiency area.
- ✓ Six partnerships in the Processed Foods chain.
- ✓ Two partnerships in the Biocommerce chain.
- ✓ One partnership in Business Services for the Textile and Apparel chain.
- ✓ The total amount committed by USAID to these sixteen new partnerships is 304,200 USD; the counterpart funding from our partners is 426,700 USD, leveraging 1.4 USD for every USAID dollar.

In spite of the changes that had to be made to adjust project activities to a reduced budget, an overall evaluation indicates that BPC met a great part of the objectives established for the year. BPC made significant progress towards achieving the established goals. Once it became official that the project would come to an end in February 2013, BPC presented USAID with a reformulation of the final goals for the project.

As a result of the activities carried out during this fiscal year, the following steps were taken in the achievement of PO and SEGE indicators:

PO and SEGE Indicators	Results	Goal	%	Accumulated	Accumulated	%
	FY 2012	FY 2012	Progress	Results FY 2010-12	Goal FY 2010-12	Progress
PO Indicators						
1. Number of firms receiving assistance to improve management, organization and production processes	122	120	102%	301	380	79%
2. Amount of sales generated (in millions of USD.)	7.58	4.90	155%	11.41	15.20	75%
Additional SEGE Indicators						
3. Number of persons benefitted by USAID support	23,266	28,060	83%	70,361	89,760	78%
4. Number of trained persons	2,220	3,250	68%	9,151	10,450	88%
5. Number of direct and indirect jobs generated	1,897	1,950	97%	4,886	6,500	75%
6. Leveraged counterpart resources (in millions of dollars)	0.52	0.31	168%	1.24	1.00	124%

The following table shows the results obtained in contractual indicators:

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Contractual Indicators		Results FY 2012	Goal FY 2012	% Progress	Accumulated Results FY 2010-12	Accumulated Goal FY 2010-12	% Progress
Objective 1: Improve the productivity and competitiveness of selected value chains							
1.	Number of people trained	2,151	3,200	67%	9,013	10,300	88%
2.	Number of students that obtain a job after training	382	390	98%	1,040	1,200	87%
3.	Number of firms receiving assistance to improve management, organization, and production processes	122	120	102%	301	380	79%
4.	Number of new enterprises created	5	12	42%	17	38	45%
5.	Number of direct and indirect jobs generated	1,897	1,950	97%	4,886	6,500	75%
6.	Amount of sales generated (in millions of USD)	7.58	4.90	155%	11.41	15.20	75%
7.	Economic impact on selected value chains (in millions of USD)	+29%	+5%	NA	+39%	+5%	NA
8.	Number of trained people	18.94	14.80	128%	28.51	42.50	67%
Objective 2: Strengthen local institutions that support the development of MSMEs							
9.	Number of institutions strengthened	2	5	40%	3	15	20%
10.	Number of persons trained in the strengthened institutions	69	50	138%	138	150	92%
Objective 3: Promote dialogue between key stakeholders to improve the business environment of and competitiveness for MSMEs							
11.	Number of events (workshops, fairs, business roundtables, forums)	14	22	64%	65	76	86%
12.	Sales commitments	6.18	7.20	86%	19.13	28.80	66%
13.	Number of institutions receiving support for fairs and courses	11	6	183%	49	24	204%
Objective 4: Leverage private sector, donor, and public funding through GDA and similar operations							
14.	Number of GDAs	16	4	400%	30	13	231%
15.	Leveraged counterpart resources (in millions of dollars)	0.52	0.31	168%	1.24	1.00	124%

SECTION I

INTRODUCTION

The annual activities of the Bolivian Productivity and Competitiveness Project presented in this report are analyzed in two contexts: the economic and social realms. In addition to our examination of the context of the country, the report includes the latest report published by the World Economic Forum (Switzerland) to show the state of competitiveness in Bolivia using the Forum's Global Competitiveness Index. In addition, the report includes the most relevant results from the annual survey WEF conducts with business executives to identify factors which hinder business activities.

Economic Context

According to the Millennium Foundation's 32nd Report (¹), during 2011, the Bolivian economy was still benefitting from a worldwide bonanza which maintained high prices for its export products, resulting in greater importations, significant accumulation of foreign reserves, and relative price stability.

Nevertheless, during 2011 the world economy slowed down, and developed countries, especially in Europe, once again faced severe problems in unemployment, fiscal imbalances, increase of sovereign debt, and a weakening of their bank systems. Economic growth in Europe slowed down from 1.9% in 2010, to 1.6% in 2011. The rate of economic growth in the United States also decreased from an annual 3% in 2010 to 1.8% in 2011. China's economy grew by 10.4% in 2010 and by 9.2% in 2011. India's economy, which grew by 9.9% in 2010, slowed down to 7.4% in 2011. In the case of Latin America, eleven of the twenty countries experienced greater economic growth in 2011 than in 2010. In the case of Bolivia's most important commercial neighboring countries, Brazil's economy decreased by 4.5% in 2010, and 2.9% in 2011; Argentina's economical growth was 9% greater in 2011 than in 2010.

In their evaluation of the first semester of 2012, the Millennium Foundation² states that *"during this period, the performance of the economy has been a repetition of the pattern of bonanza experimented by the country. The greater level of exports, resulting from an increase in the prices of raw materials, generates greater public and private income, which expands demand when it is spent. This stimulates internal production, but it also encourages greater number of imports, particularly when the appreciation of the currency makes imported products even cheaper. The increase in production focuses on sectors destined for the local markets: services, construction, and manufacturing, which depends on foreign consumables. Therefore, when the activity expands, it also contributes to increasing imports."*

According to data compiled by the Millennium Foundation in the previously mentioned report, the following economic growth rates are projected (in comparison with 2011 economic levels): the United States, 2% growth; the Euro Zone, a decrease of 0.3%; Japan, 2.4% growth, India, 6.1% growth; and China, 8.0% growth. China's continued rate of significant growth will keep spurring the demand for basic products, especially minerals and farming commodities China requires to meet its population's food needs, such as oil products and grains.

¹ Millennium Foundation: "Millennium Report on the Economy, 2011", June 2012, No.32, La Paz-Bolivia

² Millennium Foundation: "Millennium Report on the Economy. First Semester." October 2012, No. 33

The following indicators, selected due to their macroeconomic relevance, show the state of the Bolivian economy from 2011 to 2012:

- Up to March 2012, the GNP had grown by 5.16%; during the same period in 2011, the national economy grew by 5.63%.
- With current prices, the GNP is estimated at 24,400 million USD; the GNP per capita is calculated at 2,282.60 USD.
- Up to March 2012, the economic sectors which experienced greater growth were the following: financial establishments (8.3%), construction and public works (11.5%) and oil and natural gas (7.7%). Manufacturing grew by 5.0%, contributing 0.8% of the GNP. According to information provided by the Millennium Foundation, the 2011 growth in manufacturing can be attributed mostly to growth in the production of cement, which is the main product required by the construction industry.
- For the same period, net Direct Foreign Investment grew by 38.6%, from 201.1 to 278.6 million USD.
- From June 2011 to June 2012 Net Foreign Reserves in Bolivia's Central Bank grew by 15.7%, from 10,751.2 to 12,438.4 million USD.
- From June 2011 to June 2012, fiscal tax revenue increased by 29.32%. In current prices, revenue reached 3,400 million USD. The Direct Tax on Hydrocarbons accounts for 23.44% of total tax revenues.
- In the banking sector, some key factors also point to a state of bonanza in the national economy. From June 2011 to June 2012, deposits from the public sector grew by 21.6% (from 7,821.5 to 9,507.1 million USD). From this amount, 33.5% corresponds to fixed-term deposits and 30% to Savings Associations.
- The loan portfolio in the same period increased by 19.45% (from 5,989.3 to 7,154.1 million USD). Out of the total bank loans, 27.4% was given to commercial establishments, 24.5% to real estate services, 17.7% to manufacturing, and 11.9% to construction.
- Active interest rates through April 2012 remained low, with an average of 11%; the passive rate was at around 1.25%, showing an increasingly greater spread between the rates.
- The accumulated inflation rate in June 2012 was 1.96%; in June 2011, it was 4.27%. This points to relative stability in the national economy.
- National exports up to June 2012 had grown by 26.56% in comparison with the same period in 2011.
- Exports up to June 2012 are distributed as follows: 51.4% hydrocarbons, 31.1% minerals, and 17.4% to non-traditional exports, including farm products, agro-industrial products, and all kinds of manufacturing, including wood and textile products.
- Up to the first quarter in 2012, there was an upward trend in all the raw materials exported by Bolivia, with the exception of minerals and metals.
- The main markets for 2011 exports were distributed as follows: Brazil 33.3%, Argentina 11.6%, the United States 9.6%, Japan 5.9% and South Korea 5.0%. These five countries accounted for over 65% of the exported Bolivian goods.

The noteworthy growth of national exports from 2011 to 2012 can basically be accounted to the increase in the prices of raw materials exported by the country.

Social Context

The levels of social and political conflict are factors which affect the activities of citizens in general and the productive sector in particular. The Millennium Foundation reports that in 2011³, the national media reported eight hundred and eighty-four conflicts, establishing a historical record comparable to the years in office of President Hernán Siles in the early eighties. Approximately 23% of these conflicts occurred between October and December, 2011, when the number of conflicts reported by the national media reached four hundred and twelve.

The most important conflicts were the following: protest marches by indigenous people from the west of the country in defense of TIPNIS, the demands by the Mallku Khota Ayllus to force the government to revert mining concessions given to foreign firms, and the rebellion of members of the Bolivian Police due to low salaries and other institutional issues.

State of Competitiveness in Bolivia

The information on the state of Bolivia's competitiveness comes from the World Economic Forum's annual report (WEF, Switzerland⁴). For over three decades, the WEF has analyzed the factors that make up the competitiveness of a country. From its inception, the purpose of the WEF has been to promote discussion and provide elements to recognize better strategies and policies to help countries improve their levels of competitiveness.⁵

The WEF considers twelve competitiveness factors: state institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, efficiency of the goods and services market, efficiency of the labor market, development of the financial market, technological readiness, market size, level of business sophistication and innovation.

The work of the Forum is based on developing the Global Competitiveness Index (GCI), conceived as an integral tool which measures the micro and macroeconomic foundation of a nation's competitiveness. The index is elaborated from specific assessments of the previously mentioned factors, and it is expressed through three subindices:

- **Basic Requirements Subindex**, in which state institutions, infrastructure, macroeconomic environment, and health and education are the key determinants for countries which are still in an elementary level of development, competing mostly in terms of providing natural resources and cheap labor. For these countries, this subindex has greater weight than that of the other two.

³ Data provided by CERES's Conflict Observatory (Center for the Study of Economic and Social Reality), 2012.

⁴ World Economic Forum: "The Global Competitiveness Report 2012-2013", Klaus Schwab, Editor, 2012.

⁵ The WEF defines competitiveness as the set of institutions, policies, and factors which determine the level of productivity in a nation. In addition, this level of productivity points to the level of prosperity which an economy can achieve and determines the rates of return obtained from investing in an economy, which is itself a key determinant to spur economic growth. Therefore, the concept of competitiveness involves dynamic and static factors. Thus understood, productivity is also a key factor to explain an economy's potential for growth.

- Efficiency Promoters Subindex, in which competitiveness is determined by the factors of higher education and training, efficiency of the goods and services market, efficiency of the labor market, development of the financial market, technological readiness, and market size; these are key elements for countries which compete through adapting new technologies and optimizing their productive processes. In consequence, the weight given to this subindex is higher.
- Innovation and Sophistication Subindex, in which innovation and business sophistication are the key competitiveness determinants for developed countries, that is, those countries which promote profound changes in production systems or promote structural innovations. This subindex is given greater weight than in the other two cases.

As a comparison, the following Table shows how the subindices are weighted in the cases of Bolivia, Chile and Switzerland:

Subindices (Deliberation Percentages)	Bolivia	Chile	Switzerland
Basic Requirements Subindex	53,7	26,8	20
Efficiency Promoters Subindex	39,7	50,0	50
Innovation and Sophistication Subindex	6,6	23,2	30

The state of national competitiveness is shown in the following table:

BOLIVIA: GLOBAL COMPETITIVENESS INDEX			
	Rank (among 144 countries)	Points obtained (1-7)	
IGC 2012-13	104	3.8	Bolivia ranks 104 th among the one hundred and forty-four countries evaluated by the WEF in its 2012-2013 Report.
IGC 2011-12 (142)	103	3.8	
IGC 2010-11 (139)	108	3.6	
Subindex: Basic Requirements (53.7%)	94	4.2	In relation to the pillars of competitiveness, Bolivia has major deficiencies, particularly in the quality of the goods market, in which it ranked 138 th ; the efficiency of the labor market, 132 nd ; technological readiness, 127 th ; development of the financial market, 126 th ; quality of state institutions, 119 th .
- Institutions	119	3.3	
- Infrastructure	108	3.0	
- Macroeconomic Environment	49	5.0	
- Health and Elementary Education	97	5.3	
Subindex: Efficiency Promoters (39.7%)	122	3.4	
- Higher Education and training	92	3.8	
- Efficiency of the Goods and Services Market	138	3.4	
- Efficiency of the Labor Market	132	3.6	
- Development of Financial Market	126	3.3	
- Technological Readiness	127	2.7	
- Market Size	82	3.2	
Factors for Innovation and Sophistication (6.6%)	100	3.3	
✓ Business Sophistication	103	3.5	
✓ Innovation	83	3.0	

It's also convenient to examine Bolivia's competitiveness by comparing its GCI vis-à-vis with that of other Latin American countries. The following Table shows this comparison:

World Economic Forum Latin-American countries IGC 2012-2013				
Country	World Ranking		Trend	Regional Ranking
	2008/09	2012/13		
CHILE	28	33	↓	1/1
PANAMA	58	40	↑	2/2
BRAZIL	64	48	↑	5/3
MEXICO	60	53	↑	4/4
COSTA RICA	59	57	→	3/5
PERU	83	61	↑	10/6
COLOMBIA	74	69	↑	6/7
URUGUAY	75	74	→	8/8
GUATEMALA	84	83	→	11/9
ECUADOR	104	86	↑	14/10
HONDURAS	82	90	↓	9/11
ARGENTINA	88	94	↓	12/12
EL SALVADOR	79	101	↓	8/13
BOLIVIA	118	104	↑	16/14
DOMINICAN REPUBLIC	98	105	↓	13/15
NICARAGUA	120	108	↑	17/16
PARAGUAY	124	116	↑	18/17
VENEZUELA	105	126	↓	15/18

Chile is considered the Latin American country with the highest competitiveness level, ranked 33rd worldwide. At a regional level, Bolivia holds the 14th position among the eighteen evaluated countries. The colored arrows show the trend in the competitiveness index for each of the countries, from 2008-09 to 2012-13. Thus, we can observe that Chile has fallen a few spots, Costa Rica has practically maintained the same position, and Venezuela and Argentina are also on a downward trend. In the case of Bolivia, its competitiveness ranking gradually improved during the period of evaluation.

World Economic Forum The Ten Most Competitive Countries IGC 2012-2013	
Country	Ranking
SWITZERLAND	1
SINGAPORE	2
FINLAND	3
THE NETHERLANDS	4
GERMANY	5
THE U.S.	6
THE U.K.	7
HONG KONG	8
JAPAN	9
QATAR	10

The table to the left shows the rankings of the most competitive countries in the world.

As a complement to the GCI study, the WEF conducts annual opinion surveys with business executives in each country. In these interviews, the executives are shown sixteen aspects related to the business environment, and they are asked to order them in terms of how problematic they are.

The Bolivian business executives who were interviewed expressed that they consider the following five factors to be the most damaging or hindering for business development. In order of importance:

- ✓ Access to financing
- ✓ Restrictive labor laws
- ✓ Regulations for the handling of foreign currency
- ✓ Inefficient government bureaucracy
- ✓ Inadequate supply of infrastructure

A. Refocus of BPC

On August 31, 2013, Chemonics International received official communication from USAID (*ROAA BOL 64/2012*) announcing the partial termination of BPC due to severe cuts to the Mission's budget. As a consequence, USAID decided to reduce the scope of the project, thus affecting its implementation.

As a result of this decision, in September 2012, Chemonics received Amendments 5 and 6 to the Contract from USAID. "**Task Order 08 - IQC EEM-I-00-07-00008-00 (BPC Project)**" officially confirmed the budget assigned for the last year of the life of the project. This budget allocation determined the feasibility of going ahead with the refocus of BPC previously suggested by our COTR.

As a result, the general orientation for BPC's continuation was defined with the following work vision: give continuity in the current fiscal year (FY 2012) only to those activities which can be consolidated and brought to an end during FY 2013, optimizing time and resources to achieve the greatest possible impact within the framework of the contract.

