

PP-ABH-458
ISW 895623

Final Report

A Midterm Evaluation of the Investment and Export Promotion Program

SUBMITTED TO
USAID/Bolivia

SUBMITTED BY
Louis Berger International, Inc.

UNDER
USAID Contract No. AEP-5451-1-00-2058-00
Delivery Order 11

Consultants
Charles Bell
Sandra Dunlap

January 1994



July 6, 1995

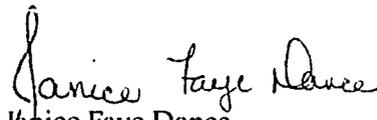
Acquisition Unit
Center for Development Information
and Evaluation
PPC/CDIE/DI
Agency for International Development
Washington, DC 20523

Re: Macro & International Economics IQC
Contract #AEP-5451-1-00-2058-00

Dear Sir or Madam:

Pursuant to F.5.3. of the referenced contract, I am enclosing two copies of *A Midterm Evaluation of the USAID/Bolivia Investment and Promotion Program*.

Sincerely,


Janice Faye Dance
Operations Administrator

Enclosures

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
1. INTRODUCTION	1
1.1 Rationale for the USAID/Bolivia Trade and Investment Program	1
1.2 Purpose of Evaluation	1
1.3 Evaluation Methodology	1
1.4 Structure of this Report	2
2. STRENGTHS AND WEAKNESSES OF THE INVESTMENT PROMOTION PROGRAM	3
2.1 Strategic Considerations	3
2.1.1 Domestic Investment Promotion	4
2.1.2 Targeting	5
2.1.3 Setting of Goals	5
2.1.4 Overlap/Complementarity with other Programs	8
2.2 Management of Activities	9
2.2.1 Quality of services	9
2.2.2 Cost Sharing	11
2.2.3 Monitoring and Evaluation/Reporting	11
2.3 Results	12
2.3.1 Actual Investments and Jobs	12
2.3.2 Compared to National Statistics	14
2.3.3 Impact on Employment and Income	14
3. STRENGTHS AND WEAKNESSES OF THE EXPORT PROMOTION PROGRAM	16
3.1 Strategic Considerations	16
3.1.1 Targeting	16
3.1.2 Setting of Goals	16
3.1.3 Overlap/Complementarity with Other Programs	16
3.2 Management of Activities	18
3.2.1 Quality of Services	18
3.2.2 Cost of Technical Assistance	19
3.2.3 Cost Sharing	20
3.2.4 Monitoring and Evaluation/Reporting	20
3.3 Results	21
3.3.1 Actual Exports	21
3.3.2 Compared to National Statistics	21
3.3.3 Actual Jobs	21
3.3.4 Demonstration Effect	23
4. LESSONS LEARNED	24
5. RECOMMENDATIONS	27
APPENDICES	
A. Scope of Work for the Evaluation	
B. Evaluation Survey Questionnaire	
C. List of Institutions and Persons Contacted	
D. Summary Tables of Export Promotion Services	

EXECUTIVE SUMMARY

The USAID/Bolivia trade and investment promotion program has been effective in promoting Bolivian exports and, to a lesser but still significant degree, foreign investment. During the period 1990-1993 the project helped develop more than \$40 million in exports, or about 10% of the national total for non-traditional products in which it concentrated its export promotion efforts. This is comparable to some of the other highly successful projects financed by USAID in recent years. The project has also been responsible for promoting more than \$17 million in foreign investments. Most of these investments are in areas in which Bolivia previously has had little or no outside foreign investments. Both the investment and export promotion have had a beneficial impact on employment and incomes.

The success of the program, especially the promotion of exports, is noted in two critical factors for success: **flexibility and strong business acumen**. From the outset, the Bolinvest staff and the USAID/Bolivia mission have successfully redefined project objectives, reallocated project resources and retargeted markets and sectors in order to maximize export and investment results. Instead of focusing on institutional strengthening (as per the original project design), the project focused its sights on technical assistance and concrete export results. Initially, the project was supposed to target the U.S. and Europe for investments and exports. The opening of regional markets, however, created an opportunity for increased intra-regional trade which the project capitalized on by opening offices in Argentina, Peru, Brazil and Chile. The Bolinvest staff have all demonstrated a strong business sense to pick companies and business persons that will perform. The USAID/Bolivia mission has adopted a practical, "hands-off", management style that has given the contractor the needed flexibility to pick its beneficiaries and concentrate on what it knew how to do best -- generate exports and investments.

These achievements have not been without tradeoffs. It is not easy for the overseas offices of the contractor to carry out both investment and export promotion efforts. Combining both functions does give the Bolivian program great flexibility and market access. But it has also resulted in fewer investments being generated than might otherwise be achieved if each overseas promoter were able to concentrate 70% or more of his time on investment promotion efforts. The current setup will most likely allow the project to achieve its target of promoting \$100 million in exports (\$75 million in attributable or "net" exports). The achievement of \$50 million (\$37.5 million in net investments) in investments, however, is not as certain.

Another potential tradeoff involves the quick generation of export results at the expense of not being able to assist smaller firms with a longer term payoff. The project has achieved a good balance between assisting larger, already-exporting firms in finding new export markets and providing intensive production and marketing technical assistance to smaller, export-ready (but not necessarily exporting) firms. Assistance to larger firms generates good results, but the overall firm-level impact is mostly in saving these firms time and money. Assistance to small/medium firms is generally thought to be more critical and to have had more of a transforming effect on production, management and marketing processes. Bolinvest must continue to maintain a good balance between the medium firm-level impact/high results and longer term, high firm-level impact/medium results assistance.

USAID/Bolivia has done a good job in developing sustainable exporting firms. With no institutional home and uncertain government support for the program, however, Bolinvest is facing the prospect of terminating its activities in 1995 just as it reaches the top of its operational learning curve. Survey results from this evaluation and the results to date support the argument to continue, in some reduced manner if need be, both the Bolinvest overseas offices and technical assistance for production.

1. INTRODUCTION

1.1 Rationale for the USAID/Bolivia Trade and Investment Program

At the present time, the Bolivian Government and private sector generally recognize, in concept at least, that the expansion and diversification of non-traditional exports represents the only viable avenue of long-term economic growth for the country. Since 1985, a series of substantial policy reforms have produced a set of economic "rules of the game" which are generally favorable to export expansion, including relatively low import duties, a market-driven exchange rate, free management of foreign currency, liberalized financial markets, modest export incentives, and a sound, non-discriminatory investment law.

Despite this relatively favorable policy framework, the response of the private sector has been slow. Given Bolivia's history of political instability, local investors are only gradually coming to trust the durability of the new economic regime. Furthermore, Bolivia is a relatively isolated country with a tiny economy (by way of illustration, Bolivia's GDP is roughly half that of Springfield Massachusetts). Very few of its business people are experienced in international markets, especially non-commodity markets.

Against this background, USAID decided to devote resources to promoting trade and investment in Bolivia. The Mission contracted the Carana Corporation to implement the USAID/Bolivia Export Promotion Program (Project/Contract No. 511-0585-C-00-0019-00). At first, beginning in 1989 the program focused on assisting Bolivian exporters in taking advantage of the new policy regime. The benefits expected from this assistance included, not only the value-added, employment, and foreign exchange generated by businesses who received direct assistance, but also a "demonstration effect": USAID hoped that export success among assisted businesses would motivate more export activity by non-assisted businesses. Beginning in 1991, the program was expanded to include the promotion of foreign investment in Bolivia.

1.2 Purpose of Evaluation

This study provides a midterm assessment of the USAID/Bolivia trade and investment promotion project. The primary objective of this evaluation is to determine the effectiveness of the USAID/Bolivia investment and export promotion strategy, four years into the project. Specifically, the evaluation team has been asked to: 1) assess the strategy and methodologies for implementing export and investment promotion components, 2) evaluate the results to date against project targets, including the reasonableness of the targets and the quality of the monitoring and evaluation system that the project is using, and 3) assess the project's impact on income and employment. A second objective of the evaluation is to assess the need for continuing these programs beyond 1995, when USAID assistance will likely end.

1.3 Evaluation Methodology

The evaluation team consisted of two trade and investment specialists each of whom was contracted for about 16 days of work, including two weeks in the field.

Following the evaluation scope of work, the team decided to focus its field interviews on the following groups: 1) USAID project managers, 2) Carana Corporation project managers, 3) Bolinvest technical staff, 4) local exporters that received services and have exported, 5) foreign investors that have received Bolinvest services and have invested, 6) other private associations and institutions involved in trade and investment, and 7) government officials and agencies involved in trade and investment.

With the assistance of the Bolinvest staff (without whose assistance we would not have been able to complete our field work in two weeks), we interviewed more than 60 companies, institutions and individuals (see Appendix C for the list). The interviews were carried out in La Paz and Santa Cruz.

An important element of this evaluation was the formulation and implementation of a detailed questionnaire (see Appendix B for a copy of the questionnaire). Following a similar format used by A.I.D.'s Center for Development Information and Evaluation (CDIE) in its region-wide assessments of trade and investment projects carried out from 1990-1992, the questionnaire focused on the following types of issues:

1. The biggest problems faced by exporters and investors and how did they resolve these problems.
2. The types of services the exporters/investors used when starting up, the source of these services and the importance each service had in the company's ability to export or in its decision to invest.
3. The level of employment, exports, and investment generated by the company in 1993 and three years into the future.
4. The overall level of attribution the company gave Bolinvest for making their export/investment possible.

A total of 20 exporters and 10 investors were surveyed. The results from the local exporters are summarized in Chapter 3 and presented in tabular form in Appendix D. The results of the investor survey are summarized in Chapter 2.

1.4 Structure of this Report

This report is divided into five chapters. Chapter 1 provides an introduction into the purpose of the evaluation, the evaluation methodology used and the structure of this report. Chapter 2 analyzes the strengths and weaknesses of the investment promotion program, while Chapter 3 looks at the pros and cons of the export promotion program. Finally, chapter 4 looks at the major findings and lessons learned to date from the Bolinvest program, and Chapter 5 provides recommendations for future execution of the project.

2. STRENGTHS AND WEAKNESSES OF THE INVESTMENT PROMOTION PROGRAM

The Bolinvest investment promotion program started off slowly, but has recently begun to show some strong momentum. From 1990 until March 1993 the project only reported a gross investment promotion of \$4.7 million. From March 1993 through September 1993, the project reported an additional \$19.7 million.

This dramatic increase in results is consistent with other investment promotion programs. Typically, there is a lead time of 1-2 years before a program begins to show any significant results. This is due to the fact that investment decisions can take some time before they are actually carried out. At the same time, the significant increase in results was facilitated by a change in the investment targeting strategy. Bolinvest was able to increase its promotion efforts in the region, rather than rely on the U.S. and European markets as per the original project scope.

2.1 Strategic Considerations

Early on, the Bolinvest program tried to model itself on the Costa Rican CINDE model with an emphasis on overseas offices in the U.S. and the targeting of textile companies. This initial investment promotion strategy was not effective for primarily three reasons.

1. Central America and the Caribbean were too close to the U.S. and, consequently, presented freight savings that were too strong to overcome.
2. Section 599 put a damper on all U.S. oriented investment promotion programs. USAID-funded programs had to prove that their programs would not lead to a loss in U.S. jobs. Textiles was considered a particularly sensitive sector.
3. Bolivia did not have enough of an existing industrial base (particularly in textile and apparel companies) to sufficiently serve as examples and attract other foreign investors. As a result, no apparel company wanted to be the first to invest in an historically unstable and distant place like Bolivia.

The lack of results and political pressures eventually led the Bolinvest program to focus its efforts on intraregional investment. As of December 1993, the overseas investment promotion network consisted of full time officers in the following countries: U.S. (Miami), Peru, Brazil, Chile and Argentina. In addition, there is a part time promotion officer in Germany.

Compared to other successful investment promotion programs which often hire individuals to focus exclusively on investment promotion, Bolinvest overseas representatives have to split their responsibilities. The overseas Bolinvest representative is a full time employee, but he is responsible for promoting both investments and exports. The general division of time is as follows by office¹:

¹ For the most part this distribution of effort has allowed Bolinvest to stay on track in terms of reaching both its investment and export targets. Still, there is the possibility that the program may fall short in achieving its investment targets (see subsection 2.1.3). As mentioned in section 4, there is a clear tradeoff involved in shifting more time and resources to investment

	<u>Investment Promotion</u>	<u>Export Promotion</u>
U.S.	70%	30%
Peru	30-40%	60-70%
Argentina	50-60%	40-50%
Brazil	70%	30%
Chile	(just started up again in November 1993)	

The strength of the foreign investment promotion has been its ability to adapt to new opportunities. Also, the overseas representatives seem to have very good business contacts in each country, thereby permitting them to draw on personal contacts. Unlike the CINDE model which relied on Costa Rican nationals to promote themselves and their countries, the Bolinvest program uses both Bolivian nationals and nationals of the country in which the investment promotion program was being implemented. This has allowed the program to use other promotion techniques other than "cold calling": cold faxing, group presentations and personal contacts.