As a consequence, BPC refocused towards the following areas:

- a. Establishment of Public-Private Partnerships:* Priority was given to activities related to consolidating and establishing PPPs responding to USAID's strategic interest of empowering local stakeholders, thus increasing amounts leveraged with private stakeholders.
- b. PPP Complementary Support Activities:* Priority will also be given to technical assistance and commercial promotion activities which further the consolidation of the PPP Portfolio.
- c. Activities to support Cleaner Production & Energy Efficiency:* BPC will continue its activities to establish PPPs and technical assistance activities in the CP & EE realm.
- d. Other Activities in Support of Value Chains:* In specific relation to expected impacts, additional technical assistance and commercial activities were identified for the purpose of supporting the value chains.
- e. Conclusion of other Technical Tasks:* BPC will start giving closure to activities of management training, training with job placement, technical assistance to the value chains, and institutional strengthening processes.

BPC's refocus process was made official in its response to USAID's *ROAA BOL 64/2012* notification; in September, Chemonics International submitted the following documents:

- ✓ Technical proposal in relation to the fulfillment of work requirements established in the Revised Scope of Work.
- ✓ A detailed budget describing its use to accomplish the Revised Scope of Work.
- ✓ A revised general budget, realigned to consider the changes in the scope of the work and the reductions in the Total Estimated Costs (TEC).

- ✓ A proposed timetable and a work plan draft, stating the activities that will be carried out through the end of the project (February 2013), including the demobilization of technical and administrative activities.

B. Coordination and Activities with other USAID/Bolivia Projects

Coordination with other USAID projects with the purpose of achieving long-term sustainable impacts resulted in the establishment of the following PPPs:

- **Gathering and Standardization Centers for Organic Humus**

BPC and the PROLAGO Project joined efforts with the purpose of supporting six communities from the Lake Titicaca area in the task of converting cow manure into organic fertilizer.



Staff members from BPC and the PROLAGO Project visiting the community of Quiripujo and conversing with members of the Nueva Esperanza Association.

During 2011, the production of organic humus from three hundred and sixty worm-farms managed by a hundred and eighty farm families was formalized with the establishment of six fertilizer associations which submitted PPP proposals to BPC.

BPC approved agreements with three of these associations (*San Carlos, Nueva Esperanza* and *Los Andes*) as they were considered to be further advanced in terms of production and definition of potential markets. These associations, founded in May 2012, are made up of approximately forty farm and dairy farm families living in Cohana Bay (approximately an hour and forty-five-minute drive from La Paz).

Organic Humus PPPs: Impact	
Social	Economic
<ul style="list-style-type: none"> • Increase in the number of families which supply organic humus. • Establishment of three Organic Humus Gathering , Standardization, and Marketing Centers. • Establishment of Organic Producer Associations to act as business links in their communities 	<ul style="list-style-type: none"> • Generation of 150,000 USD in sales (December 2012) • Generation of new income for partners • Creation of twelve new direct jobs • Establishment of new markets for organic humus • Increase of national agricultural yields, particularly with quinoa.

- **Additional Equipment for AGROCAINE’s Fruit Processing Plant**

BPC and the Food Security Project joined efforts with the purpose of supporting fruit producers from the Municipality of Toro Toro (Department of Potosí) linked to the AGROCAINE Association by strengthening their fruit pulp processing plant.

This association is made up of forty active partners (out of a group of more than two hundred farmers in the Toro Toro Municipality); collectively, they own a productive base of more than two hundred and thirty-five acres of orchards (86 acres of lime trees, 74 acres of guava trees, and 150 acres of sweet potato fields).

AGROCAINE decided to incorporate a new transformation line to its productive processes, consisting of transforming frozen fruit pulp. To do so, they requested financing from BPC for a cold-storage chamber to complement existing equipment.

AGROCAINE PPP: Impact	
Social	Economic
<ul style="list-style-type: none">• Increase in the number of families supplying the production plant• Consolidation of the fruit processing plant	<ul style="list-style-type: none">• Generation of 50,000 USD in sales (December 2012)• Generation of new income for partners• Creation of sixteen new direct jobs• Establishment of new markets for industrial fruit pulp

SECTION II

ACTIVITIES AND RESULTS BY OBJECTIVES AND CENTRAL TASKS

From October 2011 to September 2012, BPC went through three work stages:

- i. Regular stage of evaluation, planning and start-up of annual activities in the original framework of the contract.
- ii. Adjustment to the work plan stage in terms of BPC's refocus as a result of new financing perspectives.
- iii. Application of the readjustment stage, including giving closure to a set of activities.

Evaluation and Planning (September to November, 2011)

In September 2011 BPC staff met at a workshop in Lake Titicaca with the purpose of evaluating results obtained, discussing lessons learned further, and reorienting project activities towards greater levels of efficiency. This evaluation process took into consideration all of the better practices and lessons learned since the beginning of BPC, with a view to optimizing the execution of the second half of the contract. The assessment of these experiences and results allowed BPC to adjust its activities with the objective of increasing the number of interventions and carrying out these activities with greater efficiency. Based on these considerations, BPC submitted its Annual Work Plan for 2012 to USAID.

Readjustment of Work Plan Process (January to April, 2012)

In the first months of the 2012 calendar year, BPC received notification that the Mission's resources would be significantly reduced, thus affecting the ability to carry out several of its projects, BPC among them. Therefore, it became necessary to revise the work plan so as to optimize resources and implementation timetables. This situation led to a second evaluation of all of the activities that had been planned during the Lake Titicaca workshop, understanding that their continuity would be conditioned to USAID priorities and to obtaining the most important results and impacts.

In this readjustment process, the following guidelines defined BPC activities from January to June 2012:

- ✓ Continuity was given to technical assistance activities already in execution and to those commitments that had been established with subcontractors and MSME groups.
- ✓ We continued the implementation of training with job placement activities in terms of previously established commitments, but planned no new interventions in this area.
- ✓ The activities of commercial promotion which would be undertaken were to be mainly aimed at supporting partners in established PPPs.
- ✓ Continuity was given to the task of consolidating the portfolio of PPPs in execution, speeding up the process of purchasing and installing the equipment BPC had committed to providing in the signed grant agreements.
- ✓ BPC continued the process of establishing new PPPs in the different value chains and in the area of Cleaner Production and Energy Efficiency.

Execution of the Readjusted Work Plan and Commencement of Activity Closure (April to September, 2012)

From April to September, BPC began executing the adjusted work plan and brought to end the following tasks: 1) training, both for managers and laborers; 2) training with job placement; and 3) institutional strengthening activities. BPC’s reorientation, which also required a severe reduction in staff, involved a process of execution defined by two characteristics: capitalizing on better practices and lessons learned while at the same time increasing the efficiency of the activities and the monitoring of the results.

A. Objective I: Improve the Competitiveness and Productivity of Selected Value Chains

BPC understands that facing the challenge of MSME productivity in Bolivia requires a multidimensional grasp of the realities faced by each sector, especially in order to prioritize interventions in such a way that maximum impact is accomplished in a limited timeframe. Thus, BPC activities have been based on a diagnosis of the needs of each sector. This allows for progress to be made with specific results that can be obtained from a systemic vision, i.e., understanding that productive activity is part of a set of components which are themselves linked to other elements.

The following chart summarizes the systemic approach BPC uses to update the diagnoses of the value chains it intervenes in:

SYSTEMIC SUSTAINABLE CHANGE					
Problems	Synthesis of the analysis of potentials and limitations which conform a set of problems, usually related, which determine the current performance levels of the production system.	Determinants			Critical Route
		Understood as external variables (out of the firm’s control) which regulate and affect the development and growth of productive units.			
		Rules	Restrictions	Competition	
		Market			
		Composed by supply (the sum of productive units, their location and their production capacity) and demand (the consumption of goods by market destinations). The supply-demand relationship is the heart of the productive system; when it’s dynamic, it follows trends (normally fashion), which lead to changes in business strategies.			
		Supply	Trends	Demand	
		Service Platform			
Services: non-financial and financial: elements which affect productivity in different areas of a business; they are obtained in the market from different types of service providers.					
Private	Public	International Cooperation			
- Elaboration of management plans - Financing of the first link in the productive chain - Equipment calibration - Commercial promotion	- Certifications - Information - Commercial promotion	Support programs which mostly focus on the first link of the production chain.			
				Key strategic steps for the growth of the productive system. These key steps are sequential in the sense that priorities must be established, and the key steps respond to intervention opportunities.	

Task I. Activities to Increase the Competitive Advantage of the Selected Value Chains

BPC’s interventions to improve productivity in Bolivian MSMEs are essentially characterized by the following elements:

Technical Assistance	Training	Training with Job Placement
<ul style="list-style-type: none"> • Respond to the needs of the firm directly • Improve production processes • Improve product quality • Innovate production lines • Incorporate new techniques and methodologies 	<ul style="list-style-type: none"> • Course contents are design in response to the needs of the firms. • Courses improve and/or update the skills of managers, middle-position managers, and operators. • Organized as complementary areas to technical assistance activities. 	<ul style="list-style-type: none"> • The type of training responds to the needs of employing firms. • Acquired skills improve the employability of participants. • This training model was designed by BPC, adapting models from previous experiences • Training increases the productivity of both the participants and the employing firms.

Based on the methodology of systemic analysis detailed above, and taking into consideration the type of support that BPC offers the selected value chains, we will proceed with the presentation of the diagnosis for each of the chains BPC intervenes in. These diagnoses will also include information on the activities carried out from October 2011 to September 2012.

TECHNICAL ASSISTANCE IN THE TEXTILE AND APPAREL CHAIN

This chain is mostly made up of small apparel-producing units which, due to the closing of foreign markets (the U.S.), have restructured their associations, reoriented their production in terms of design and quality, and made efforts to place their products in the Venezuelan and regional markets. Nevertheless, since the clothing market is one of the most dynamic sectors worldwide, manufacturing MSMEs are constantly facing the need to change. Annual sales in this chain currently do not exceed the peak levels that were reached in the ten-year period of 1995-2004 (forty million USD annually).

Some of the key aspects of the chain’s diagnosis are listed below:

- ✓ Worldwide trends in the garment industry give priority to natural fibers and fine design; therefore, MSMEs require significant support in design and finishing of products.
- ✓ However, local non-financial support services are mostly aimed at providing training and technical assistance in the areas of patterns and classic styles.
- ✓ These non-financial services are mostly located in El Alto and La Paz (especially in terms of the supply of technical assistance services); several of these service providers have not expanded their services to other parts of the country.
- ✓ The competition faced by this value chain comes from China. The price of Chinese products makes them attractive to middle-class customers. In addition, further competition comes from the importation of used clothing and from contraband.
- ✓ The comparative advantages offered by this value chain continue to be cheap labor and the ability to adapt flexibly to market conditions.

- ✓ Labor laws and demands for social security have encouraged the fragmentation of productive units, which function on the basis of paying employees per piece, rather than encourage the articulation of productive networks linked to bigger-sized firms.

As a conclusion of the systemic analysis for this value chain, it is clear that non-financial service providers must prioritize the improvement of design and finishing over other less relevant areas arising from local and foreign markets.

PRODCUTIVE SYSTEM: TEXTILE AND APPAREL CHAIN				
Problems Disjointed productive units which are dependent on importers of raw materials, consumables, and technology; the units seek to establish export market segments	Determinants			Critical Route Support differentiation strategies (Design and Fashion) Support incursion into new markets: Commercial Delegations Support the establishment of exporting complexes (Venezuela)
	Rules	Restrictions	Competition	
	<ul style="list-style-type: none"> - Certificate of Origin - Labor regulations - Environmental Regulation 	<ul style="list-style-type: none"> - Lack of textile mills and spinning mills - Low productivity - Diverse technologies 	<ul style="list-style-type: none"> - Clothing contraband - Used clothes - Cheap Chinese garments 	
	Market			
	Supply	Trends	Demand	
	<ul style="list-style-type: none"> - Approximately 6,000 units located mostly in El Alto, Cochabamba, and Santa Cruz - 90% MSMEs - 100 million USD of the GNP. - 25.000 jobs - Products: Formal clothing, jeans, sporting clothes, sweaters. 	<ul style="list-style-type: none"> - Natural fibers - Bright colors - Original designs 	<ul style="list-style-type: none"> - National Market: Cities along the main axis. - Border markets: Argentina, Brazil, Chile, Peru - Regional Market: Venezuela. - Export Markets: the European Union, the United States 	
	Service Platform			
Private	Public	International Cooperation		
<ul style="list-style-type: none"> - Subsidized training and technical assistance services of different quality. - Financial services 	Insufficient information services and commercial promotion services.	<ul style="list-style-type: none"> - Private Programs (exports) - Export programs and Technical Assistance in line with national policies. 		

Activities

From September 2011 to October 2012, seventeen technical assistance activities were carried out, benefitting sixty-one MSMEs from the value chain in the cities of El Alto, La Paz, Cochabamba and Santa Cruz.

Technical Assistance in El Alto and La Paz

Three of the seventeen technical assistance activities were conducted in La Paz and El Alto through our subcontractors: *Taypi Wayna*, IDEPRO and CNI. Sixteen local firms were supported in the areas of design, stamping, finishing, and reorganization of industrial plants.

The potential of MSMEs in El Alto to produce and export clothing garments is buoyed by the quality of the non-financial services offered by our subcontractors.

The following table provides details on the scope of the technical assistance activities:



Women from the Rossy firm receiving technical assistance

Textile and Apparel Chain (El Alto/La Paz)			
Duration	Activity	Subcontractor	Supported Firms
Mar-Jul	Technical Assistance in cutting techniques and finishing of sports clothing for export markets. Introduction of quality systems to ensure proper final presentation of clothing garments.	TAYPI WAYNA	- <i>Elites Bolivia</i> - <i>Altexbol</i> - <i>Jhoseline</i>
Oct-Feb	Technical Assistance in cutting, patterns, and assembly of garments for men and women. Introduction of decentralized assembly processes.	IDEPRO	- <i>Confecciones Titirico</i> - <i>Sastreria Titirico</i> - <i>Creaciones Hilaquita</i> - <i>Confecciones Pomacabu</i> - <i>Confecciones Blanco</i> - <i>Confecciones Tapia</i> - <i>Confecciones Rodriguez</i> - <i>Confecciones Corazón</i>
May-Jun	Technical Assistance in cutting, patterns, and assembly of garments for men and women. Introduction of decentralized assembly processes.	IDEPRO	- <i>Emilio Capcha</i> - <i>Lider Sport</i> - <i>Gualters</i> - <i>Romy Sport</i> - <i>Textiles Ays</i>

Technical Assistance in Santa Cruz

Technical assistance was offered to twenty-one firms through seven subcontracts to support the production of jeans, men's and children's clothing, and sports clothing. Interventions focused on the areas of product finishing, quality control systems, improvement of production timetables, marketing logistics, and management. As a city, Santa Cruz has high potential in this value chain due to the presence of trained labor, export contacts, and growth of the local market. These training activities were carried out by APOSTROFE and *Yesmar*, which have expertise in the Textile and Apparel chain. The following table provides details on the scope of the technical assistance activities:

Textile and Apparel Chain (Santa Cruz)			
Duration	Activity	Subcontractor	Supported Firms
Oct-Feb	Integral technical assistance addressing design, finishing, cutting, and assembly of clothing garments. In addition, the activity included training in management and accounting of MSMEs.	APOSTROFE	- <i>Cielo</i> - <i>Expresiva</i> - <i>Sion</i>
Oct-Feb	Integral technical assistance addressing design, finishing, cutting, and assembly of clothing garments. In addition, the activity included training in management and accounting of MSMEs.	APOSTROFE	- <i>Mercedes</i> - <i>Ovio</i> - <i>René Jeans</i>
Oct-Jan	Integral technical assistance addressing design, finishing, cutting, and assembly of clothing garments. In addition, the activity included training in management and accounting of MSMEs.	APOSTROFE	- <i>Fitness</i> - <i>Patra</i> - <i>Via Sport</i>
Mar-Jul	Integral technical assistance addressing design, finishing, cutting, and assembly of clothing garments. In addition, the activity included training in management and accounting of MSMEs.	APOSTROFE	- <i>Absatratum</i> - <i>Vooz</i> - <i>Thriller</i>
Mar-Jul	Integral technical assistance addressing design, finishing, cutting, and assembly of clothing garments. In addition, the activity included training in management and accounting of MSMEs.	APOSTROFE	- <i>K-ooz</i> - <i>Don Fernando</i> - <i>EMATEX</i>
Mar-Jul	Technical assistance in cutting and finishing of sports clothing for export. Introduction of quality systems to ensure proper presentation of clothing garments.	YESMAR	- <i>Olive Sport</i> - <i>Leonor</i> - <i>Lider Sport SC</i>
Mar-Jul	Technical assistance in cutting and finishing of sports clothing for export. Introduction of quality systems to ensure proper presentation of clothing garments.	YESMAR	- <i>Imcotex</i> - <i>Boborquez</i> - <i>La Huaycheña</i>

Technical Assistance in Cochabamba

In the city of Cochabamba, six technical assistance activities were carried out by ADES, *Servicios Empresariales* and APIMEC (CADEPIA's technical branch in Cochabamba). Twenty-one MSMEs were supported. Two trends are evident in Cochabamba: the subcontracting of MSMEs paid by the piece (which

are provided with cloth, thread and other materials), and the strength of the local jean industry, which exports its products to regional markets. Interventions focused on decentralized quality control systems, cutting and patterning, and finishing-techniques for women’s garments. The following table provides details on the scope of the technical assistance activities:

Textile and Apparel Chain (Cochabamba)			
Duration	Activity	Subcontractor	Supported Firms
Oct-Dec	Incorporation of new techniques for cutting and finishing pants and polo shirts for men and women. Quality systems were improved to ensure proper presentation of the clothing garments.	ADES	- Brenner - Fremar - Williams Jeans
Oct-Dec	Incorporation of new techniques for cutting and finishing pants and polo shirts for men and women. Quality systems were improved to ensure proper presentation of the clothing garments.	ADES	- Arco Iris - Jialum - Pachis
Jan-May	Firms were given integral support in production planning, design, finishing, cutting, and assembly. Assistance included training in MSME management and accounting.	SERVICIOS EMPRESARIALES	- Opri Sport - Sabrina - Ross Confecciones - Emcon
Jan-May	Firms were given integral support in production planning, design, finishing, cutting, and assembly. Assistance included training in MSME management and accounting.	SERVICIOS EMPRESARIALES	- Casa Blanca - Silvio Choque - Cotexco - Mío
Jan-Jul	Small workshops and tailor shops were supported in the introduction of fashion design and techniques for cutting and finishing products. In addition, the design of quality control processes was addressed.	APIMEC	- Sport Boys - G Casa Club - Confecciones Litoral - Vicos
Mar-Jun	Incorporation of new techniques for cutting and finishing pants and polo shirts for men and women. Quality systems were improved to ensure proper presentation of the clothing garments.	ADES	- Trailer - Eazzy - Conar

In general terms, technical assistance provided by BPC has been successful in terms of sales and employment, but there is still a need to expand local markets and exports to neighboring markets.