The primary weaknesses of the investment promotion program is that the overseas promoters often feel overextended. They do not always feel as though they can adequately provide systematic investment promotion marketing which requires significant follow-up activities, follow through on export marketing inquiries from the home office, and handle administrative matters as well. Another weakness is that not all the overseas promoters are inherently excited about the prospect of selling opportunities in Bolivia. There seems to be a split between "trade" promotion specialists and investment promotion specialists. The trade specialists are more interested in promoting exports while the investment promotion specialists find the task of convincing a company to invest overseas the most challenging. These natural preferences along with the aforementioned administrative and targeting problems may have resulted in investment promotion receiving less than necessary attention.

2.1.1 Domestic Investment Promotion

In addition to the foreign investment promotion program, Bolinvest has also developed a domestic investment program. The evaluation scope of work asks for an analysis on the strengths and weaknesses of Bolinvest's strategy for promoting domestic investment.

A critical element of the domestic investment promotional efforts is the "planta modelo" program. Since mid-1992 this program has tried to encourage Bolivian capital to invest in demonstration plants, with priority being given to developing joint ventures between "technical" experts (e.g. someone that already has some experience in a given field) and "financial" resources. In three targeted sectors -- jewelry, wood and textiles-- the program has developed financial profiles outlining the investment costs and potential rates of return.

promotion. The opportunity cost is that there will be less resources available for export promotion. The allocation between investment and export promotion efforts, therefore, needs to be closely tied to how far along the program is in achieving the end-of-project targets for each component. For example, if the project seems farther ahead in export results but lagging in its investment results, then it should look to increase the overseas offices' time spent on investment promotion.

The history of success associated with the promotion of demonstration plants is not overly impressive. Previous donor efforts of trying to sell specific investments have encountered many problems. More often than not, potential investors are wary of investing in new start-ups, particularly if there is no proven technical partner involved in the effort. As a result, these efforts have not always been particularly cost-effective.

To date, the successes registered under the Bolinvest "planta modelo" program have been in the areas of plant diversification/expansion, rather than the start up of a new demonstration plant. In title the planta modelo program seeks to attract domestic capital to new start up ventures. In practice, the two successes presented as "planta modelos" actually appear more as plant expansion or product diversification promotional programs, firmly rooted in an existing, viable, technical resource pool. One of the beneficiaries did mention that the financial profile on jewelry excited him and helped him move ahead into the development of an export production facility. At the same time, however, he mentioned that he had been thinking about diversifying his product base and that the planta modelo program did not require his forming a business partnership with an outside domestic investor with no experience in the field.

The most cost-effective way for Bolinvest to promote domestic investment is to work with existing manufacturers and assist them in their efforts to expand their product lines. Experience shows that any efforts to attract financiers to new demonstration plants run the risk of not being cost-effective by: a) having to spend an inordinate amount of resources trying to facilitate cooperation between the financier and technical person, b) spending too many resources on making a project viable, and c) establishing overly optimistic projections and unfulfilled financial returns which could result in bad publicity.

2.1.2 Targeting

The Bolinvest program has done a good job of broadly defining the different areas in which the overseas offices should be focusing its efforts. The only office in which strict targeting is being followed, however, is in the Miami office where the promoter focuses almost exclusively on mining and jewelry. This decision is based on both political and economic grounds. Both these sectors offer ample investment opportunities. The mining sector is also resource based and therefore does not represent a potential threat of displacing U.S. labor.

Aside from the U.S. office, most of the other offices have generally followed a more ad hoc targeting strategy. Many of these promotional efforts are based on personal contacts and promotion through group meetings. All of the offices have done a good job of targeting the medium-size companies, ones that would benefit most from in-country handholding and facilitation. Still, a large percentage of the firms interviewed mentioned that they already were aware of investment opportunities in Bolivia. In this sense, the program has been more of a facilitator of already interested investors, rather than a catalyzer generating new interest and first-time visits to Bolivia.

2.1.3 Setting of Goals

There are three ways to analyze the reasonableness of the target goal of developing a \$50 million in gross foreign investments (i.e. "additional export capacity"), or \$37.5 million in net foreign

investments.² All three seem to point out that the goal is achievable, but possibly ambitious given the investment portfolio to date and given the program's inability to commit full time promoters to the foreign investment component.

1. Look at the program results to date and extrapolate. As discussed in section 2.3 below, the program has been responsible for attracting more than \$17 million in net foreign investment. This has taken place over approximately a three year calendar period. Given the lead times of 1-2 years for investments to materialize, however, the actual "impact" period during which the project would register its greatest results would be 1.5 years (assuming it takes 1.5 years for the first investments to begin trickling in).

There are two ways of extrapolating Bolinvest's investment results. One way would be to take the existing net investments in the Bolinvest portfolio, without making any adjustments, and to project investments over the next two years. This would result in the following:

<u>Impact Period</u>	<u>Net Investments</u>
1.5 years (up to 1993)	\$17.5 million
1994	\$11.7 million (projected)
1995	\$11.7 million (projected)

Total:	\$40.9 million

The way investments are distributed in the Bolinvest portfolio, however, suggest another way to extrapolate the results. Of the \$17.5 million credited to Bolinvest, about \$7.5 million comes from one investment. Without this investment, the program has generated about \$10 million in investments or a per annum average of about \$6.5 million (over the 1.5 year impact period). Assuming that Bolinvest is not able to generate another large investment, the extrapolation of results would look as follows:

² The term gross refers to total investments associated with the Bolinvest promotion efforts. The term net refers to total investments attributable to Bolinvest promotion efforts. For example, if a company assisted by Bolinvest invests \$10 million, but only gives Bolinvest 75% credit for making their investment possible, the gross investment would be \$10 million while the net investment would be \$7.5 million.

The project paper amendment states that the overall target is \$50 million. The de facto operating target by which the Bolinvest contractor is being held accountable by the USAID/Bolivia mission is the net target of \$37.5 million.

<u>Impact Period</u>	<u>Net Investments</u>
1.5 years (up to 1993)	\$17.5 million
1994	\$6.5 million (projected, assuming no big investment)
1995	\$6.5 million (projected, assuming no big investment)
Total:	----- \$30.5 million

From the first perspective, the net target of \$37.5 million looks eminently achievable. The project has nearly achieved half its net targets, during slightly more than 40% of the period in which significant results are expected. An additional projected total of \$23.4 million would amount to more than \$40 million in net investments. From the other perspective, however, the Bolinvest program might only bring in a total of about \$13 million in additional net investments for the remaining two years, or a total of \$30 million by 1995.

The most likely scenario is probably the one that assumes that Bolinvest will be able to perform at least at the level it has to date. Still, if some projected big ticket investments do not materialize, the Bolinvest program may fall short of its targets.