TECHNICAL ASSISTANCE IN THE WOOD AND WOOD FURNITURE CHAIN

Trends in this sector are characterized by the presence of greater regulations (compliance with environmental regulations, resource management plans, certificates of origin) and commercialization and exportation norms (custody chains and “green” international certifications). These regulations tend to increase the price of raw materials; in addition, Bolivia is granting legal access and ownership priorities to indigenous communities holding the land.

Some of the key aspects of the chain’s diagnosis are listed below:

- ✓ The comparative advantage for Bolivia’s forest sector and its wood industry continues to be the availability of rich and diverse wood species.
- ✓ Competition for this sector could come from other countries which have similar raw material resources, but comply more adequately with export regulations and offer better designs and quality of finishing. This would leave Bolivia out of the markets it has positioned its products in as well as out of the high income markets, where there is a willingness to pay higher prices when compliance with environmental regulations is certified.
- ✓ Bolivia’s exports in the Wood and Wood Furniture chain still consist mostly of parts and pieces such as decks, floorboards, and beams, with relative added value. According to entrepreneurs, this make-

up of Bolivia’s wood exports responds to the demand of foreign buyers, especially China, Germany and Russia.

- ✓ In Bolivia, there is an obvious difference between the Wood and Wood Furniture manufacturing units located in the city of Santa Cruz and those located in other parts of the country; this is due not only to the size of the firms, but also to the availability of non-financial services which support this value chain.
- ✓ These services (sharpening of saws, machine calibration, training, and on-site technical assistance) are mostly concentrated in the city of Santa Cruz.
- ✓ Bolivia’s forest product exports still focus on approximately fifteen wood species. This would indicate that entrepreneurs in this sector seek higher prices based on the species they offer rather than seeking higher prices based on added value or product quality.
- ✓ Since the supply of wood is limited for the smaller productive units, they are redirecting their production towards goods based on plywood. This makes it essential to link MSMEs with legal suppliers who can guarantee access to raw materials.
- ✓ The foreign market demands high quality parameters (drying, finishing, design); for this reason, technical assistance activities must help this sector align itself with international trends in the design of high-quality furniture (minimalism, garden furniture, regional designs, carved furniture, special orders).

As a conclusion of the systemic analysis for this value chain, we find that productive stakeholders should be given greater information and training aimed at complying with regulations which offer advantages and responsibilities; in addition, control processes must be implemented in the first link to ensure compliance with resource management regulations.

PRODUCTIVE SYSTEM: WOOD AND FURNITURE CHAIN				
Problems Productive units face problems obtaining raw materials; lack of supply of wood-drying technologies; limitations and deficiencies in the design and finishing of furniture.	Determinants			Critical Route Train MSMEs in understanding new regulations. Support the chain in the development of wood suppliers. Encourage the incorporation of added value in export products, particularly by improving design and finishing.
	Rules	Restrictions	Competition	
	- Management of resource plans and Certificate of Origin - Internal transportation regulations - Prohibition to export tree trunks	Forest laws were modified to give priority of ownership to forest communities	Brazil (better efficiency) in the whole chain (especially the first link). Their designs are more refined as well.	
	Market			
	Supply	Trends	Demand	
	- Approximately 12.000 units located mostly in Santa Cruz, El Alto, La Paz and Cochabamba. - 89% MSMEs - Potential area of use: 71.5 million acres. Yields: 6 to 8 m ³ /acre. - Mostly concentrated on a few species (out of 200 possible)	Greater regulation Custody chain Quality drying Certified furniture Ecological furniture Artistic design	- Internal: 20 million USD for wood firms and families buying finished products. - External: 70 million USD; though exports with added value have increased, most of the export market sales are produced by baseboards, decking, and floors, i.e. pieces and parts.	
	Service Platform			
	Private	Public	International Cooperation	
- Elaboration of resource management plans - Financing of the first link - Equipment calibration - Fairs	- Certifications - Information - Commercial promotion - Supervision	Support programs mostly focus on the first link of the value chain.		

Activities

During 2012, BPC carried out two technical assistance activities in the Wood and Furniture value chain in support of eleven MSMEs located in the cities of Santa Cruz and Cochabamba.



MSME carpenter during technical assistance

*** Technical Assistance in Santa Cruz**

APOSTROFE carried technical assistance activities designed as integral interventions: regulations for the supply of raw materials, introduction to finishing techniques, and production based on specialized work units.

The increasing use of plywood and laminated sheets for the production of furniture is a reflection of one of the structural problems MSMEs face in this sector in terms of their access to raw materials.

The following table provides details on the scope of the technical assistance activities:

Wood and Furniture Chain (Santa Cruz)			
Duration	Activity	Subcontractor	Supported Firms
Mar-Jul	Firms were supported by establishing links with legal raw material suppliers; production units were assisted on-site; assembly techniques were improved.	APOSTROFE	- <i>Altimad</i> - <i>Herloz</i> - <i>Sossa</i>

Technical Assistance in Cochabamba

APIMEC, CADEPIA’s technical branch in Cochabamba, carried out this technical assistance aimed at improving work condition (order and cleanliness) and furniture finishing in order to improve sales prices in the supported units.

The following table provides details on the scope of the technical assistance activities:

Wood and Furniture Chain (Cochabamba)			
Duration	Activity	Subcontractor	Supported Firms
Oct-Dec	Small carpentry shops in the city were supported by addressing issues involving the layout of productive units and techniques for design and finishing for inside furniture.	APIMEC	- <i>Amara</i> - <i>Arcadia</i> - <i>Benegy</i> - <i>Brocante</i> - <i>Estilo</i> - <i>Hobby Prado</i> - <i>Madervaf</i> - <i>Russly</i>

The results obtained once again give evidence of the flexibility MSMEs have to adjust themselves to different situations and generate impact in sales and employment.

TECHNICAL ASSISTANCE IN THE PROCESSED FOODS CHAIN

One of the noticeable trends in this value chain is the permanent growth of demand for food products in general. In Bolivia, population growth and migration from rural areas to the cities have resulted in greater levels of family food consumption. These factors, added to greater liquidity in the domestic market, have created a scenario in which the demand for food will be greater than growth rates in the other value chains.

Some of the key aspects of the chain’s diagnosis are listed below:

- ✓ The consumption and prestige of ecological, natural, organic, or “green” foods is ever growing. Therefore, MSMEs face the challenge of meeting hygiene and health requirements in order to consolidate and expand their presence in the market. On the other hand, they must develop a line of supply which will guarantee them access to raw materials for their productive processes.
- ✓ Structurally, the value chain is affected by the extremely low yields in the country’s agricultural sector. This situation limits and conditions the potential of the value chain, affecting other links and the profit margins of the stakeholders.
- ✓ Competition in this sector comes from foods imported from neighboring countries (dairy products, meats, soft beverages, conserved fruits, marmalades, and processed vegetables). In addition, the appreciation of the local currency leads some of the market segments (middle class and upper-middle class) to purchase their products from the Chilean, Peruvian, or Argentine industries.

The systemic analysis expressed in the table below reveals and ratifies that the critical aspects of the system lie in the adequate supply of quality raw materials, compliance with health regulations, and the need to improve the packaging and marketing of the products. All of this will result in a more competitive food industry, both by substituting imports and by generating an exportable surplus meeting customer demands.

PRODUCTIVE SYSTEM: PROCESSED FOODS CHAIN				
Problems	Determinants			Critical Route
	Rules	Restrictions	Competition	
	- Sustainable use - Good manufacturing practices - SENASAG Certifications	- Low farming and livestock yields - Quality raw materials - Limited farming extension	- Peru has supplied local markets with farm products - Argentina and Brazil (exports in the oil product industry)	
	Market			
	Supply	Trends	Demand	
	- Approximately 3.500 units throughout the country - 90% MSMEs. - 300 million USD in GNP - 20.000 jobs - Large industries: soy, processed foods, meats - MSME: dairy, cereals, fruits, vegetables	Growing demand for natural and ecological foods.	- Internal market for basic food products. - Large scale exports (soy, sugar) and exports of ecological foods such as quinoa.	
	Service Platform			
	Private	Public	International Cooperation.	
	- Marketing - Technical Assistance - Certifications - Technological Innovation	- Promoting the industrialization of raw materials - Loans - Commercial Promotion	Support programs for rural industries and small-scale urban operations.	

Activities

During the period reported, six technical assistance activities were held to support thirty-two Processed Foods MSMEs in the cities of El Alto, La Paz and Santa Cruz.



SUMITA operator cutting meat for jerky

*** Technical Assistance in El Alto and La Paz**

Three of the six technical assistance contracts in the period were conducted in the cities of La Paz and El Alto. Twenty-four firms were supported (three of them from Santa Cruz, one from Oruro). The main areas of support were quality control, creation of new production lines, processes to guarantee hygiene and food security, and generating links with food firms. INTERCON, CREAM, and CNI were responsible for carrying out the activities.

The following table provides details on the scope of the technical assistance activities:

Processed Foods Chain (El Alto/La Paz)			
Duration	Activity	Subcontractor	Supported Firms
Nov-Feb	Establish quality control systems for milk transformation processes and marketing of dairy products in Dairy Associations in the municipality of Achacachi	INTERCON	<ul style="list-style-type: none"> - <i>Aprolech-G</i> - <i>Ceprolef-CHP</i> - <i>Aplena T</i> - <i>Ceprolac-B</i> - <i>Vaquita Feliz</i> - <i>Aplepo</i> - <i>Queso Tivanacu</i>
Nov-May	Introduction of good Manufacturing Processes, development of new products, quality control, corporate image, and marketing.	CREAR	<ul style="list-style-type: none"> - <i>Sami</i> - <i>Furema</i> - <i>agrocafe</i> - <i>M&M</i> - <i>Organic Mountain</i> - <i>Flor de Leche</i> - <i>Delicias Capani</i> - <i>La Española</i> - <i>Desiertos Blancos (Oruro)</i> - <i>La Campiña (Sta Cruz)</i>
Jan-Jun	Participative establishment of marketing strategies to increase sales, generating links among the processed foods firms.	CNI	<ul style="list-style-type: none"> - <i>B Organics</i> - <i>Alimentos Saludables</i> - <i>Suma Jakasiña</i> - <i>Caico (Sta Cruz)</i> - <i>Planta de lácteos Suma Milkka</i> - <i>Alsa -Clarabella (Sta Cruz)</i> - <i>Mamina</i>

Technical Assistance in Santa Cruz



Entrepreneur from the Charques Virgen de Copacabana firm, showing off her new packaging.

Three technical assistance activities were carried out in Santa Cruz to improve the productivity of nine Processed Foods MSMEs. The main purpose of the intervention was to increase the shelf-life of the products, allowing MSMEs to improve their inventory management and their distribution logistics. The activity was carried out by APOSTROFE, which has consolidated its position as the leading provider of non-financial services in Santa Cruz.

The following table provides details on the scope of the technical assistance activities:

Processed Foods Chain (Santa Cruz)			
Duration	Activity	Subcontractor	Supported Firms
Oct- Jan	Increase the shelf-life of their main products so as to improve the firm's levels of competitiveness.	APOSTROFE	- <i>Tecnoalimentos</i> - <i>Zumos</i> - <i>Alimenta</i>
Oct- Feb	Increase the shelf-life of their main products so as to improve the firm's levels of competitiveness.	APOSTROFE	- <i>Manjar de Oro</i> - <i>Itenez</i> - <i>Casab</i>
Oct- Feb	Increase the shelf-life of their main products so as to improve the firm's levels of competitiveness.	APOSTROFE	- <i>Abasteciendo</i> - <i>Asael</i> - <i>Belen</i>

In addition to results in sales and employment, technical assistance activities have increased productivity as a whole in the supported MSMEs.

TECHNICAL ASSISTANCE IN THE BIOCOMMERCE CHAIN

This value chain has high potential for growth as a result of an increasing attitude of respect for nature and the adoption of sustainable management practices. Although the outlook for the sector points to growth, especially due to the biodiversity characterizing Bolivia, there are structural limitations which hinder this sector from having greater weight in the country's GNP.

Some of the key aspects of the chain's diagnosis are listed below:

- ✓ Currently, Bolivia generates over 60 million USD from biodiversity businesses, 80% of which is the exportation of chestnuts.
- ✓ Bolivia is the world's leading producer of this Amazonian nut. Therefore, the rest of the value chain concentrates its production on this product's derivatives. For instance, chestnut oil is the basic raw material used to elaborate products such as shampoos, lotions, soaps, etc. Products containing oils form other natural products, such as palm and copuaçu, also contain 50% chestnut oil.
- ✓ BIONATIVA is the institution which represents this value chain; the institution is still not strong, and has delayed implementing different elements lined out in their growth strategy timetable. The establishment of a "green seal" and the certification of Biocommerce through specific Bolivian regulations are some of the steps that still need to be taken.

- ✓ Industrial transformation activities of raw materials from Bolivia’s biodiversity are still being conducted through artisan processes in most of the firms in this sector.
- ✓ From the set of firms involved in this sector, only two of them are medium-sized; the rest are either micro or small productive units.
- ✓ In terms of the benefits derived from Biocommerce, the firms which transform the raw materials obtain greater income than do gatherers or communities in the forest areas.

The systemic analysis of this sector reveals that encouraging growth in the Biocommerce value chain involves several challenges: 1) organizing gathering activities and guaranteeing the supply of quality products to the industry; 2) achieving greater equity in the distribution of benefits obtained from the business by incorporating, for instance, commercial activities in the communities which gather the raw materials; 3) increasing productivity through improved technology and greater investment in the transformation processes; and 4) designing a strategy to differentiate Bolivian products in relation to those from regional competitors.

PRODUCTIVE SYSTEM: BIOCOMMERCE CHAIN				
Problems	Determinants			Critical Route
	Rules	Restrictions	Competition	
	- Biocommerce principles - Use of resource plans - Community regulations	Forest laws were modified to give priority of ownership to forest communities	Brazil’s NATURA product line is better-positioned worldwide due to the presentation of its.	
	Market			
	Supply	Trends	Demand	
	- Approximately twenty units mostly located in Santa Cruz, Beni, El Alto, La Paz and Cochabamba. Only two medium-sized firms. - BIONATIVA Association. - Export potential: Concentrated in a few products: soaps, deodorants, shampoos, lotions.	Nutritional supplements Cosmeceuticals Strong environmental regulations “Green Seal”	- Internal: The market is divided into 50% local consumption and 50% exports. Local customers are mostly families and cosmetic firms. - External: Germany, the Netherlands, and France are the main markets that have recently been established by some of the market segments.	
	Service Platform			
Private	Public	International Cooperation		
-Resource management plans -Financing for the first link -Fairs -Research	- Information - Supervision of resource management plans	Incomplete support programs, focused mostly on ecological fairs.		

Activities

During the reported period, seven technical assistance activities were held in the Biocommerce chain; five of them were in the city of Santa Cruz, two in La Paz. These interventions benefitted a total of seventeen firms and producer associations.