2. Look at the program in the context of total Bolivian Investments. This is difficult to do. The national statistics show that in 1992 (the only year data is available), a total of \$205 million was invested in Bolivia. More than half of this came from the mining sector (\$112 million), 35% from hydrocarbons (\$73 million) and the rest from other non-traditional sectors (\$19 million). This data is unreliable, however, since the non-traditional investment data was only provided by Bolinvest. Still, if Bolinvest is able to generate some large non-traditional mining investments, they could quickly generate the results needed to achieve the \$50 million.³

3. Compare these goals to other country promotional efforts. The Bolivian program looks somewhat ambitious when compared to that of another USAID-funded program, CINDE in Costa Rica. During a four year period, CINDE spent more than \$13 million and generated more than \$100 million in new investments. Costa Rica, however, has many more opportunities to promote (e.g. a more highly skilled labor force, proximity to the U.S., etc.). Given a budget 1.5 times the size of Bolinvest's investment promotion program and the attractiveness of Costa Rica over Bolivia, it would seem that the \$50 million target for Bolivia does make proper downward adjustments. To what extent these are reasonable, however, is difficult to determine.

³ It should be noted that the USAID/Bolivia mission has notified Bolinvest that at least \$33 million in gross investments (66% of total gross investments) should be in non-mining sectors. The mission rightfully believes that greater value-added comes from investments in other sectors.

In terms of the overall project targets for job creation, it appears that the employment target of 10,000 new gross jobs, or 7,500 in net jobs is achievable. ⁴ Based on the ratios of exports generated per job created and investments generated per job created of other promotion programs from Central America, a best case scenario for the Bolinvest program through 1995 would be as follows:

	<u>To Date</u>	<u>Projected</u>	<u>Total</u>
Investment Promotion	936	1,738	2,674
Export Promotion	2,954	2,342	5,296

Total Attributable Jobs Generated:			7,970

2.1.4 Overlap/Complementarity with other Programs

There are several agencies that claim they do investment promotion, but none have the overseas network or strategy for promoting investments like Bolinvest has. Also, none of the other groups have been able to quantify and report any investment results. Some of the groups like the Centro de Promociones de Inversiones and O.N.U.D.I. focus on developing investment projects. They are reactive and do not have the overseas offices or the marketing strategy to promote the country. Other groups are focused on promoting joint-ventures in specific projects (Fundacion Bolivia Export). Finally, INPEX is more focused on export promotion, although it does work some with the Bolivian commercial attaches in disseminating information on Bolivia.

All told, there is no group that really does the same targeted type of investment promotion like Bolinvest. Still, government perceptions of the program are not entirely favorable for several reasons: 1) the project mandate has focused on being independent of government control; 2) the project has often rejected government requests for project support for particular activities on technical grounds; and 3) there have been some government officials that were involved in particular investment deals that turned sour. They subsequently blamed Bolinvest for the failed new venture.

These factors and others have led some government officials to try to supersede Bolinvest and have greater control of the investment promotion process. One attempt, the development of the National Committee for the Promotion of Investments, has not resulted in much improved coordination. It remains to be seen what effect another recent attempt by the government to designate FIAS (World Bank-funded Foreign Investment Advisory Services) as the primary coordinator of investment promotion efforts will have on the Bolinvest program. Most likely the project will continue to carry out its investment promotion efforts in an independent manner.

Much of Bolinvest's success has been tied to its ability to remain independent of political influence and base its decisions predominantly on business criteria. Still, there are some real opportunities that Bolinvest could take advantage of, without necessarily compromising its independent position, by developing closer communication with the government. One in particular would be

⁴ The same definition of gross and net given for investments is applied to job creation as well (see footnote # 2 for detailed explanation).

developing better access to possible foreign investor referrals from the Bolivian embassies. In the case of the U.S., the Bolivian commercial attache mentioned that he occasionally provides some referrals, but has more recently not been contacted by the Bolinvest representative or initiated contacts himself with Bolinvest. Another area of information exchange would be in communicating to the Bolivian government the constraints that have hindered investments as well as any noteworthy incentives that have facilitated investment in Bolivia.

It is debatable as to how much improved communication with the government (through periodic meetings), without actually paying for some of their programs, will actually result in improved coordination and higher results. What is certain though, is that foreign investor confidence in a country is improved when the investor feels that a government truly supports investment promotion efforts. Bolinvest should do what it can to create either the illusion or reality that there is government support for the Bolinvest program.

2.2 Management of Activities

2.2.1 Quality of services

As shown in Table 1, "Summary of Services Used by Foreign Investors", foreign investors find the following services to be the most valuable:

Support for Site Visits -- 78% of the investors surveyed used the service and considered it to have a high impact on their decision to go ahead and invest in Bolivia.

Country Information and Overseas Representatives (from Bolinvest)-- 44% used these Bolinvest services and considered them to have a high impact.

Besides these survey results, the anecdotal evidence suggests that the Bolinvest services were appreciated by investors. All the companies contacted, including those that never went ahead and invested, stated that having a Bolinvest support system in-country was very impressive. Some of the comments included:

" Shows that the Bolivian government is serious about attracting foreign investors".

" They provide a thread to get one through all the government redtape".

" It is a confidence building exercise".

Despite these accolades, many investors still had some suggestions on how the program could be improved:

1. Provide more post-investment support services.
2. Provide better institutional links and references with government agencies and financial institutions.
3. Provide more complete and information on human resource availability and skills.
4. Be more accurate about what costs they will cover and which costs are the responsibility of the foreign investor.

Table 1
SUMMARY OF SERVICES USED BY FOREIGN INVESTORS
 (Based on Sample of Nine Companies)

A. SERVICES MOST VALUED			
Number of Companies That:	<u>Used The Service</u>	<u>Said the Service Had High Impact</u>	<u>% that Used the Service and Considered It to have a High Impact</u>
Support for Site Visits	8	7	78%
Information on the country	6	4	44%
Overseas Representation	6	4	44%
Legal Assistance	3	3	33%
In-country Q&A	4	2	22%
Trade Shows	2	2	22%
T.A./Production	3	2	22%
Proposal Development/Research	2	2	22%
Information on the Sector	1	1	11%
Market Information	1	1	11%

B. BIGGEST PROBLEMS FACED BY INVESTORS DURING START UP:
<ol style="list-style-type: none"> 1. Lack of Skilled Human Resources 2. Bureaucratic paperwork. 3. Worrying about government corruption; Making sure that agreements are legally binding. 4. Technical and marketing problems.

C. SUGGESTIONS FOR IMPROVING THE BOLINVEST PROGRAM:
<ol style="list-style-type: none"> 1. Have better information on level of and availability of human resources. 2. Get people with more experience and government contacts. 3. Provide more follow-up after an investment has been made. 4. Provide more research on potential local staff. 5. Need to analyze opportunities more and screen better. 6. Have better institutional contacts, particularly with banks.