Technical Assistance in the Department of La Paz

The two technical assistance activities held in La Paz were aimed at organizing four organic humus producer associations. *Minkhanaku* carried out this activity, ending their task once they had identified potential markets for this product.



Organic Humus producer showing off his worm farm.

The following table provides details on the scope of the technical assistance activities:

Biocommerce Chain (Department of La Paz)			
Duration	Activity	Subcontractor	Supported Firms
Nov-Jan	Support to three organizations from Lake Titicaca in the organization of production plans, marketing strategies, and logistical organization for the management of organic humus.	MINKHANAKU	- Nueva Esperanza - San Carlos (Amasc) - Chojasivi (Apec)
Jun-Sep	Support to three organizations to formalize their group; support to the associations in building and starting-up the humus gathering centers.	MINKHANAKU	- Nueva Esperanza - San Carlos (Amasc) - Los Andes (Ampao)

Technical Assistance in the Departments of Santa Cruz, Beni and Cochabamba



Organic Humus producer showing off his worm farm.

In the departments of Santa Cruz, Beni and Cochabamba five technical assistance activities were carried out by the Friends of Nature Foundation – FAN- to benefit fourteen productive units from different links in the Biocommerce chain.

This organization is the leading institution in promoting the growth of the chain and the protection of Bolivia’s biodiversity. Their approach to working with forest communities in a participative manner has resulted in the environmental sustainability of the productive sector. These interventions were oriented towards the logistics of the gathering activity, associative schemes of production, improvement of quality, and presentation of the final products.

The following table provides details on the scope of the technical assistance activities:

Biocommerce Chain (Departments OF Santa Cruz, Beni AND Cochabamba)			
Duration	Activity	Subcont.	Supported Firms
Oct	Conclusion of technical assistance for palm-gatherers aimed at improving the quality of the raw materials and the income of the families.	FAN	-Asidecol -Asociación Ascensión -Asociación El Puente -Asociación Momené -Indelcusi
Oct	Conclusion of technical assistance in productive processes aimed at improving yields.	FAN	- Madre Tierra (Beni)
Oct	Conclusion of technical assistance for cocoa-gatherers aimed at improving the quality of the raw materials and the income of the families.	FAN	-Asociación Altigracia -Asociación AREBCAB -Asociación El Cairo -Asociación Jasiaquiri -Asociación San Francisco

Oct	Conclusion of technical assistance in quality systems for cosmeceuticals.	FAN	-Asociación Tuburú - Cosnatval (Cochabamba)
Oct	Conclusion of technical assistance for acai-gatherers aimed at improving the quality of the raw materials and the income of the families.	FAN	- Asociación Porvenir (Santa Cruz)

In addition to results in sales and employment, technical assistance activities have increased the productivity as a whole in supported MSMEs.

Task 2. Activities to Strengthen the Workforce to Increase Productivity in the Value Chains

TRAINING ACTIVITIES

Training is a process of knowledge transfer, normally directed from individuals acting as monitors to other individuals acting as receivers.

- ✓ Conventionally, it is understood that the number of trainers is smaller than the number of trainees, and that the former must have greater knowledge than the latter.
- ✓ Since training services are offered in the market, i.e. there is a supply and a demand at work, there is also a dynamic for determining prices (usually subsidized by international cooperation agencies) and course contents.
- ✓ Although the supply of training in Bolivia includes different training modes (virtual courses, distance learning, theoretical courses, practical courses, mixed courses), the content of training courses tends to be redundant in the generation or consolidation of management or accounting abilities. There is little supply of specialized course for the value chains.
- ✓ The systemic analyses of the different value chains reveal that content, training tools, and training methods must constantly be updated so as to respond to market trends.
- ✓ Therefore, training is important to: 1) develop and strengthen the capacities, abilities, and technical skills of the workforce; 2) contribute to the strengthening of MSMEs; and 3) transfer a package of tools and indispensable techniques through specific methodologies.
- ✓ In light of these things, training combined with technical assistance, for example, is a superior teaching instrument than offering one without the other, to raise staff productivity and productivity as a whole in the MSMEs.

From October 2011 to September 2012, BPC has carried out thirty-five training courses designed to promote the competitiveness and productivity of one thousand and thirty-six individuals linked to productive manufacturing units.

Courses lasted from eight to forty hours and were addressed to operators and mid and high-level management in the MSMEs, entrepreneurs and, to a lesser scale, university students wishing to join these productive systems. As a result of the undertaken courses, the following results were achieved:

Value Chain	Trainees	Percentage
Textile and Apparel	110	11 %
Wood and Wood Furniture	35	3 %
Processed Foods	262	25 %
Handcrafts	132	13 %
Multi-sector	497	48%
TOTAL	1.036	100 %

Training processes begin by working with the MSMEs to define what their needs are.

Once all of the specific needs have been identified and discussed in terms of specific skills required by the firms, our subcontracted partners design specific programs (with BPC supervision) to respond to the needs expressed by the firms belonging to the value chains supported by BPC.

Based on this methodology, BPC carried out its short-term courses aimed at responding to specific deficiencies in the manufacturing units.

In general terms, training courses involved four important areas of knowledge required to manage and operate an MSME:

- i) Technology and production modes in Bolivian MSMEs.
- ii) Dynamics and rationality of Bolivian MSMEs.
- iii) Management and accounting tools for MSMEs.
- iv) Sales management and marketing tools for MSMEs.



Conclusion of a dressmaking course

MULTI-SECTOR TRAINING COURSES

Multi-sector courses designed for small businesses are aimed at improving management skills in different areas of the business: management, costs, finances, sales, commercial promotion, and human resources. In the area of human resources, the issue of leadership has been one of the essential training components.

The organizations subcontracted to carry out these courses (IDEA, CNI, COTEXBO and ePC-UCB), have designed the contents of the courses to respond to obvious management and technical deficiencies existing in MSMEs and producer associations from all of the supported chains (hence, the term multi-sector).

The following table provides details on the courses, location, subcontractor and number of trainees.

Course	Location	Subcontractor	Trainees
Total Quality	Santa Cruz	IDEA	30
Foreign Trade	Santa Cruz	IDEA	28
Handling and Reducing Costs Group 1	El Alto	IDEA	14
Handling and Reducing Costs Group 2	El Alto	IDEA	29
Accounting	El Alto	IDEA	22
Finances	La Paz	IDEA	25
Finances	Santa Cruz	IDEA	30
Business Management	La Paz	CNI	10
Business strengthening sessions: “Obstacles and challenges for Bolivian MSMEs”	La Paz	COTEXBO	110
Management Leadership and Ethics Group 1	El Alto	IDEA	22

Participants from diverse productive activities

Management Leadership and Ethics Group 2	El Alto	IDEA	19
Management Leadership and Ethics Group 3	El Alto	IDEA	27
Master's Program in MSME Management	La Paz	ePC - UCB	8
Marketing and Commercialization Group 1	El Alto	IDEA	23
Marketing and Commercialization Group 2	El Alto	IDEA	24
Marketing and Commercialization Group 3	El Alto	IDEA	20
Business Planning	Santa Cruz	IDEA	26
Human Resource Management	Santa Cruz	IDEA	30
Multi-sector Totals			497

TRAINING COURSES BY VALUE CHAINS

Textile and Apparel

The main training need in the Textile and Apparel chain is production patterns. Courses on patterning are a continuous need because this value chain is subject to fashion, and thus it needs to respond effectively to diverse types of cuts as established by market demands. The skill of technicians in patterning and cutting makes it easier to incorporate new models and designs.

Courses in marketing, machinery maintenance and productive processes are also in frequent demand, but they are subject to a product's final market success; the main courses in this sector continue to involve garment patterning, cuttings, and scaling.

The following table provides details on the courses, location, subcontractor and number of trainees.

Course	Location	Subcontractor	Trainees
Use and Maintenance of Machinery	La Paz	COTEXBO	17
Modern Marketing	La Paz	COTEXBO	20
Conventional Industrial Patterns	El Alto	IDEPRO	11
Industrial Pattern-making	Santa Cruz	APOSTROFE	23
Production Processes for the Textile and Apparel Sector	La Paz	CNI	19
Trade and Stand-art Layouts	La Paz	COTEXBO	20
Textile and Apparel Totals			110

Wood and Furniture

Two training courses were organized for the Wood and Furniture value chain. The first one was designed to prepare MSMEs which produce parts, pieces, and wood furniture to participate in a commercial delegation of buyers from the European Union. The second course was set up to respond to the needs of small firms in La Paz and El Alto; the firms had expressed the need for perfecting their operators' skills in sanding and finishing. The following table provides details on the courses, location, subcontractor and number of trainees.

Course	Location	Subcontractor	Trainees
Wood-buying Delegation Course	La Paz	CAMEX	12
Sanding Processes and Systems	La Paz	CNI	23
Wood and Furniture Totals:			35

Processed Foods

Food processing firms expressed a variety of needs, and the courses were designed to respond to the trainees' specific requirements. The main areas covered by these courses were food processing and existing sanitation requirements.

The following table provides details on the courses, location, subcontractor and number of trainees.

Course	Location	Subcontractor	Trainees
Equipment and Technology: Meat Products	Santa Cruz	APOSTROFE	23
Equipment and Technology: Fruit Products			
Labeling and Health Registrations (August 2012)	La Paz	CNI	21
Market Trends and Requirements for Organic Production	Cochabamba	CADEXCO	193
Processed Foods Totals			262

Handcrafts

In the framework of the Hand-Made Certification Program, carried out by IBNORCA, inspection and training visits were conducted in artisan workshops with the purpose of observing production processes to guide artisans in the process of complying with the hand-made certification requirements (a minimum of 80% of the work must be done manually). More than one hundred and thirty-two artisans were trained during the year, complementing the training carried out in 2011. The following table provides details on the courses, location, subcontractor and number of trainees.

Course	Location	Subcontractor	Trainees
Hand-Made Certificate	El Alto	IBNORCA	11
Hand-Made Certificate	Oruro	IBNORCA	10
Hand-Made Certificate	Santa Cruz	IBNORCA	68
Hand-Made Certificate	Tarija	IBNORCA	43
Handcrafts Totals			132

TRAINING WITH JOB PLACEMENT

Training with job placement may be considered one of BPC's significant achievements during 2012 for two significant reasons: a) The design and implementation of a model which was developed by our own staff, aimed at placing trainees in the workforce in less time than other existing training models, giving less time to classroom training and more time to actual work in fully-functioning productive units; b) the incorporation of hundreds of young workers to manufacturing industries; the success is not only in the numbers of hired trainees, but in the level of productivity they offer, matching or improving the productivity of the staff in the employing MSME.



Students at a wood-carving course with ADVENIR VTI

The Training with Job Placement Model follows the next steps:

- ✓ We identify the specific need for work positions in MSMEs.
- ✓ These vacant positions are broken down in terms of the work skills required by the firms.
- ✓ Based on this information, the Vocational Training Institutes (VTIs) prepare the training contents for each required work position.
- ✓ VTIs and MSMEs share the responsibility of identifying the “students” for the training courses, that is, the potential candidates for the jobs.
- ✓ The course itself is primarily taught on-site, using the same machinery that the new operator or trained operator will have to “face” at work.
- ✓ The maximum duration of the courses is three months.
- ✓ The second-to-last stage is the placement of the trained operator in the MSME. The VTIs accompany the trainee in this stage, which is monitored by BPC.
- ✓ Finally, employees who meet the requirements and regulations of the employing MSME are given permanent jobs in the firm.

The efficiency rate of this BPC Program has been 83% (total number of new employees out of total number of trainees). Our experience with this program over the last three years has shown us that manufacturing MSMEs in Bolivia have a central need: they require trained laborers as a key element to increase their levels of efficiency, quality, and productivity.

In summary:

- ✓ Public tenders published by BPC in the cities of La Paz, El Alto, Cochabamba, Santa Cruz and Oruro produced positive responses by training institutions submitting specific training programs for the value chains supported by BPC.
- ✓ These public tenders led to subcontracts through which BPC was able to link VTIs specialized in these training areas with MSMEs requiring trained staff.
- ✓ The strategic objective has been to match and meet the staff needs of participating MSMEs with the training available in the VTIs, thus improving employment opportunities for men and women through the development of their abilities, capacities, and technical skills (work competencies).
- ✓ Upon submitting their training proposals to BPC, VTIs also submitted pre-agreements or employment offers from employing MSMEs, thus guaranteeing the existence of one or several open positions which can be filled upon completing the training process.

This program has been able to fully meet the expectations of those involved in its execution. At the beginning of this year, completing the previous year’s training activities, three hundred and eighty-two people were inserted into employing MSMEs (two hundred and eleven in the Textile and Apparel chain, one hundred and twenty-one in the Wood and Wood Furniture chain, and fifty in the Processed Foods chain). One hundred and forty-three of these new employees received their training this year, while the other two hundred and thirty-nine were trained during last year’s courses, but they were only hired at the beginning of this year after completing a trial period by the employing firms.

The following table states the long-term results for each of the stakeholders:

MSMEs	VTIs	BPC
Trained workforce able to respond efficiently and in a timely fashion to a firm's need of increasing its production volumes, its competitiveness, and its sales in the market.	Standardized proven methodologies and training tools; updated methodology for training with job placement.	Proven and efficient method for generating employment and increasing productivity in MSMEs. This method can be passed on to other training programs.



Students at the "Industrial Food Processing" course taught by SAID

During the period of this report, BPC began to systematize the methodology and results for its Training with Job Placement Program. These tasks show that it is possible to respond efficiently, adequately, and in a timely fashion to the MSME need for trained technical staff members.

The following tables, ordered by value chain, show the activities that were carried out and the results obtained through them.

Training with Job Placement in the Textile and Apparel Chain

Month	Course	Subcontractor	Location	Number of Trainees	Number Placed
Trained during FY 2011, inserted in FY 2012					88
Aug-11	Technical Assistant in Industrial Production of Pants	CITECA	El Alto	NA*	24
Sep-11	Industrial Machine Operator	SAID	Oruro	NA	20
Sep-11	Assembly and Embroidery of Export Garments	PROCEDE	El Alto	NA	20
Sep-11	Polo-shirt and Sweatshirt Production	GLOBAL MULTISERVICIOS	El Alto	NA	4
Sep-11	Assembly and Embroidery of Export Garments	PROCEDE	La Paz	NA	20
Trained and inserted FY 2012				177	123
Oct-11	Textile Machine Operators	CNI	El Alto	26	20
Oct-11	Textile Machine Operators	SER FAMILIA	El Alto	33	21
Nov-11	Industrial Production	SOLUTIONS	Cochabamba	28	11
Dec-11	Apparel Operators	CNI	La Paz	19	8
Jan-12	Machine Operation	IDEPRO	El Alto	26	22
Jan-12	Machine Operation	IDEPRO	La Paz	24	19
May-12	Machine Operation	IDEPRO	El Alto	21	22
TEXTILE AND APPAREL TOTALS				177	211

* NA: Number of trainees is not reported since they correspond to the previous fiscal year. Those found employment correspond to the current report.

During this year, seven courses were held in La Paz, El Alto and Cochabamba; one hundred and seventy-seven persons were trained, out of which one hundred and twenty-three were employed. In addition, eighty-eight trainees from the previous year's training courses were placed in MSMEs.

Training with Job Placement in the Wood and Furniture Chain

Month	Course	Subcontractor	Location	Number of Trainees	Number Placed
Trained during FY 2011, inserted in FY 2012					101
Sep-11	Professional Finishing in Wood Furniture and Use of Machinery	CADEPIA SC	Santa Cruz	NA*	2

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

Sep-11	Decorative Carving of Classical Furniture	PROCEDE	El Alto	NA	1
Sep-11	Technician in Restoration and Industrial Finishing	PROCEDE	Oruro	NA	23
Sep-11	Upholstery and Decorative Carving Technician	PROCEDE	Oruro	NA	22
Sep-11	Technician in Colonial Furniture and Forged Iron Application	PROCEDE	El Alto	NA	16
Sep-11	Technician in Restoration and Industrial Finishing	PROCEDE	La Paz	NA	19
Sep-11	Machine Operation and Furniture Assembly	ADVENIR	La Paz	NA	18
Trained and inserted FY 2012				25	20
Oct-11	Upholstery and Decorative Carving Technician	PROCEDE	La Paz	25	20
WOOD AND FURNITURE TOTALS				25	121

* NA: Number of trainees is not reported since they correspond to the previous fiscal year. Those found employment correspond to the current report.

In the Wood and Furniture chain, PROCEDE carried out a course in La Paz, training twenty-five persons. Twenty were employed. In addition, one hundred and one trainees from the previous year's seven training courses were placed in MSMEs this year.

Training with Job Placement in the Processed Foods Chain

Month	Course	Subcontractor	Location	Number of Trainees	Number Placed
Trained during FY 2011, inserted in FY 2012					50
Sep-11	Bakery	SAID	La Paz	NA*	7
Sep-11	Industrial Processing of Foods	SAID	La Paz	NA	11
Sep-11	Industrial Bakery Technician	PROCEDE	El Alto	NA	12
Sep-11	Industrial Bakery Technician	PROCEDE	La Paz	NA	20
PROCESSED FOODS TOTALS				0	50

* NA: Number of trainees is not reported since they correspond to the previous fiscal year. Those found employment correspond to the current report.

In the Processed Foods chain, no courses were organized this year since the Training with Job Placement Program ended last year. Nevertheless, as in the other two chains, efforts continued to find employment for last year's trainees. Fifty of our students were given full-time positions after completing their trial periods.

B. Objective 2: Strengthen Local Institutions that Support the Development of MSMEs

Task 3. Strengthen Local Institutions Offering Services to MSMEs

In terms of promoting development through local competencies, institutional strengthening is the most important task; at the same time, it is one of the tasks which involves greater technical, institutional and financial challenges, for the following reasons:

- i. The matter of local development, and therefore the creation or strengthening of a platforms of business development services at a municipal level, has virtually made no progress as a national or departmental policy. Therefore, an adequate context in which to consolidate institutional efforts simply does not exist.
- ii. The nature of the concept “institutional strengthening” is quite wide in scope, as it can mean anything from receiving request to pay for staff wages that the institution can’t cover to receiving requests to develop infrastructure allowing the organization to offer better services.

Local institutional strengthening is part of the agenda of international cooperation agencies for the following reasons: (1) empowering local organizations in the task of economic development, linking the organization’s own vision, knowledge, cultural interpretation, and priorities to said task; 2) quality and productivity standards in business services are increasingly more demanding, which requires local institutions to be more efficient in contributing to the consolidation of entrepreneurs and the establishment of new markets.

From BPC’s perspective, institutional strengthening aimed at consolidating platforms of useful business services for MSMEs and producer associations has involved two types of activities: 1) direct support to organizations that have agreed to a strengthening plan within the possibilities of BPC’s budget and within the organization’s own vision, and 2) indirect support or support arising from the administration of BPC contracts and methodologies transmitted through training workshops, follow-up processes, and on-site supervision.

DIRECTLY STRENGTHENED INSTITUTIONS

In the first category of directly strengthened institutions, i.e. institutions that have agreed to a strengthening plan, BPC’s achieved the strengthening of four institutions. Since this contractual objective is considered accomplished, it’s necessary to explain achievements and limitations. In the framework of the contract signed with USAID, BPC sought to create and consolidate local skills and competencies with a view to strengthening the role of national specialized institutions offering training and technical assistance to manufacturing MSMEs.

CEDETEX – Center for Design and Development of Textile Products

CEDETEX’s mission is: *“offer training and technical assistance in patterning and cutting to garment-producing MSMEs in the cities of El Alto and La Paz”*.

With this in mind, BPC agreed with executives from the IDEPRO Foundation and CEDETEX to strengthen the business development service units for garment-producing MSMEs. The objective, in addition to helping CEDETEX specialize in technical services, involved helping them to expand their services to other sectors (camelid products) and other cities (Cochabamba and Santa Cruz). With these two intervention areas in mind, outside consultants were hired to design a strengthening plan, permitting BPC to support CEDETEX by: 1) providing computerized equipment allowing this institution to carry out its training activities with design and patterning machinery required to establish a modern industry, and 2) financing consultancies related to institutional growth and service expansion.

As a result, CEDETEX has established itself as the leading institutions for training and technical assistance services in the Textile and Apparel chain in the cities of La Paz and El Alto, with plans to intervene in other nearby chains (camelid fibers in Oruro and Potosí). This strengthening plan is also consistent with BPC's systemic analysis of the value chain, which revealed the need for the establishment of a service platform specializing in regional vocations.

CEDETEX is positioned to become IDEPRO's technical branch, which would give them the potential to serve two thousand garment-producing MSMEs throughout the country and would give them the possibility of innovating technical assistance methodologies combining training and on-site practice, in addition to having access to the financial system.

CPTS – Center for the Promotion of Sustainable Technologies

CPTS's mission is: *“innovate and develop machinery and equipment for the nation's industry which will minimize losses in production processes, reduce environmental pollution, and raise productivity in supported productive units.”*

After carrying out an institutional diagnosis and elaborating a strengthening plan for CPTS, which was discussed and validated with their authorities and technicians, it was decided that BPC would strengthen and consolidate CPTS's institutional capacities in offering technical services to manufacturing MSMEs. Institutional strengthening of CPTS involved three major areas: 1) improving their ability to transfer knowledge; 2) producing manuals and accounting software to ensure transparency in administrative procedures; 3) validating the design and operation of a wood-drying oven adequate to the needs of MSMEs in the Wood and Wood Furniture value chain.

As a result, CPTS currently has: 1) a new management and accounting software which allows them to manage their financial resources adequately; 2) functions and operations manuals for processes linked to their institutional objectives; 3) audio-visual material for Cleaner Production And Energy Efficiency which will facilitate the introduction of these practices in manufacturing MSMEs; and 4) information and tangible experience on the use of the wood-drying oven prototype, which was installed and is being used in a manufacturing firm in El Alto.

Regarding the verification process for the wood-drying oven developed by CPTS as an energy-saving technological innovation, we report that the objective was not satisfactorily achieved. The equipment cannot be implemented at a large scale because technical deficiencies arose during the trial runs, impeding its mass production.

CNI – National Chamber of Industries

CNI's mission is: *“be a private, non-profit service institution which promotes the development of the industrial sector and the business community so as to generate income and sustainable employment, thus improving the standard of living in the country.”*

With this purpose in mind, BPC worked toward improving the services provided by CNI, which led to the creation of a Non-Financial Service Unit for MSMEs in the city of El Alto. CNI established an agreement

with the INFOCAL Foundation to use some of their facilities to carry out support activities for small industries in said city. Joint efforts were made to establish an equipped office to organize diverse activities (training, forums, workshops and technical assistance) aimed at improving productivity in manufacturing MSMEs, especially in the Textile and Apparel, Wood and Wood Furniture, and Handcrafts value chains. This Service Unit carried out three training workshops with MSMEs from El Alto, aimed at consolidating the articulation of productive units and to improve the business relationship among small and medium-sized firms.

The future potential and sustainability of this Service Unit will depend on how successfully they position themselves as a platform to develop work skills in MSMEs.

COTEXBO – Bolivian Textile Conglomerate

COTEXBO's mission is: *“be an institution that articulates and encourages competitiveness and integral development of the Bolivian textile sector, in addition to promoting support policies before the national government and other organisms and institutions.”*

The objective of the institutional strengthening plan BPC established with this institutions' executives and advisors seeks to: 1) consolidate COTEXBO's organizational structure and 2) improve the portfolio of services they offer to improve competitiveness in the Textile and Apparel value chain.

As a result, COTEXBO currently has: 1) a strategy for institutional growth; 2) a portfolio of services for its associates; 3) an annual activity plan with specific milestones to reach; and, 4) an equipped office from which to offer information services and organize workshops, meetings, and training activities.

Taking into consideration COTEXBO's regional leadership, the institutional strategy also involved redefining its institutional mission with a view to establishing itself as Bolivia's leading organization in the Textile and Apparel value chain. The annual tradeshows, fashion shows, designer encounters, and commercial delegations organized by COTEXBO are part of the strategy to position the conglomerate as the leading institution of the Textile and Apparel chain.

INDIRECTLY STRENGTHENED INSTITUTIONS

The one hundred and one organizations that have worked with BPC have developed their capacities and competencies in different ways: they have been provided with work methodologies, have improved their internal performance levels, and have been trained in the management of USAID resources. This allows us to classify them as “indirectly strengthened institutions”.

The main areas of intervention in this indirect institutional strengthening process are listed below:

- ✓ *Training in the management of USAID resources:* Our subcontractors have participated in workshops on managing and using USAID resources; having executed the use of BPC resources, it can be stated that their transparency and efficiency levels have improved as a result of their work for the project.

- ✓ *Submission of Proposals to International Cooperation Agencies:* Organizations that have submitted approved proposals to BPC have met a series of presentation requirements which have improved the organization’s ability to seek financing.
- ✓ *Improvement of Administration Skills:* Organizations that have been involved with any of BPC’s areas of intervention have had to work with new procedures, resulting in an improvement in their general administration skills.
- ✓ *Organizational Positioning:* Organizations that have carried out more than one activity for BPC (be it technical assistance, training, or participation in tradeshow) have positioned themselves locally or regionally as non-financial service providers.
- ✓ *Expansion of Service Portfolio:* Organizations that have carried out BPC’s Training with Job Placement Program have expanded their service offer to include an additional product: a training with placement model which has been proven effective.
- ✓ *Identifying Markets:* Organizations that have been subcontracted by BPC have identified new market niches for non-financial services which can be explored as new markets to position their services in.

C. Objective 3: Promote Dialogue to Improve the Business Environment for and Competitiveness of the Value Chains

Task 4. Catalyze Changes in the Business Environment

During 2012, Activities to catalyze changes in the business environment were directly implemented by our partner institutions through seminars, workshops, and meetings among local and national authorities. During this last year, BPC was not involved in supporting or implementing this type of activity.

Task 5. Activities to Promote Business Alliances

During this fiscal year, BPC supported a variety of commercial promotion activities to benefit MSMEs by opening new markets and increasing sales. Events with the most significant impact in sales were held in the Wood and Wood Furniture value chain; nevertheless, sales and sales commitments were also generated in events in Textile and Apparel, Processed Foods, and Multi-sector events, as detailed in the following table:

VALUE CHAIN	Number of Firms	Sales (*) Thou. USD	Sales Commitments Thou. USD
TEXTILE AND APPAREL	46	122.4	622.1
WOOD AND WOOD FURNITURE	91	331.2	5,230.7
PROCESSED FOODS	54	29.6	180.4
HANDCRAFTS	22	85.0	0.2
MULTI-SECTOR	13	372.0	138.6
TOTALS	226	940.2	6,172.0
<i>(*) Includes post-event sales</i>			

The following tables detail the activities which were carried out; they also show the participation of an important number of micro and small-sized businesses.

Several of the firms which were supported for the first time in this type of event were able to experience qualitative and quantitative impacts.

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

In terms of qualitative impact, we can point to the enriching of their business expertise by participating in negotiation processes with other entrepreneurs, incorporating into business networks, and comparing their productive conditions with those of their counterparts. In terms of quantitative impact, sales and sales commitments are detailed. Upon completing the follow-up process to these activities, BPC will have complete information on the volume of sales generated in these commercial promotion events.

Commercial Promotion Activities			
Activity	Benefitted Counterpart	Result	Pictures of Event
<p><i>Expoferia Job Tradeshow</i></p>	<p>CIDCRUZ</p>	<ul style="list-style-type: none"> Public and private institutions participated in this activity with the purpose of promoting the employment of professionals, technicians, and laborers through organized and programmed contacts. Thirty-nine employers from different sectors participated by setting up stands where candidates could hold job interviews. 	 <p style="text-align: center;"><i>Job interviews at one of the stands</i></p>
<p>Support to AADS (<i>Accidental del Sur Association</i>) for their participation in <i>Exposur 2011</i> (Tarija)</p>	<p>AADS</p>	<ul style="list-style-type: none"> With the purpose of encouraging sales of products manufactured with wood, AADS (made up of three micro and small-sized firms) was supported for their participation in Tarija's International Fair, <i>Exposur 2011</i>. This fair is the most important tradeshow in south Bolivia, attended by regional, national and international entrepreneurs. 	 <p style="text-align: center;"><i>AADS stand at Exposur 2011</i></p>
<p>“Bolivia: Synonym of Excellence”</p>	<p>NATIONAL CHAMBER OF COMMERCE</p>	<ul style="list-style-type: none"> In the framework of the event named “Bolivia – Synonym of Excellence”, at which the Beatriz Canedo Patiño (BCP) fashion house presents its annual collections in coordination with COTEXBO, BPC set up a showroom allowing fourteen Textile and Apparel and Handcraft MSMEs to display their products to the select audience of more than five hundred guests. 	 <p style="text-align: center;"><i>One of the Showroom stands</i></p>
<p>U.S. Buyer Delegation: “Alpaca Fashion 2011”</p>	<p>CAMEX</p>	<ul style="list-style-type: none"> The U. S. buyer delegation was organized and carried out by the Chamber of Exporters of La Paz; it was named “Alpaca Fashion 2011”. BPC supported the initiative with a donation in kind, which allowed six foreign buyers to attend the event, benefitting twenty-three firms which produce Alpaca garments. 	 <p style="text-align: center;"><i>Entrepreneur showing products to a foreign entrepreneur</i></p>

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

Expomueble Tarija

PAZ PRO
DESARROLLO
FOUNDATION

- The *Expomueble Tarija* tradeshow, organized by the Bolivian Furniture Institute, was held at the Palo Santo Center
- With the objective of generating business opportunities for firms from Tarija, BPC supported the participation of eleven expositors from the Wood and Wood Furniture and Wood Handcrafts sectors.



Expomueble Stands

Integrarte Fair, La Paz

OEPAIC
NETWORK

- In response to the OEPAIC Network's strategy of geographically increasing trade opportunities for its members, BPC supported the third edition of the annual handcrafts with cultural identity tradeshow, *Integrarte 2011* in La Paz.
- Twenty-two artisan associations participated in the event, representing different regions in the country, such as Sucre, Tarija, Santa Cruz, Cochabamba, Oruro and Potosí.



Artisan displaying products at the Integrarte Fair in La Paz.

Support to CEMIP
for supermarket
sales. *Ketal* (La Paz)

COTEXBO

- Through an agreement signed with COTEXBO, BPC started a program to support commercial promotion of affiliated MSMEs.
- The first supported firm was *CEMIP Bolivia*, which signed a contract for monthly sales of polo shirts and cotton dresses with the *Ketal* supermarkets in La Paz. BPC offered consultancies to CEMIP Bolivia to improve the presentation of their corporate image and brand in the *Ketal* supermarkets.



Promotion Banner for garments sold at Ketal

8th. International
Business
Roundtable for the
Wood Industry.

Bolivian Forest
Chamber

- The 8th. International Business Roundtable for the Wood Industry, organized by Bolivian Forest Chamber, was held at the Santa Cruz fairgrounds as part of the *Expoforest 2012* tradeshow.
- BPC awarded the Bolivian Forest Chamber a grant to support the organization and promotion of the event.
- The grant allowed enrollment costs to be reduced, facilitating the attendance of thirty-six MSMEs from the wood and wood furniture sector.



Entrepreneurs in Business Roundtables

Business
Roundtable for the
Spanish Market

COTEXBO

- With the purpose of establishing exports in the Textile and Apparel chain, BPC supported COTEXBO in carrying out a Business Roundtable with a Spanish entrepreneur interested in opening the Spanish market to alpaca garments.
- Six firms from La Paz were able to offer their products to Guillermo Martinez, representative of the Spanish *Forever* firm.



Spanish entrepreneur negotiating with a COTEXBO entrepreneur

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

PPP Stand at FEICOBOL

FEICOBOL

- BPC supported the participation of ten of its PPP partners in the 29th. International Cochabamba Fair, FEICOBOL.
- The objective was to allow the firms to promote their products and generate sales, as a result of the improvements arising from PPPs established with USAID.



PPP Stand at FEICOBOL

3rd. Organic Foods Exposition

CADEXCO

- Through CADEXCO, BPC supported the third edition of the Exportable Organic Product Exposition, held during the International Cochabamba Fair. This is the third consecutive year the project has offered its support to this initiative.
- The Exposition enjoyed the participation of fifty micro, small, and medium-sized firms, producer associations and exporting firms from Cochabamba, La Paz, Santa Cruz, Tarija, Chuquisaca and Oruro.



Visitors purchasing products at the Organic Product Exposition.

Wood Importer Commercial Delegation

CAMEX

- CAMEX undertook the “Wood Importer Commercial Delegation” with foreign firms interested in purchasing construction timber.
- Sixteen national firms participated (twelve MSMEs); these firms produce flooring, parquet, beams, and other wood cuts.
- The activity generated a total of 1,110,000 USD in sales commitments; sixty-six business meetings were held.



Buyers and entrepreneurs at a Business Roundtable

FIMA Furniture 2012 Tradeshow

CNI

- BPC awarded the National Chamber of Industries a grant to support the participation of thirty-two MSMEs in the fifth edition of the Wood, Furniture and Technology Tradeshow, FIMA 2012, held in the city of La Paz
- Participating firms achieved 31,128 USD in sales and 108,443 USD in sales commitments.



USAID's Steve Smith at the Inauguration of FIMA 2012

Support to COTEXBO firms to place their products in the *Hipermaxi* Supermarkets.

COTEXBO

- BPC initiated a program to support the commercial promotion of MSMEs which have identified a national or international market and need help in positioning their products.
- BPC financed a catalogue and display stands for three firms from the Textile Conglomerate that have been able to place their products in the *Hipermaxi* Supermarkets.