2.2.2 Cost Sharing

In most investment promotion programs, it is the responsibility of the foreign investor to cover all his/her trips to a country and all the pre-investment costs. In the case of the Bolinvest program, most of the foreign investors did not receive any reimbursements for their reconnaissance trips.

Still there were several cases in which Bolinvest helped pay for trips or suggested that they would pay for some of the hotel costs. In the latter case, Bolinvest did not end up paying which left one potential investor disgruntled.

An additional three investors received technical assistance from Bolinvest. In each of these instances the investor had to pay all the local expenses (similar to the export promotion program). All the investors thought that this was more than fair.

Despite providing free in-country support services, all of the foreign investors interviewed said that in hindsight they would have paid for these services. Most felt that the services saved them at least 3-7 days of in-country visits, and an additional 3-6 months in speeding up the final investment.

When asked the question in the survey: "Knowing the results that you have achieved, would you pay for Bolinvest services?", the almost unanimous response was: "Yes". Nearly all investment promotion programs around the world, however, have adopted the policy of not charging for their services. Unlike export promotion services which focus on actual sales and can charge for technical assistance services, the premise of investment promotion is the marketing of a country. It is highly unlikely that a foreign investor would pay for learning more about a country's investment climate.

2.2.3 Monitoring and Evaluation/Reporting

The monitoring and reporting system in the foreign investment program is extremely comprehensive, thorough and, with few exceptions, very accurate. All of the indicators used -- both intermediate (e.g. number of site visits) and final (e.g. number of investments) are highly relevant and up-to-date. Each of the foreign offices has to submit four monthly reports: 1) Relevant Facts, 2) Monthly promotion activities, 3) Summary status report by company, and 4) Overall portfolio status report. These reports serve two important functions: 1) let management know whether the overseas offices are generating enough interest, and 2) let USAID and senior Bolinvest officers know how well the project is doing in reaching the overall project goal and purpose.

The USAID/Bolivia mission has correctly put pressure on Bolinvest to carefully define the level of attribution associated with the promotion effort. Bolinvest has developed a system for auditing its results and measuring the overall attribution of its efforts. Everyone involved in developing the system agrees that there is high level of subjectivity involved in assigning "credit" to Bolinvest. Much of the attribution is defined by the beneficiaries response to the following question: "What is the probability that you would not have gone ahead with the investment without Bolinvest?" In some instances, Bolinvest uses the percentage given by the investor. In other cases, they point out extenuating circumstances which show why an attribution percentage should be higher than that given by the investor.

Our survey reveals that for the most part the distribution of attribution was only slightly high. In only two instances (out of ten surveyed) did we find Bolinvest's estimate to be unreasonably high. After adjusting these two estimates, we calculated that the overall attribution rate for the investment promotion program to date should be about 70-72% instead of the 80% assigned by Bolinvest. This percentage is more in line with other successful investment promotion programs. (e.g. CINDE).

We think that both the assignment of attribution and the overall level of reporting from the field offices can be simplified. Instead of trying to assign very specific attribution percentages (e.g. 20% or 80%), we think that the system might be just as accurate if a four tier system were used:

100% -- If Bolinvest is able to: 1) generate an initial interest in investing in Bolivia, or 2) Bolinvest is able to speed up the investment decision by 6-12 months.

75% -- If Bolinvest is able to speed up the investment by 3-6 months.

50% -- If Bolinvest is able to speed up the investment by 1-3 months;

25%-- Judgement call depending on the time savings and, if well documented, the intangibles concerning maintaining investor interest.

Besides the attribution system, we also think that the overseas reporting system should be simplified. Rather than have the officer fill out four reports, it should be possible to have him/her complete only three. The most important reports are #1 (relevant facts and general information), #2 (monthly activities), and #4 (and overall portfolio status). The report #3 which reports cumulated activity by company can either be excluded or tabulated in the home office.

2.3 Results

2.3.1 Actual Investments and Jobs

As shown in Table 2, "Summary of Investment Promotion Results by Sector", the investment promotion program has resulted in the following attributable investments and jobs:

Total Net Investments:	\$17.5 million
Total Net Jobs:	936 jobs

The majority of the investments have taken place in the agro-industrial sector, of which 60% of that total is due to the promotion of a single investment in soya processing. This type of investment is very good for Bolivia, particularly since it will use a lot of soya produced in Bolivia and will introduce some new processing technology.

Nearly one-third of the total number of companies promoted have been in the mining sector, although total investment has amounted to only about 12% of the Bolinvest attributable totals. Most of these investments, however, have been in the form of buying concessions. Future employment and additional investment will depend on the extent to which the concessions bought have viable mine resources. In any case, the USAID/Bolivia mission has correctly pointed out that promotion of non-

Table 2

**SUMMARY OF INVESTMENT PROMOTION RESULTS BY SECTOR
(THROUGH SEPTEMBER 1993)**

Sector	# of Companies	LBII Attribution	Gross	Net	% of Total	Gross	Net	% of Total
			Investment (in US Millions)	Investment (in US Millions)		Employment	Employment	
1. Wood	1	72%	850	612	3.5%	120	86	9.2%
2. Jewelry	1	72%	500	360	2.0%	100	72	7.7%
3. Hydrocarbons	1	72%	1,000	720	4.1%	30	22	2.3%
4. Clothing	1	72%	10	7	0.0%	10	7	0.8%
5. Mining	6	72%	3,110	2,239	12.7%	414	298	31.8%
6. Leather/Shoes	3	72%	1,800	1,296	7.4%	125	90	9.6%
7. Light Industry	3	72%	1,520	1,094	6.2%	67	48	5.1%
8. Agroindustrial	<u>3</u>	72%	<u>15,640</u>	<u>11,261</u>	64.0%	<u>435</u>	<u>313</u>	33.4%
TOTAL:	19		24,430	17,590		1,301	937	

mining investments account for at least \$33 million gross investments or about two-thirds of total gross investments.

The other areas of success, although of relatively modest proportions, have been in the furniture, leather, jewelry and light industry sectors. These sectors represent a total of 18% of total investments and 30% of employment. These industries represent good employment prospects, particularly in furniture where one investor is projected to increase his employment from more than 100 to nearly 1,000 employees in the next three years. All the other industries have much more modest forecasted increases.

2.3.2 Compared to National Statistics

As mentioned in section 2.1.2, the **cumulative three-year Bolinvest total** represents about 10% of the total investment data for one year collected by the government. For a three year period, this percentage probably drops down to 2-3%.