COTEXBO'S 2012 New Collection Catalogue

MSME Participation in the *Expocruz* 2012 Tradeshow CAMEX

- In order to support the participation of four MSMEs from the Processed Foods chain, BPC signed an agreement with CAMEX to assist the firms with their presentation stands.
- The following firms displayed their products and made sales at the event: *Excernat* (quinoa, Oruro), *Sidan Organic* (quinoa, El Alto), *Agronat* (aloe vera juice, La Paz) y *Procabol* (llama products, La Paz).



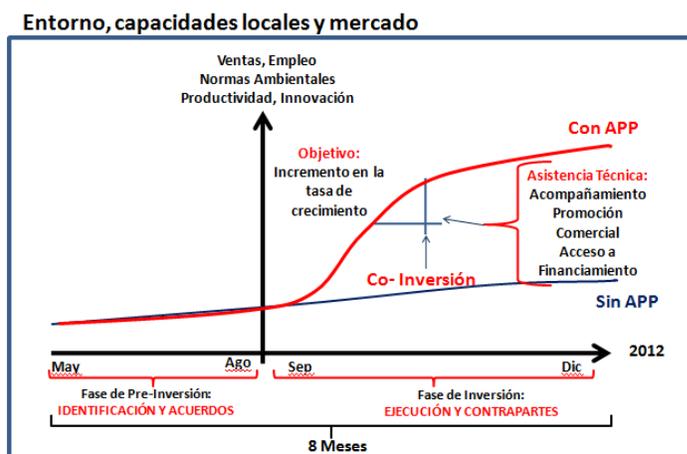
The firm Agronat in attendance at Expocruz 2012

D. Objective 4: Leverage Private Sector, Donors, and Public Sector Resources through GDA and Similar Operations

BPC’s reorientation involves prioritizing the implementation of a portfolio of Public-Private Partnerships established with an integral and systemic approach, combining non-financial and financial services (the latter, not provided by BPC) structured to guarantee the growth and sustainability of our partner firms. Based on this vision, partnerships are established with the following elements: 1) a co-investment plan signed with the partners; 2) a technical assistance and commercial promotion plan designed to improve productivity and increase sales; and 3) financing instruments to guarantee the growth of the firms (working capital and investment capital).

The following graph summarizes the idea of an integral PPP, showing three of the model’s characteristic features: a) the business environment the PPP operates in, which involves understanding the market for the products of the supported firm; b) the time required to prepare and implement a PPP, divided into the pre-investment phase (identifying potential partners and signing grant agreements) and the investment phase (execution of investment and monitoring); c) “accelerated” sales evolution for an MSME with a signed PPP, as opposed to an MSME with no BPC intervention.

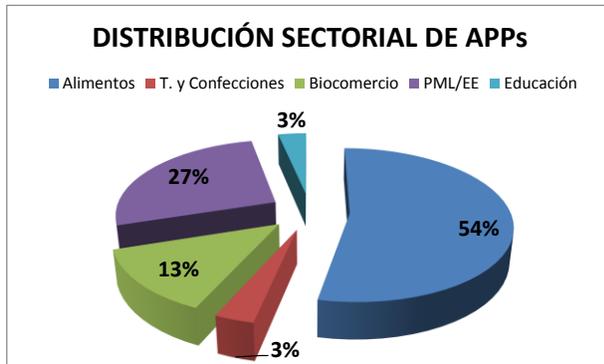
Modelo Integral de APPs



The final result of the operation is for the PPP partner to be able to increase its sales and profit margins, which will generate greater possibility of improving the firm’s economic and financial conditions so as to be able to pay higher salaries and generate more jobs.

a. Task 6. Leverage GDA Funds

BPC’s portfolio of strategic partnerships established up to September 2012 includes thirty productive initiatives in different stages of implementation; sixteen of these agreements were signed this year.



The total amount of BPC budget committed this fiscal year to these operations is three hundred and four thousand USD, which is 42% of the total investment. Partners will provide the remaining 58%, four hundred and twenty-seven thousand USD. Therefore, for every dollar that is invested by BPC, \$1.40 is leveraged from our partners.

All of the thirty PPPs that have been signed since the inception of the project have been implemented with the purpose of resolving production bottlenecks in different value chains.

During the period of the report, BPC has established sixteen new alliances, detailed below:

- ✓ Seven partnerships established in the Cleaner Production/Energy Efficiency area.
- ✓ Six partnerships established in the Processed Foods value chain.
- ✓ Two partnerships established in the Biocommerce chain
- ✓ One partnership established in services for the Textile and Apparel chain.

PPPs					
Cleaner Production/Energy Efficiency (CP/EE)					
PPP	Partner	PPP Objective	Amount of Investment (in USD)		PPP Photos
Grant of cold tanks for milk.	APLENA-T is an association of milk producers located in the municipality of Achacachi, in the Department of La Paz.	Through the PPP, the association was granted cooling tanks for fresh milk; in addition water treatment pools have been installed with the purpose of treating discharge water for its reutilization in irrigation.	BPC	15,423	 <p><i>Equipment manufacturer training APLENA-T partners.</i></p>
			APLENA-T	15,539	
		Expected Results			
		Sales 116.218 USD	Jobs 14	Trainees 40	

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

<p>Implementation of a mechanized fertilizer plant.</p>	<p><i>Proimpa</i> is a private foundation dedicated to research and services to promote Andean crops.</p>	<p>The PPP has provided the foundation with equipment for the establishment and operation of a liquid fertilizer plant, and to pelletize quinoa seeds with organic humus produced in Lake Titicaca.</p>	<p>BPC <i>Proimpa</i></p> <p>65,036 103,282</p>	 <p><i>Proimpa's Biologically strengthened crops</i></p>						
<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="3">Expected Results</th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Sales 46,000 USD</td> <td style="width: 33%;">Jobs 4</td> <td style="width: 33%;">Trainees 35</td> </tr> </tbody> </table>					Expected Results			Sales 46,000 USD	Jobs 4	Trainees 35
Expected Results										
Sales 46,000 USD	Jobs 4	Trainees 35								
<p>Investment for the establishment of an Organic Humus Gathering Center.</p>	<p>The <i>Los Andes</i> Association, which produces organic humus, is located in Kenacawa, Municipality of Pucarani, Department of La Paz.</p>	<p>The PPP will provide the association with all the machinery and equipment needed to set up a center for gathering, standardizing and packaging of organic humus for local consumption. This will generate additional income for the forty families belonging to Los Andes the association.</p>	<p>BPC <i>Los Andes</i></p> <p>9,941 10,314</p>	 <p><i>Los Andes associates packaging humus for its commercialization</i></p>						
<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="3">Expected Results</th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Sales 47,750 USD</td> <td style="width: 33%;">Jobs 13</td> <td style="width: 33%;">Trainees 50</td> </tr> </tbody> </table>					Expected Results			Sales 47,750 USD	Jobs 13	Trainees 50
Expected Results										
Sales 47,750 USD	Jobs 13	Trainees 50								
<p>Investment for the establishment of an Organic Humus Gathering Center.</p>	<p>The San Carlos Association, which produces organic humus, is located in Chojasivi, Municipality of Pucarani, Department of La Paz.</p>	<p>The PPP will provide the association with all the machinery and equipment needed to set up a center for gathering, standardizing and packaging of organic humus for local consumption. This will generate additional income for the forty families belonging to the association.</p>	<p>BPC <i>AMASC</i></p> <p>9,941 10,314</p>	 <p><i>Association members building a gathering center</i></p>						
<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="3">Expected Results</th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Sales 51,428 USD</td> <td style="width: 33%;">Jobs 4</td> <td style="width: 33%;">Trainees 40</td> </tr> </tbody> </table>					Expected Results			Sales 51,428 USD	Jobs 4	Trainees 40
Expected Results										
Sales 51,428 USD	Jobs 4	Trainees 40								
<p>Investment for the establishment of an Organic Humus Gathering Center.</p>	<p><i>Nueva Esperanza</i> Organic Producer Association, which produces organic humus, is located in Quiripujo, Municipality of Pucarani, Department of La Paz.</p>	<p>The PPP will provide the association with all the machinery and equipment needed to set up a center for gathering, standardizing and packaging of organic humus for local consumption. This will generate additional income for the thirty-seven families belonging to the <i>Nueva Esperanza</i> association.</p>	<p>BPC <i>APONEA</i></p> <p>9,941 10,314</p>	 <p><i>Children manually sifting through the humus in the future location of the Gathering Center.</i></p>						
<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="3">Expected Results</th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Sales 47,750 USD</td> <td style="width: 33%;">Jobs 13</td> <td style="width: 33%;">Trainees 50</td> </tr> </tbody> </table>					Expected Results			Sales 47,750 USD	Jobs 13	Trainees 50
Expected Results										
Sales 47,750 USD	Jobs 13	Trainees 50								

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

Co-financing of a treatment plant for liquid industrial discharge in order to reduce river pollution.	San Juan Tannery is a small-firm located in Tarija.	The PPP will lead to the implementation of Cleaner Production and Energy Efficiency in the San Lorenzo Tannery's production operations, including the installation of a DAF water-treatment system, allowing for more efficient use of water and energy and to minimize environmental pollution caused by the discharge of residual waters.	PC-Bolivia <i>San Juan</i>	12,153 22,741						
<table border="1" style="margin: auto;"> <tr> <td colspan="3">Expected Results</td> </tr> <tr> <td>Sales 11,340 USD</td> <td>Jobs 4</td> <td>Trainees 24</td> </tr> </table>					Expected Results			Sales 11,340 USD	Jobs 4	Trainees 24
Expected Results										
Sales 11,340 USD	Jobs 4	Trainees 24								

Operators working in the tannery.

Co-financing of a treatment plant for liquid industrial discharge in order to reduce river pollution.	San Lorenzo Tannery is a small firm located in Tarija.	The PPP will lead to the implementation of Cleaner Production and Energy Efficiency in the San Lorenzo Tannery's production operations, including the installation of a DAF water-treatment system, allowing for more efficient use of water and energy and to minimize environmental pollution caused by the discharge of residual waters.	BPC <i>San Lorenzo</i>	12,153 19,395						
<table border="1" style="margin: auto;"> <tr> <td colspan="3">Expected Results</td> </tr> <tr> <td>Sales 30,000 USD</td> <td>Jobs 3</td> <td>Trainees 30</td> </tr> </table>					Expected Results			Sales 30,000 USD	Jobs 3	Trainees 30
Expected Results										
Sales 30,000 USD	Jobs 3	Trainees 30								

Operators working in the leather industry

PPPs Processed Foods

PPP	Partner	PPP Objective	Amount of Investment (in USD)		PPP Photos					
Modernize the processing of frozen fruit	AGROCAINE is a fruit-producer association in Mizque, Cochabamba	The PPP has provided the firm with a cold-storage chamber to optimize the processing of frozen fruits (guava, sweet potato, and lime) destined for national industrial markets.	BPC <i>Agrocaine</i>	15,936 19,741						
<table border="1" style="margin: auto;"> <tr> <td colspan="3">Expected Results</td> </tr> <tr> <td>Sales 50,000 USD</td> <td>Jobs 28</td> <td>Trainees 100</td> </tr> </table>					Expected Results			Sales 50,000 USD	Jobs 28	Trainees 100
Expected Results										
Sales 50,000 USD	Jobs 28	Trainees 100								
Improve fruit-dehydrating processes	PROSOL is a micro-firm which gathers and dehydrates fresh fruit in El Alto.	The PPP has provided the firm with machinery and equipment needed to dehydrate fruit in the sanitary conditions required by national regulations.	BPC <i>Prosol</i>	28,405 32,232						
<table border="1" style="margin: auto;"> <tr> <td colspan="3">Expected Results</td> </tr> <tr> <td>Sales 77,000 USD</td> <td>Jobs 3</td> <td>Trainees 3</td> </tr> </table>					Expected Results			Sales 77,000 USD	Jobs 3	Trainees 3
Expected Results										
Sales 77,000 USD	Jobs 3	Trainees 3								

AGROCAINE associate at his orchard

Women dehydrating pineapple at Prosol

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

Modernization of the production of flakes based on Andean grains.

Alimentos Bolivia Natural, located in La Paz, is a micro-firm that gathers and transforms Andean grains.

The PPP has provided the firm with a packaging machine which will allow the firm to optimize its production process, both of cereal flakes and cereal snacks made from quinoa, amaranth and canihua.

BPC 25,264
ABN 30,603



Packaging machine installed at ABN

Expected Results		
Sales 65,000 USD	Jobs 15	Trainees 15

Improvement of natural salt processing plant.

Desiertos Blancos is a small firm that processes natural salt from the Uyuni Salt Fields, located in Oruro.

The PPP has provided the firm with a bottling machine to optimize and increase the production of natural salts destined for national and international markets.

BPC 20,131
Desiertos Blancos 58,209



Amado Bautista, Sales Manager of Desiertos Blancos

Expected Results		
Sales 141,438 USD	Jobs 7	Trainees 34

Modernization of the processing plant for the production of papaya-based antioxidant pills.

RIHM Inmunovida is a micro-firm located in Tarija.

The PPP has provided the firm with equipment needed to modernize production and increase the fermented-papaya processing capacity for its transformation into antioxidant pills.

BPC 12,630
Inmunovida 12,849



Equipment being delivered to Inmunovida

Expected Results		
Sales 15,593	Jobs 3	Trainees 9

Modernization in the industrial processing of milk

BIOLAC is an association of cheese producers made up of dairy farm families from the rural area of the municipality of Viacha, in the Department of de La Paz

The PPP has provided the association with equipment and machinery (bottler, pasteurizer, water pumps, pots) for the industrial transformation of milk into cheese, yoghurt, butter, and other dairy products.

BPC 27,470
BIOLAC 33,435



BIOLAC associate in the process of making cheese.

Expected Results		
Sales 77,000 USD	Jobs 3	Trainees 3

PPPs
Biocommerce

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

Modernization to improve cosmeceuticals production processes (personal care products based on plants from Bolivia's biodiversity)	<i>Noemí Pensando en Ti</i> is a micro-firm which produces cosmeceuticals, located in La Paz.	The PPP has provided the firm with laboratory equipment and with a bottling machine, which will allow the firm to optimize processes for the production of skin lotions, shampoos, and other emulsions based on elements from Bolivia's biodiversity.	BPC NPT	12,138 12,213
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Expected Results		
Sales 135,771 USD	Jobs 5	Trainees 10



Poster promoting firm's products

Modernization of the production of cosmeceuticals.	<i>Laboratorios ADA</i> is a small firm located in the city of Montero, Department of Santa Cruz. It produces shampoos and creams.	The PPP has provided the firm with a dispensing machine which will allow the firm to increase their production volumes and efficiency.	BPC ADA	12,259 12,730
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Expected Results		
Sales 151,175 USD	Jobs 6	Trainees 10



ADA operator using the dispenser.

PPPs Textile and Apparel

PPP	Partner	PPP Objective	Amount of Investment (in USD)	PPP Photos
Investment for the mass production of stamping machines	<i>Taller Téllez</i> is a micro-firm located in El Alto; it produces stamping machines for the textile industry.	The PPP has provided the firm with the machinery needed to modernize the production of the "Octopus" or multiple stamping machines used in the textile industry for printing graphics or designs that add value to the clothing garments.	BPC 15,408 T.Tellex 22,813	

Expected Results		
Sales 37,500 USD	Jobs 3	Trainees 0

Mr. Téllez showing the machinery provided through the PPP.

As these partnerships develop, it is expected that by December 2012 several of these initiatives will reach thirty or forty percent of expected sales, and that in the second year of implementation they will either reach or surpass the goals established in the grant agreements.

E. Transversal Issues: Activities to Implement Cleaner Production in the Value Chains

One of BPC's objectives is to implement its activities in supported productive units in such a way that they promote Cleaner Production & Energy Efficiency practices, with the following purposes: 1) optimize the use of water, raw materials, and fuels; 2) innovate accessible technology for small producers in order to

minimize losses and/or reduce environmental pollution; and 3) reutilize or recycle industrial materials in competitive conditions.

In this framework, BPC's 2012 administration was characterized by promoting cleaner production and energy efficiency in three areas: a) establishing CP & EE PPPs with manufacturing MSMEs which have decided to minimize their levels of pollution and work within the scope of environmental regulations; b) offering CP & EE technical services to supported MSMEs; and c) structuring internal abilities to follow-up and monitor environmental recommendations through an Environmental Monitoring Manual.