None of these numbers are very reliable, however, nor should they be used as a final benchmark. The more accurate measurement would be to assess what percentage of Bolinvest's promotional efforts account for Bolivia's total non-traditional investment. Based on 1992 data, this would be 100%. But that is only due to the fact that the government relies on Bolinvest to provide it with the non-traditional investment data.

2.3.3 Impact on Employment and Income

USAID/Bolivia financed a local survey to determine the impact that the Bolinvest program has had in terms of generating employment and increasing the incomes and overall quality of life of the newly employed Bolivians. A randomly selected sample group of 19 firms, from which 247 employees were interviewed, based in La Paz and Santa Cruz was surveyed. The overall confidence level from the survey was 90% with a sampling error of 5%.

The findings from this sample were favorable. In particular the following conclusions stand out:

- More than one-quarter (26%) of the employees acquired a better job when they started with the company assisted by Bolinvest. Included in this total are 29 people (14%) that were unemployed.
- Real incomes for more than half the employees increased by more than 20-25%.
- Around 50% of the sample stated that their current job covered more of their basic needs than their previous job did. This is true with respect to food, education, health, housing, and transportation costs. In the case of recreational activities, about one-third (35%) of the sample were satisfied that their current salary covered more these activities.
- More than 90% of the sample said that they enjoyed their jobs. The most important reasons given were: 1) it was in their field of specialty, 2) it was comfortable, 3) it was easier.

- About three-quarters of the sample thought that they could be promoted in their existing employment.

These findings support the general claim that the Bolinvest program has been able to improve the financial status and overall quality of living of Bolivians. But there are some who might claim that the survey is biased in favor of positive comments, since employees would be reluctant to say anything negative (even though complete confidentiality was guaranteed to the employee). Also, not all the data is consistently positive across job categories. For example, the factory workers (obrereros) received a salary increase in real terms of more than 20%. Meanwhile, the managers/administrators and the administrative staff (20% of the sample), all experienced decreases in their incomes in real terms. Finally, very few of those interviewed mentioned good salaries as one of the reasons they enjoyed their work more (less than 4%). One possibility why the workers will never be completely satisfied with their salaries is that they expect to find other more lucrative jobs (which might imply that there are ample employment opportunities in Bolivia and that there is a potential for Bolinvest-generated jobs to squeeze out other productive uses of labor).

Economic data, however, dispels the notion that the Bolivian economy is operating at near full employment capacity and that there are plenty of jobs available to people. USAID economists state that in an economy with high unemployment as exists in Bolivia, the creation of another job through Bolinvest does not displace other economically productive use of labor. Given this, any job created by Bolinvest is a net gain to the Bolivian economy and to a poor Bolivian. If someone under the Bolinvest program comes from a job that paid as well, someone else will move into that job, and so on until the substitution of jobs reaches someone who was not previously employed. In economic terms therefore, the higher the unemployment rate, the higher the overall net benefit to the economy. From this perspective, it does not really matter what the local survey showed in terms of comparative qualitative and financial improvements in people's lives as they moved into a Bolinvest-generated jobs.

As a final note, it should be pointed out that anecdotal stories from the evaluation team's survey support the claim that newly employed Bolivians are better off. Not surprisingly, most of the managers mentioned that their employees were given better benefits and training. Of particular note was one investor who claimed that 80% of his more than 150 employees came from social organizations that take shoe shiners, drug addicts, and other street people and help train them for jobs in factories. The investor claimed that both Promujer and the Mendez Arcos program had helped in finding these new laborers.

3. STRENGTHS AND WEAKNESSES OF THE EXPORT PROMOTION PROGRAM

Overall, the export promotion efforts carried out by Bolinvest can be considered a success. The flexibility of the project has allowed a shift in focus from the U.S. and European markets, where Bolivian products would have only minor opportunities due to quantity and quality deficiencies, to opportunities in the fast changing regional South American markets, where Bolivia's competitive advantage is much greater and less demanding markets allow Bolivian exporters to ease into export markets. These regional changes could not have been anticipated during the original project design phase, and this shift, along with a shift to a more independent program, have been critical to the project's success to date. There are about 400 exporters in Bolivia at present, 200-250 of which export on a regular basis. Bolinvest is working with approximately 120 of these export firms, which represents a significant portion of the export sector. For the most part, exporters which Bolinvest staff and consultants have assisted have been satisfied with their assistance and the assistance has either been critical, or has at least saved the company time and/or resources. Bolinvest is doing a good job of meeting export targets, accounting for approximately 10 percent of NTEs in the product areas in which it has concentrated its assistance. Given the momentum of export activities and the current pipeline, the project should be able to meet the end-of-project (EOP) targets.

3.1 Strategic Considerations

3.1.1 Targeting

Bolinvest's strategy for targeting must be viewed at two levels: targeting of high priority products and sectors, and targeting of specific client firms. Although the project has identified several target sectors (agriculture, agroindustry, wood products, jewelry, etc), targeting of specific products and markets has been case-by-case. In the same manner, selection of client firms has been primarily based on the individual's managerial capacity and long term commitment, although factors such as financial resources, the viability of the market and product, and how the product fits into Bolinvest's sectoral focus are also considered. This case-by-case, market and people-driven approach can be appropriate in the early years of a project, when there is a need to show quick results, and it has worked fairly well for Bolinvest due to the quality and experience of personnel. In the future, the issue of whether the project should focus on certain sectors and types of assistance should be dependent on the expected benefits and costs expected (based on historical achievements to date).

3.1.2 Setting of Goals

From the beginning of the project, the US\$75 million net export goal has been a driving force in the choices made in the project, particularly with respect to size of client companies served. However, this overall concern with meeting project targets has not resulted in the systematic setting of specific export goals until more recently. For example, one of the foreign representatives interviewed had 1993 goals in terms of dollars of exports, while the other representative interviewed had set his 1993 goals in terms of number of companies.