PPP IN CLEANER PRODUCTION AND ENERGY EFFICIENCY

During this fiscal year, BPC initiated seven Public-Private Partnerships focused on Cleaner Production and Energy Efficiency. With the PPP signed last year in this area, eight of BPC's thirty established PPPs are in the CP & EE area. The following table provides details on each of these partnerships:

BPC 2012: Summary of CP & EE PPPs			
#	PPP Partner	Objective	Foreseen Environmental Objectives
1	PELETBOL (fiscal year 2011)	Set up a small plant for the elaboration of pellets based on Brazil nut shells. The idea is to use the shells to produce pellets for their use as fuel in stoves and heaters.	a) Recycle industrial waste b) Create a natural fuel source as an alternative for carbon.
2	APLENAT <i>Association</i>	Build pools for the treatment of residual waters discharged from the processing of milk with the purpose of using the treated water for irrigation in neighboring fields (Achacachi)	a) Reduced water use (decrease specific uses) b) Mitigate environmental pollution
3	San Carlos <i>Association</i>	Reduce the amount of cow manure polluting Lake Titicaca, implementing an Organic Humus Gathering Center (Cohana)	a) Mitigate pollution in Lake Titicaca b) Reduce the emission of greenhouse gases c) Produce organic fertilizers
4	Los Andes <i>Association</i>	Reduce the amount of cow manure polluting Lake Titicaca, implementing an Organic Humus Gathering Center (Kenakawa)	a) Mitigate pollution in Lake Titicaca b) Reduce the emission of greenhouse gases c) Produce organic fertilizers
5	Nueva Esperanza <i>Association</i>	Reduce the amount of cow manure polluting Lake Titicaca, implementing an Organic Humus Gathering Center (Chojasivi)	a) Mitigate pollution in Lake Titicaca b) Reduce the emission of greenhouse gases c) Produce organic fertilizers
6	San Juan <i>Tannery</i>	Introduce water-saving practices, recycle industrial products, and minimize pollution in leather processing (Tarija)	a) Reduced water use (decrease specific uses and recycle) b) Incorporate water treatment technology c) Mitigate environmental pollution
7	San Lorenzo <i>Tannery</i>	Introduce water-saving practices, recycle industrial products, and minimize pollution in leather processing (Tarija)	a) Reduced water use (decrease specific uses and recycle) b) Incorporate water treatment technology c) Mitigate environmental pollution
8	PROINPA	Create an organic fertilizer production unit (humus-based) in Viacha and substitute the use of chemical fertilizers in the traditional high plain crops (potato, wheat, quinoa)	a) Substitute chemical fertilizers with organic fertilizers b) Consolidate and add volume to the humus chain c) Increase agricultural years organically and in an environmentally sustainable fashion.

TECHNICAL ASSISTANCE IN CLEANER PRODUCTION AND ENERGY EFFICIENCY

With the purpose of strengthening PPPs in CP & EE, BPC started the technical assistance phase in some of the established partnerships, particularly those established with the San Lorenzo and San Juan Tanneries, both located in Tarija. The complementary technical assistance activities to the PPPs established with these

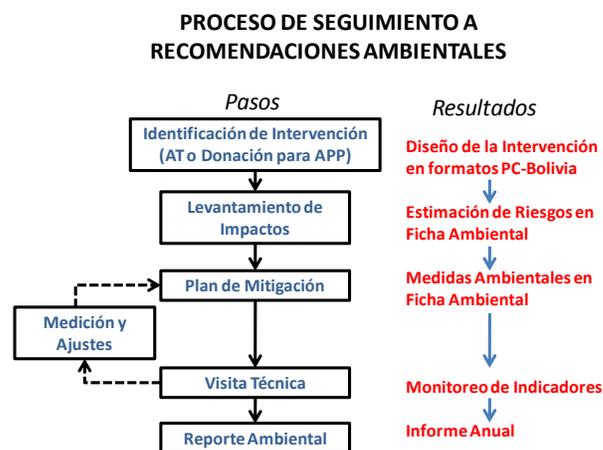
firms seek to execute the agreed investments in such a way that they guarantee the reduction of specific consumption levels of industrial effluents and the mitigation of environmental pollution. In the same manner, these technical assistance activities seek to introduce Cleaner Production and Energy Efficiency practices in the firms' internal operations.

CP & EE (Tarija)				
Duration	Activity	Subcontractor	Supported Firms	
Sept	Introduction of CP & EE in operations, including the installation of a DAF residual-water treatment system, allowing for a more efficient use of water, resources, and energy.	YESMAR	San Juan Tannery San Lorenzo Tannery	

FOLLOW-UP AND ENVIRONMENTAL MONITORING SKILLS

Follow-up activities in units supported by BPC, monitored through technical visits to check on fulfillment of planned timetables, have resulted in a greater environmental adaptation by MSMEs and producer associations.

- ✓ An Environmental Monitoring Manual is written to guide and promote the implementation of both USAID and national environmental recommendations.
- ✓ The manual is based on identifying potential environmental risks and implementing specific measures to prevent or reduce the identified risks.
- ✓ In many cases, BPC's support activities tend to increase production and sales, which at the same time increases the amount of pollutants. By working with these productive units, BPC has gained knowledge on the potential environmental impacts that can arise in each of the supported value chains.
- ✓ Support aimed at increasing production, when accompanied by the introduction of Cleaner Production and Energy Efficiency practices, helps to reduce the volume of polluting discharges.
- ✓ The Environmental Monitoring Manual was used in 2012 both to initiate activities and measure results in activities that were in full execution.
- ✓ The environmental monitoring plan established in the manual is summarized in the following task chart:



SECTION III

BEST PRACTICES AND LESSONS LEARNED

At the end of the third year of BPC life, it is appropriate to identify lessons learned from which to suggest best practices. The reported period has been atypical for the following reasons:

- Prior to the beginning of the fiscal year, activities began with the elaboration of the Annual Work Plan, aimed at carrying out activities within the framework of the contract.
- BPC was then informed of the possibility of a reduction in the budget for the last year of the life of the project (October 2012-August 2013), which meant that all of BPC's activities had to go through a process of realignment.
- This meant that during the 2012 fiscal year, technical, administrative and operational measures had to be taken to give continuity to BPC activities and to plan for what could be an early termination of the project.

In this context, lessons learned and best practices reflect BPC's ability to adapt to changing conditions and refocus its activities. This series of changes involved a revision of the scope of all of the activities that had been set forth in the 2011-2012 Work Plan so as to modify them in terms of the pressing tasks that could be implemented in the following fiscal year (2013) in order to optimize financial resources, timetables, and expected results.

The following table summarized Lessons Learned and Best Practices in three areas of analysis: 1) Annual Activity Planning Process; 2) Refocus of Programmed Activities Process; and 3) Administrative Adjustment Measures and Closure of Activities.

Area of Analysis	Lessons Learned	Better Practices
Annual Activity Planning Process	<ul style="list-style-type: none"> ✓ Annual activity programming requires strategic vision, profound technical knowledge, and a high sense of enthusiasm regarding the fulfillment of goals. ✓ Annual programming also requires a high degree of flexibility in order to be able to respond to changes in conditions. ✓ Annual activity programming must be seen as a valid proposal for a valid moment; thus, it must be susceptible to changes dictated by financial, contractual, operational, social, or political circumstances. 	<ul style="list-style-type: none"> ✓ The organization of the planning workshop was built on a previous process which included technical, logistical, and methodological aspects: <ul style="list-style-type: none"> • BPC staff undertook the programming of activities for the October 2011-September 2012 period, aimed at carrying out the four contractual objectives and the seven specific tasks. • Activity programming was based on a systemic analysis methodology for each of the supported value chains and on previous experiences and progress made in each of BPC's tasks. • The team responsible for the task of programming the annual activities worked with enthusiasm and creativity, and they generated high expectations in terms of expected results and impacts.

**Refocus of
Program
Activities
Process**

- ✓ The degree of development and/or progress of BPC's implementation allowed for the restructuring of activities as a result of budget cuts.
- ✓ BPC's strategic vision for the implementation of programmed activities was indispensable when having to refocus the program to maintain the original direction of the contract while at the same time prioritizing the areas determined by USAID.
- ✓ BPC's initial refocus proposal was almost identical to USAID's determination of what activities should continue to be implemented or strengthened.
- ✓ Acting with permanent flexibility to USAID's requirements is what has allowed BPC to adjust to the budget and timetable reductions in such a way that the contract is adequately fulfilled.
- ✓ BPC's relationships with executing partners (subcontractors, grantees, and collaborating institutions) has been characterized by transparency and the expressed acknowledgement that USAID could always require changes which would affect previously established commitments.
- ✓ The general flexibility with which BPC's staff has carried out the implementation of programmed activities has allowed us to be able to rationalize activities in terms of the budget and the optimal timeframe of execution, while at the same time identifying the activities which are more likely to produce the most convenient results.
- ✓ These results should be optimal both in terms of USAID objectives and the degree of performance in the fulfillment of the contract.
- ✓ When the budget reduction was finally confirmed, BPC already had an absolutely clear perspective of the programmed activities that had to be given continuity and of the objectives that were to be reached, arising both from the design of the refocused program and the transparent relationship with the Project COTR:
 - ✓ Proactivity and technical flexibility when facing budget uncertainty.
 - When the possibility of budget reductions first arose, BPC's team was ready to discuss the needed technical adjustments in order to give continuity to the implementation of the project.
 - This was possible because the programming of activities was intimately linked to specific budgets, which were specifically tied to objectives that were to be reached. This facilitated the refocus process.
 - If the goals that were to be reached by an activity were relatively low and required relatively high investments, BPC evaluated which of these activities should continue, which should be limited, and which should be discontinued.
 - BPC acted immediately and responsibly to communicate to all of our executing partners (subcontractors, grantees, and collaborating institutions) what changes the project would undergo if the budget reductions were confirmed.
 - This practice kept subcontracts and grant agreements from ending abruptly, allowing for the satisfactory negotiation of the termination of the contracts.
 - This rationale allowed training, training with job placement, and institutional strengthening activities to conclude orderly and to satisfactorily end those activities that were already in progress.
 - In addition, in anticipation of budget cuts, all of the subcontracts or grant agreements that had not been initiated were immediately terminated.
 - During the refocus process, technical assistance and training activities that were already in progress were carried to their conclusion, without affecting the reach of the commitments made to our operators.

**Administrative
Adjustment
Measures and
Closure of
Activities**

- ✓ Understanding USAID's financing perspective has been indispensable in the process of rationalizing expenses.
- ✓ When the budget reduction was finally confirmed, BPC already had an absolutely clear perspective of the administrative areas that had to be adjusted, the context of expenses to be made, and the activities that had to be implemented to bring the project to an end.
 - ✓ Administrative proactivity in the face of budget uncertainty.
 - Letters to team staff announcing the likely closure of the project.
 - Provisions for the termination of service contracts with BPC operations (subscriptions, communications, office lease, etc.)
 - ✓ Formulating a work schedule leading to the closure of the project
 - BPC elaborated an activity timetable which allowed us to identify the main milestones, both in the process of continuity and termination of programmed activities, as well as all the tasks related with the administrative termination of the project.
 - ✓ BPC staff that continues working ensures the fulfillment of all activities, tasks and commitments made in the proposal submitted to USAID once budget reductions were official and the necessary modifications to the contract had been approved and signed.

SECTION IV

PROJECT SERVICES

A. Institutional Communication

According to the communicational strategy developed by BPC at the beginning of its implementation, several different communicational tools were set up to report the project’s interventions and results. In addition, several outreach activities were developed to accompany BPC’s programmed activities so as to contribute to fulfilling contractual objectives.

a) Internal Communication Activities

Institutional Bulletin. Three bulletins including BPC information were published this year and were distributed to partners, institutions, and MSMEs working with BPC. Copies were also sent to USAID, other international cooperation agencies, embassies, and the media.

Bulletins Published by BPC

- Bulletin N° 6**
- 874 trainees nationwide could find employment in MSMEs.
 - Supported by USAID, 137 MSMEs participate in the country’s most important tradeshows and Business Roundtables.
 - The National Chamber of Commerce’s 4th. International Business Roundtable exceeds results from previous years.
 - Purchase of equipment allows ASOPROMANI to respond to demand



- Bulletin N° 7**
- “Alpaca Fashion” seeks to recover exports to U.S.
 - Organic humus is sold in the market
 - Co-investment between USAID and *Cosnatval* generates impact in the Biocommerce chain.
 - BPC Activities: January-December 2011



- Bulletin N° 8**
- 2012 Business Roundtable in the Wood Industry Exceeds Last Year's Results.
 - The Best Fruits and Vegetables for Santa Cruz Families:
 - The Bolivian Oregano Value Chain Expands through New Small Producers.
 - Public-Private Partnerships for Productive Development.



Documentaries. Two institutional videos were made to provide audiovisual evidence of BPC’s main intervention and results. The documentaries were produced with images and testimonials from entrepreneurs, trainees, and BPC partner institutions. One of the documentaries focuses on the MSME Specialized Training with Job Placement Program and the second one on Public-Private partnership for Productive Development.

Documentary	Description	Image
Training with Job Placement	One of the most important activities undertaken by BPC is the “Specialized Technical Training with Job Placement in MSMEs Program,” which has produced significant results. In view of the importance of this model and the results obtained, BPC decided to make a documentary of the process, documented in two stages: the first, showing the training received by eight hundred and seventy-four men and women; the second, showing the trainees once they have successfully been placed in employing MSMEs nationwide.	<p><i>Training with Job Placement video.</i></p>
PPPs	Since this is one of the objectives that has generated more activity within the scope of the project, BPC has produced a documentary on Public-Private Partnerships. The documentary shows the execution and progress made in each co-investment activity, and it includes testimonials from our partners. The elaboration of this documentary involved a two-week trip to visit and film images from more than twenty productive activities.	<p><i>PPP Video.</i></p>

b) Outreach Activities

Outreach activities have contributed to communicating training and technical assistance activities carried out by BPC. These activities were always attended by a USAID representative and members of the media covering the event:

Date	Activity/Course	Photo	Description
October 2011	Training with Job Placement Program Graduation.		The “Specialized Technical Training with Job Placement in MSMEs Program,” ended with a graduation ceremony at which more than five hundred men and women received their Technical Training Certificate upon completing one of the program’s twenty courses held in the city of La Paz.
November 2011	“Entrepreneurial Ideas” Award Ceremony		The 7 th edition of the contest was supported by twenty-five institutions, whose contributions allowed thirty-six entrepreneurs nationwide to receive awards. BPC awarded prizes through grant agreements aimed at establishing PPPs. The Awards Ceremony was attended by the contestants, the institutions financing the contest, the organizers, USAID representatives, and members of the media covering the event.
February 2012	Presentation of “Hand Made” Certificates		Presentation of the “Hand Made” Certificates in the framework of the subcontract signed with IBNORCA; the reach and the results of this program were shared on this occasion. The main idea behind this program created by IBNORCA is to protect the industry and foster the production of handicrafts.
April 2012	Earth Day Fair		BPC participated in an event organized by the U.S. Embassy, “International Earth Day”. The different USAID projects participated with stands displaying the various types of work being undertaken by the agency.

B. Monitoring and Evaluation

During this year, monitoring and evaluation activities were held in all of the activities undertaken involving BPC's four major objectives. One hundred and forty-two visits took place, 39% of them in the Textile and Apparel value chain, and 23% in the Processed Foods value chain.

A summary of M&E activities by objective is detailed below:

- ✓ *Objective 1* (technical assistance, training and job placement). BPC coordinated closely with subcontracted institutions to produce timely reports on sales, employment and job insertion, using the formats provided by BPC. Results were revised and the figures resulting from monitoring visits were verified. Job placement was an area that was followed closely, and BPC adapted its methodology to measure the impact of these new laborers in the firms that hired them.
- ✓ *Objective 2* (strengthening institutions that provide services to MSMEs). Monthly and bi-monthly reports were followed-up with institutions being strengthened. Additionally, reports were made on the number of persons receiving training in these institutions, be it as a result of the institutional strengthening process or as additional strengthening by our contracts unit. Follow-up was also given to training activities carried out by two of these institutions (CNI and COTEXBO) to support MSMEs; those benefiting from the training were also reported in the number of trainees.
- ✓ *Objective 3* (commercial and discussion events). Just as in previous years, fifteen commercial events were monitored, both at the end of the event and during the following two quarters, with the purpose of verifying post-event sales and the potential generation of jobs as a result of participating in tradeshows, business roundtables, and commercial delegations.
- ✓ *Objective 4* (leveraging resources through PPPs). The fourteen PPPs established the previous year were monitored, in addition to quantifying goals and analyzing the proposals of the sixteen PPPs that were approved and implemented during this fiscal year. The thirty operations are monitored on a quarterly basis in order to measure results in sales and generation of employment, though it is also understood that these results are produced over longer periods of time.

In addition, as part of the tasks to support the team, we continued to revise MOUs, RFPs, RFAs, subcontracts and other agreements. In addition to considering normal monitoring indicators, BPC analyzed them in terms of feasibility and relevance.

Support was offered to USAID's Regional Project by analyzing the firms that had been proposed by the local consultant, especially in reference to work previously carried out by BPC and the degree of coordination BPC had with the proposed firms.