3.1.3 Overlap/Complementarity with Other Programs

There are numerous other donor programs, governmental agencies and private sector groups providing assistance to exporters in Bolivia. Some of the major ones include:

- Fundacion Bolivia Exporta (FBE), a venture capital program funded by the World Bank and the Dutch government which is one year old. They also have limited funds for research and pilot projects (cochinilla, rabbit fur)
- Furniture Sector Program funded by UNCTAD/GATT/Danish government (CCI), which has provided intensive technical assistance to eight companies since 1991, resulting in US\$1.8 million in exports. The project has a long term advisor housed in IBCE/CADEX in Santa Cruz. This phase of the project is due to end in December of 1993
- Servicio de Asistencia Tecnica (SAT), a World Bank funded program providing assistance to small companies and the handicraft sector
- Camaras de Exportacion (CANEBC, CADEX), national and regional private sector associations of exporters which, according to our survey of exporters, have improved greatly in the past 2-3 years. They publish an exporter directory, maintain export statistics, disseminate trade leads, organize trade fairs and missions, sponsor seminars and training, are involved in export policy formulation and bilateral trade negotiations, and promote special projects to relieve bottlenecks in key areas, such as the Corridor to Arica project
- Bilateral Chambers of Commerce, which disseminate information and/or assist in organizing participation in trade fairs
- INPEX, an autonomous government institution which publishes an exporter directory, provides trade information and trade leads, organizes trade fairs and increases public awareness of exports through a bi monthly newspaper supplement
- Junta de Cartegena/Programa Andina para la Promocion de Exportaciones (PAPE). provides regional information and contacts and is housed in IBCE/CADEX in Santa Cruz

Although coordination is limited by differing methodologies and approaches in most cases, Bolinvest has cooperated in specific areas. They have worked with FBE in the Brazil nut sector (providing marketing assistance), with CANEB in the organization of a seminar on constraints for growth of Brazil nut exports, and with INPEX in recruiting firms for trade fairs.

Overlap between Bolinvest and other programs is occurring primarily in the technical assistance programs for the furniture sector and the organization of trade fairs and missions. For example, half of the eight furniture companies receiving assistance under the CCI program are also Bolinvest clients. The only noticeable difference in the two programs is that the Bolinvest program has the flexibility to respond more quickly due to its structure and the experience of its full time technical advisor (the CCI consultant told us they work from annual plans with little room for modification). Although INPEX has been attempting to achieve some coordination in the area of trade fairs, trade missions are proliferating. During the month of October, for example, there was one trade fair and three different trade missions to Chile.

In spite of the proliferation of organizations providing export assistance, evidence from interviews and the exporter surveys indicate that Bolinvest is filling a unique niche which is not being met by other groups. Reasons most frequently mentioned were Bolinvest's ability to: 1) target specific firms for production and marketing assistance (difficult for a government institution like INPEX or a member association like CADEX), 2) provide direct contacts with foreign buyers through its overseas offices (our survey showed that the only other permanent overseas offices, the Bolivian embassies overseas, have been of little help), and 3) follow up with exporters on trade leads and troubleshoot to make deals happen (INPEX and CADEX disseminate trade leads but do not have resources to follow up). This ability to follow up, both here in Bolivia with the exporter and in the foreign market through the overseas offices, is critical in a country like Bolivia where such a export consciousness is not well developed.

3.2 Management of Activities

3.2.1 Quality of Services

In general, Bolinvest clients value the services they have received and consider the organization to be doing a good job. According to our survey of 20 exporters assisted by Bolinvest, they used a total of 15 different types of information and services provided by Bolinvest. Table 1 in Annex D lists these services and summarizes the results of the survey with respect to use and impact of Bolinvest services. Technical assistance in production and processing along with contacts with buyers have been the most valuable services. One-half of the companies surveyed received assistance in these two areas, with 90 percent of them considering the assistance to have had an impact on their export operations, ie. it was either critical to their success (#4 on our survey scale) or very useful in terms of time and/or resource savings (#3 on our scale). About one-half of those surveyed have also used the overseas Bolinvest offices. However, in this case only slightly over 50 percent of those companies believed the assistance to have had an impact on their export operations. The next most frequently used services were, in order: 1) technical assistance in marketing, 2) information on foreign markets and 3) sample preparation.

The majority of firms receiving Bolinvest services felt that the program had a significant impact on their export operations (a #3 or #4 on our survey scale). In all cases, at least one-half of the companies using a service believed it had an measurable impact. In 7 of the 15 service categories, over 90% of the firms using the services considered that it had an impact on their operations. These areas included: 1) technical assistance in production and processing, 2) contacts with buyers, 3) market research, 4) site visit support, 5) local staff response to questions, 6) technical assistance in management and 7) facilitation in obtaining credit. Although these are impressive results, they must be weighed against the fact that services are provided for free, with the exception of minor company contributions for outside technical assistance, and that many companies proposed consultants themselves.

The exporter survey pointed out differences in the use and impact of assistance, depending on the size of the company and the product area. This information is summarized in Tables 2 and 3 in Annex D.⁵ Medium sized companies used the widest variety of services (12) and larger companies the least (8). The assistance most frequently used by both small and medium size companies is contacts with buyers and technical assistance in production and processing, while the large companies used trade missions and overseas offices most of all. However, it is interesting to note that all of the small and large companies receiving technical assistance in production and processing considered it to have an impact, while 75% of the medium sized companies did so. Small companies also reported a 100% impact rate for buyer contacts, while only two-thirds of the medium sized firms considered that the contacts had an impact.

In the agricultural and agroindustrial sectors, marketing activities have been the most widely used by the 6 groups surveyed (buyer contacts, overseas offices and trade missions), with impact rates of 67% and 100%. This is due to the presence of an available, exportable supply in some products. The weakest areas appear to be technical assistance in marketing and sector specific information. The wood

⁵ The classification used for firms is as follows: a) small firms are those with less than \$1 million in investment and less than 75 employees; b) medium-size firms have \$1-3 million in investment and 75-100 employees; and 3) large firms have more than \$3 million in investment and more than 100 employees.

products sector has the deepest across-the-board use of services, with at least 60% of the five firms surveyed using production technical assistance, buyer contacts, marketing technical assistance, sample preparation, and trade missions. Production technical assistance and sample preparation have had the most consistent impact, while trade missions and overseas offices have had an impact only 50% of the time. This confirms that there has been a need to work more on the production/product development side before marketing efforts such as trade fairs and missions can yield results.

The three **mining** concerns surveyed found all services they used, with the exception of overseas offices and sample preparation, to have had an impact on their operations. Production technical assistance and buyer contacts were most widely used. The two **jewelry** exporters surveyed each received different types of assistance from Bolinvest. Weak areas were information on foreign markets and sample preparation. The **handicraft (pewter and leather)** sector was the group which seemed to have received the least useful assistance and/or have contacts which are pending. Buyer contacts had an impact in one of the two cases, while trade shows and the overseas Bolinvest offices have not had a measurable impact. This group was also the only sector not to have received production technical assistance.

3.2.2 Cost of Technical Assistance ⁶

Based on the Bolinvest Export Department's Technical Assistance Plans by company, approximately US\$266,353 in outside assistance has been provided to 30 companies in 21 product areas. The average cost of technical assistance per company was \$8,878, with technical assistance packages ranging from \$500 to \$59,000 per company. Six groups have received the equivalent of \$15,000 or more in technical assistance from project.