ANNEX I: FISCAL YEAR RESULTS

I. QUARTERLY RESULTS: FY 2012 (Oct 2011 – Sept 2012)

OP & SEGE INDICATORS	Q 09 Oct-Dec 11	Q 10 Jan-Mar 12	Q 11 Apr-Jun 12	Q 12 July-Sep 12	FY 2012 Results	FY 2012 Goals	% Progress
OP Indicators							
Number of firms receiving assistance to improve management, organization and production processes	65	46	8	3	122	120	102%
Amount of sales generated (millions USD.)	\$ 1.74	\$ 2.18	\$ 1.95	\$ 1.78	\$ 7.66	\$ 4.90	156%
SEGE Indicators							
Number of persons benefitted by USAID support	10,398	4,983	5,981	1,904	23,266	28,060	83%
Number of trained persons	1,130	631	317	142	2,220	3,250	68%
Number of direct and indirect jobs generated	686	519	354	338	1,897	1,950	97%
Leveraged counterpart resources (millions USD)	\$ 0.02	\$ 0.10	\$ 0.26	\$ 0.14	\$ 0.52	\$ 0.31	168%

CONTRACTUAL INDICATORS	Q 09 Oct-Dec 11	Q 10 Jan-Mar 12	Q 11 Apr-Jun 12	Q 12 July-Sep 12	FY 2012 Results	FY 2012 Goals	% Progress
OBJECTIVE 1							
Number of trained persons	1,130	562	317	142	2,151	3,200	67%
Number of students that obtain a job after training	223	117	42	0	382	390	98%
Number of firms receiving assistance to improve management, organization and production processes	65	46	8	3	122	120	102%
Number of new MSMEs created	0	0	0	5	5	12	42%
Number of direct and indirect jobs generated	686	519	354	338	1,897	1,950	97%
Amount of sales generated (million USD.)	\$ 1.74	\$ 2.18	\$ 1.95	\$ 1.78	\$ 7.66	\$ 4.90	156%
Economic impact on selected value chains (Millions USD.)					+29%	+ 5%	NA
Number of trained persons	\$ 4.36	\$ 5.45	\$ 4.88	\$ 4.46	\$ 19.15	\$ 14.80	129%
OBJECTIVE 2							
Number of institutions strengthened	0	1	0	1	2	5	40%
Number of persons trained in the strengthened institutions	0	69	0	0	69	50	138%
OBJECTIVE 3							
Number of events (workshops, fairs, business roundtables, forums)	7	2	4	1	14	22	64%
Sales Commitments (million USD.)	\$ 0.75	\$ 4.02	\$ 1.40	\$ 0.00	\$ 6.18	\$ 7.20	86%
Number of institutions receiving support for fairs and courses	7	1	3	0	11	6	183%
OBJECTIVE 4							
Number of GDAs	1	0	12	3	16	4	400%
Leveraged counterpart resources (million USD)	\$ 0.02	\$ 0.10	\$ 0.26	\$ 0.14	\$ 0.52	\$ 0.31	168%

(a) This Indicator is measured at the end of Fiscal Year 2012

**BOLIVIA PRODUCTIVITY AND
COMPETITIVENESS PROJECT**

2. ACCUMULATED RESULTS: FY 2010 – FY2012

PO & SEGE INDICATORS	FY 2010	FY 2011	FY 2012	FY 2013	Accumulated Results (FY 2012)	Accumulated Goals FY 2013	% Progress
OP Indicators							
Number of firms receiving assistance to improve management, organization and production processes	17	162	122		301	380	79%
Amount of sales generated (millions USD.)	\$ 1.05	\$ 2.78	\$ 7.66		\$ 11.49	\$ 15.20	76%
SEGE Indicators							
Number of persons benefitted by USAID support	13,486	33,609	23,266		70,361	89,760	78%
Number of trained persons	1,472	5,459	2,220		9,151	10,450	88%
Number of direct and indirect jobs generated	823	2,166	1,897		4,886	6,500	75%
Leveraged counterpart resources (millions USD)	\$ 0.14	\$ 0.58	\$ 0.52		\$ 1.24	\$ 1.00	124%

CONTRACTUAL INDICATORS	FY 2010	FY 2011	FY 2012	FY 2013	Accumulated Results (FY 2012)	Accumulated Goals FY 2013	% Progress
OBJECTIVE 1							
Number of trained persons	1,472	5,390	2,151		9,013	10,300	88%
Number of students that obtain a job after training	37	621	382		1,040	1,200	87%
Number of firms receiving assistance to improve management, organization and production processes	17	162	122		301	380	79%
Number of new MSMEs created	1	11	5		17	38	45%
Number of direct and indirect jobs generated	823	2,166	1,897		4,886	6,500	75%
Amount of sales generated (million USD.)	\$ 1.05	\$ 2.78	\$ 7.66		\$ 11.49	\$ 15.20	76%
Economic impact on selected value chains (Millions USD.)	ND	+49%	+29%		+39%	+5%	
Number of trained persons	\$ 2.63	\$ 6.94	\$ 19.15		\$ 28.71	\$ 42.50	68%
OBJECTIVE 2							
Number of institutions strengthened	1	0	2		3	15	20%
Number of persons trained in the strengthened institutions	0	69	69		138	150	92%
OBJECTIVE 3							
Number of events (workshops, fairs, business roundtables, forums)	18	33	14		65	76	86%
Sales Commitments (million USD.)	\$ 6.62	\$ 6.33	\$ 6.18		\$ 19.13	\$ 28.80	66%
Number of institutions receiving support for fairs and courses	17	21	11		49	24	204%
OBJECTIVE 4							
Number of GDAs	1	13	16		30	13	231%
Leveraged counterpart resources (million USD)	\$ 0.14	\$ 0.58	\$ 0.52		\$ 1.24	\$ 1.00	124%

**ANNEX 2: LIST OF LOCAL ORGANIZATIONS WORKING WITH BPC TO
SEPTEMBER 2012**

Subcontracted Partner Institutions

BPC SUBCONTRACTORS							
Subcontractors FY 2010		Subcontractors FY 2011				Subcontractors FY 2012	
Subcontractor	# Contracts	Subcontractor	# Contracts	Subcontractor	# Contracts	Subcontractor	# Contracts
CADEFOR	1	CREAR	2	CIB	1	INTERCON	2
				OEPAIC Network			
IDEPRO	1	IDEPRO	1	APIMEC	3	MINKANAKU	2
CADEX	1	CPTS	2	ADVENIR	1	CNI	1
INTERCON	1	APOSTROFE	17	PROFESSION E	1	CREAR	1
		CNI	2	GLOBAL	2	<i>Servicios Empresariales - Pedro Luis Ferrufino Guzmán</i>	3
		CADEFOR	1	SAID	1	ADES	1
		INFOCAL Tarija	1	CITECA	1	TAYPI WAYNA	1
		Green Cross	1	CADEPIA	1	YESMAR	3
		<i>Ser Familia</i>	2	SOLUTIONS	1	APOSTROFE	3
		ECOPADES	1	ADES	3		
		PROCEDE	5	IDEA	4		
		ADIC	2	IBNORCA	1		
		Gregoria Apaza	1				
4 Operators	4	23 new operators and 2	58 Subcontracts	4 new	17	operators and 5	Subcontracts
	Subcontracts	existing ones		existing ones			

Grant Agreement Institutions

BPC GRANT AGREEMENTS					
Grantees FY 2010		Grantees FY 2011		Grantees FY 2012	
Beneficiary	#	Beneficiary	#	Beneficiary	#
ePC	1	CPTS	1	Taller Tellez	1
CNI	3	IDEPRO	1	AMANDYNA	1
TACUABOL	1	ePC - GEM	1	CAMEX	3
CADEX	3	AFIPAC	1	COTEXBO	2
APIMEC	1	PDA <i>Los Chacos</i>	1	CIDCRUZ	1
FAN	1	APROCAY	1	<i>Accidental del Sur</i> Association	1
		APIMEC	1	CNI	3
		CNI	4	<i>Paz Pro Desarrollo</i> Foundation	1
		APROMAJI	1	OEPAIC Network	1
		MUYUPAMPA			
		APAFAM	1	Bolivian Forest Chamber	1
		APAJIMPA	1	AGROCAINE	1
		APROMAJI	1	<i>Noemí Pensando en Ti</i>	1
		PEDERNAL			
		ASOPROMANI	1	<i>RIMH Inmuno Vida</i>	1
		CIAPEC	1	<i>Alimento Bolivia Natural</i>	1
		SUMITA	1	<i>Desiertos Blancos</i>	1
		COSNATVAL	1	FEICOBOL	1
		OLEUNS BEAUTY	1	CADEXCO	1
		NAKHAKY	1	PROSOL	1

BOLIVIA PRODUCTIVITY AND COMPETITIVENESS PROJECT

UNEC	1	Chonchocoro Agro-Industrial Association	1
PELLETBOL	1	Laboratorios ADA	1
		APLENA T	1
		Nueva Esperanza Association	1
		San Carlos Association	1
		Los Andes Association	1
		PROINPA	1
		San Juan Tannery	1
		San Lorenzo Tannery	1
10 Grants: 6 Beneficiaries	23 Grants: 17 new grantees and 3 existing ones		32 Grants: 26 new grantees and 1 existing one

Partner Institutions with Signed MOUs

MOUs SIGNED BY BPC					
<u>MOUs 2010</u>		<u>MOUs 2011</u>		<u>MOUs 2012</u>	
CADEFOR	OEPAIC NETWORK	RED BOLIVIA EMPRENDEDORA	CADEX-CH	AGROCAINE	San Lorenzo Tannery
IDEPRO	BOLIVIA CREATIVA	VALLES FOUNDATION	UNEC	Noemi Pensando en Ti	PROINPA
AL INVEST	ABOMODA	CAMEX – COTEXBO	PELLETBOL	RIMH Inmuno Vida	
ePC	AMAPYME	CIDCRUZ	MCEP	Alimento Bolivia Natural	
CFP-PAI	AMPROFOR INFORCHIC	TECHNOSERVE	El Ceibo	Desiertos Blancos	
FAUTAPO	APIMEC	PROLAGO Project/USAID	CADEPIA	PROSOL	
IMB	AAIDM	AFIPAC	BIONATIVA	Chonchocoro Agro-Industrial Association	
COTEXBO	ASOFAM	PAI-CFB	CADECO	Laboratorios ADA	
CAMEX	COMADCO	CADEMA	UPEA	APLENA T	
NEO PYME	SOMAIN	APAJIMPA	UMSA	San Carlos Association	
CADEXCO	TECNOMADERAS	ASOPROMANI	OLEUNS BEAUTY	Nueva Esperanza Association	
GNE	CAINCO – CAMEX	APROMAJI MUYUPAMPA	CNC	Los Andes Association	
CADEX		APROMAJI PEDERNAL	COSNATVAL	San Juan Tannery	
		APAFAM	NAKHAKHY		
		CIAPEC	SUMITA		
		ISA Project/USAID	CAINCO		
		AMANDYNA	Taller Tellez		
26 MOUs	25 Operators (One operator handles two MOUs)	34 MOUs	32 MOUs (Signed with 30 new operators and two from previous fiscal year)	15 MOUs	15 New operators

ANNEX 3: LIST OF PUBLIC EVENTS

Public Events			
Date	Activity	Partner Institution	BPC Objective
September 2011	Commercial promotion activity for the sale of alpaca garments in Australia	COTEXBO	Objective 3: Promotion of Business Alliances
October 18	US buyer delegation: "Alpaca Fashion 2011"	CAMEX	Objective 3: Promotion of Business Alliances
October 20-22	Expoferia Tradeshow	CIDCRUZ	Objective 3: Promotion of Business Alliances
October 28, 2011	Graduation ceremony: Training with Job Placement program	ICAPs	Objective 3: Promotion of Business Alliances
November 22, 2011	Bolivia: Synonym of Excellence	CNC	Objective 3: Promotion of Business Alliances
November 23, 2011	Entrepreneurial Ideas Awards	GRUPO NUEVA ECONOMÍA	Objective 3: Promotion of Business Alliances Objective 4: Leverage PPP resources
November 2011	Support to the <i>Accidental del Sur</i> Association (AADS) for their participation in the Exposur 2011 Tradeshow (Tarija)	<i>Accidental del Sur</i> Association	Objective 3: Promotion of Business Alliances
December 8-11, 2011	Expomueble Tradeshow, Tarija	<i>Paz Pro-Desarrollo</i> Foundation	Objective 3: Promotion of Business Alliances
December 13-17, 2011	Integrarte Tradeshow, La Paz	Red OEPAIC	Objective 3: Promotion of Business Alliances
December 12 and 13, 2011	Seminar: Textile Innovation Platform	COTEXBO	Objective 2: Strengthen Local Institutions
December 2011	Support to CEMIP to place products in <i>Ketal</i> supermarkets (La Paz)	COTEXBO	Objective 3: Promotion of Business Alliances
February 16, 2012	Award ceremony: "Hand-Made" Program	IBNORCA	Objective 1: Improving Productivity in the Chosen Value Chains
March 22 and 23, 2012	8 th . International Business Roundtable for the Wood Industry	Bolivian Forest Chamber	Objective 3: Promotion of Business Alliances
March 27, 2012	Business Roundtable for the Spanish Market	COTEXBO	Objective 3: Promotion of Business Alliances
April 23, 2012	Earth Day Fair		Objective 3: Promotion of Business Alliances
April 26-May 5, 2012	PPP Stands for FEICOBOL 2012	Fundación FEICOBOL	Objective 3: Promotion of Business Alliances
May 4 and 5, 2012	3 rd . Organic Foods Exhibition	CADEXCO	Objective 3: Promotion of Business Alliances
June 13, 2012	Wood-buyer Delegation	CAMEX	Objective 3: Promotion of Business Alliances
June 14-17, 2012	FIMA Furniture 2012	CNI	Objective 3: Promotion of Business Alliances
July 2012	Support to COTEXBO firms to place products in <i>Hipermaxi</i> Supermarkets	COTEXBO	Objective 3: Promotion of Business Alliances
September 21-30, 2012	MSME Participation in Expocruz 2012	CAMEX	Objective 3: Promotion of Business Alliances
Total events, October 2011 to September 2012			21

ANNEX 4: SUCCESS STORIES



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FROM THE AMERICAN PEOPLE

SUCCESS STORY

Production of Organic Humus will Increase the income of over 200 Families

With this support, communities from Cohana Bay will have implemented an effective way to decontaminate Lake Titicaca and generate a profitable business.

In the communities surrounding Cohana Bay (Municipality of Pucarani, La Paz) there are approximately two hundred farming families that have installed worm farms (with the support of USAID's PROLAGO Project); they are in different stages of organic humus production and have achieved the production of significant volumes, which are being sold both in the eastern and western parts of the country.

In this activity, USAID's PROLAGO and BPC Projects have joined efforts to implement centers for gathering, standardizing, packaging, and marketing organic fertilizers through three associations recently established to start this business.

The objectives of the synergy between both projects are to create a chain to recycle cow manure, transforming it into two types of organic fertilizers (humus and liquid organic fertilizer), to generate energy for domestic consumption (biogas), and to place the fertilizers in the market.

The integral support USAID is offering these associations (technical assistance, elaboration of marketing strategies, and investment to process and package the humus) is indispensable in order to make the business of organic fertilizers in Cohana Bay both profitable and sustainable.



Cholita, from the Quiripujo community, taking care of her worm farm

*"I give thanks to USAID for teaching us to take care of our community and for having a new activity in the production of organic humus."
Miguel Condori President of the San Carlos Farming Association*

Claudio Calisaya, President of the *Nueva Esperanza* Organic Producer Association, states: "We believe this activity will bring us many benefits; our families will have a better future economically, and our children will be able to see a clean lake, pure as our forefathers passed it on to us."



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SUCCESS STORY

Technical Training Allows for Immediate Job Placement.

Through the Training with Job Placement program, 1259 persons have received training and more than 1000 already have a stable job.



Baking Trainee displaying her products

"We've been favored by an excellent training program that has allowed us to have opportunities for growth, both in work and as persons." Romer Chaya, graduate from the Carpentry Machinery Operation course.

One of the recurring needs faced by the productive MSMEs in Bolivia is the lack of technically-trained laborers which would allow them to optimize their levels of efficiency, quality, and productivity. With this in mind, USAID started the "Specialized Technical Training with Job Placement program" through BPC, with the purpose of providing technical training fitting the needs of MSMEs so as to generate employment opportunities for diverse segments of the Bolivian population.

This program has been able to link the MSME needs for new and better operators with the need for dignified labor of hundreds of persons.

The training process, combining both theory and practice, involved a total of fifty-one specialized training courses taught throughout the nation by fifteen competitively-selected Vocational Training Institutes.

Jenny Santander, a young woman who received her training and then found employment in the Altexbol firm, stated: "These courses have motivated me because I know that when I finish them I will be able to work for a good firm; my dream is to save enough money in a few years to open my own garment workshop and become an entrepreneur."

Through this intervention model, the Program's key stakeholders (employing MSMEs and trainees) are directly benefited: MSMEs fill their open positions with adequately trained staff, and dozens of citizens seeking employment can have access to dignified labor.