The majority of assistance was provided in the wood (approximately \$145,000) and agricultural (approximately \$74,000) sectors. The products accounting for most of the costs were wood products, wooden doors, coffee, ornamental fish and bananas, respectively. 45 percent of the technical assistance went to large firms (more than 100 employees) with the remaining 55 percent going to medium and small size firms. Nearly sixty percent of the technical assistance went to "Tier 3" products, ie. newer export products where total Bolivian exports are less than \$1 million.⁷ Tier 2 products accounted for 24% of technical assistance costs and Tier 1 products for 19%. This is evidence that Bolinvest has been dedicating more of its technical assistance resources to product areas where most assistance is needed to reach a critical export volume.

About 60% of the technical assistance costs have gone to firms that have exported. It is interesting to note that all assistance to firms producing Tier 1 and 2 products has resulted in exports, while only 25% of the technical assistance to firms in the Tier 3 products has led to exports (It should be noted that some of this assistance may still result in exports, thereby increasing the percentage). This lower success probability could lead to a couple of conclusions: 1) these firms represent a greater

⁶ We recognize that this data is incomplete. Some company TA plans discussed activities but no cost estimate was given, so we were not able to include these costs in our analysis. For some sectors, such as leather products, apparel and jewelry, no TA cost estimates were found in the TA plans. This points to a need for more consistency in reporting and updating of company TA plans

⁷ According to national export statistics categories, we have defined Tier 1 products as those with more than US\$5 million in annual total exports during the period 1990-1992, Tier 2 products are those in the US\$1 to 5 million range, and Tier 3 products are those with exports of less than US\$1 million. A detailed breakdown is provided in Table 3, section 3.3.2.

challenge and will therefore have a higher probability of non-performance, and/or 2) that there are longer lead times and exports are forthcoming in 1994.

In terms of attributable exports generated per technical assistance dollar, results vary widely by sector: agriculture (\$822), agroindustry (\$33), wood (\$6), mining (\$1,352), fish (\$24) and miscellaneous (\$194). These ratios are closely related to the stage of development of both export sectors, as well as the value of products.

3.2.3 Cost Sharing

For the most part, Bolinvest absorbs all outside technical assistance costs, with the exception of hotel, meals, and local transportation for consultants, regardless of company size and resources. There has been some cost sharing in the case of marketing materials (brochures and videos) and in the organization of trade missions/roundtables. In theory, Bolinvest policy is for a company to absorb an increasing share of the costs in second and third technical assistance interventions but it does not appear to be applied in practice.

Bolinvest management is interested in shifting more of the cost burden to its clients. This may become more feasible given the fact that other providers of export assistance also favor cost sharing. FBE encourages cost recovery in its information and services, and the Danish government, funders of the UNCTAD/GATT furniture program, are encouraging cost recovery for its second tranche, although this is being resisted by IBCE/CADEX

3.2.4 Monitoring and Evaluation/Reporting

The project's current system for monitoring and evaluating assistance to client companies is very detailed and contains checks and balances for accuracy. Bolinvest collects export, investment and job statistics, as well as attribution estimates directly from companies through letters which are sent out every 6 months. USAID verifies results through its own periodic audits. Through our survey we found Bolinvest attribution estimates to be slightly high. The average attribution according to the Bolinvest database is 90%, while our survey showed an overall average of about 80%. Based on the evaluation team's definition of firm size, the larger firms surveyed showed an attribution rate of 55%, while the small/medium-size firms showed a substantially higher attribution rate of 79%.⁸

We found a limited number of discrepancies in attribution, primarily among the larger, more established companies which believed they could have brought in technical assistance on their own, or for which technical assistance was provided for a product which accounts for a very small percentage of total export business at the present time. Others were cases of personal conflicts with the Bolinvest program.

⁸ The overall attribution rate of 80% reflects responses from 16 of the 20 groups surveyed. One group, ANDEC, is an exporter association and has no direct exports of its own. Another three firms were very large and their answers were not included in the calculation, since their responses with regards to overall attribution were not considered completely reliable. The largest firms in the sample gave attribution rates of about 25%, but it is uncertain whether the firm was talking about attribution for a particular export sale in which Bolinvest assisted, or about their overall export portfolio. When these three firms are included in the sample the overall attribution rate drops to 72%.

In terms of internal reporting from overseas Bolinvest offices, monthly reports were well organized and useful as management tools. They can provide a good basis in the future for better targeting and goal setting.

3.3 Results

The project is slightly ahead of targets with respect to exports, and has achieved good results relative to export growth at the national level, when compared to other AID-funded export promotion programs which have been set up as independent, technical assistance projects such as PROEXAG in Central America. There has been some new job creation as well as positive social impacts.

3.3.1 Actual Exports

Attributable exports from the Bolinvest project as of September 1993 are \$45 million, or 60% of EOP target of \$75 million. Even with a downward adjustment based on our lower attribution rate (to \$42.3 million), the project is still on schedule. Bolinvest is currently working with 117 clients, 35% of which are regular exporters, and they have a good pipeline. Gross export projections for 1994 are \$50.0 million, with attributable exports at approximately \$41.4 at current attribution rates. This would place the project over its \$75 million EOP target.

3.3.2 Compared to National Statistics

Bolinvest assisted exports account for approximately 10% of NTEs from Bolivia in product areas targeted by the project. This is significant and compares favorably to the PROEXAG program, a USAID-funded regional technical assistance program in Central America for agricultural and agroindustrial products. As seen in Table 3, the bulk of project-related exports (70%) come from Tier 1 products, ie. those products with a more established export base, but this represents less than 10% of the national total (see Table 3). Nearly 20% of project-related exports fall in the Tier 2 category, and these represent a significant 18% of national exports. However, Bolinvest's most significant impact relative to national exports has been in Tier 3 products, or products with less than \$1 million in exports. Project-related exports account for over 65% of national exports of Tier 3 products, although only 11.5% of total exports generated by Bolinvest. These figures present clearly the tradeoffs and choices which a project of this nature must face - to generate higher export results Bolinvest must work with more developed products, and to generate higher developmental impact it must work with newly exported products. At the present time, approximately 20% of Bolinvest clients represent Tier 1 products, 25% represent Tier 2 products and the remaining 55% deal with Tier 3 products.

3.3.3 Actual Jobs

Total project-related export jobs created to date come to 3,692. In addition to actual jobs, Bolinvest clients have had a positive social impact in other areas. For example, some companies surveyed reporting hiring workers which were previously employed in part-time or seasonal work which provided no job security or medical benefits. Other companies were pioneers in private sector investment in a region, offering an alternative to government payroll, while mining operations created new jobs for laid off workers from government mines.

Table 3

**SUMMARY OF EXPORT PROMOTION RESULTS
(IN \$US MILLIONS)**

NATIONAL EXPORT STATISTICS (1)					BOLINVEST RESULTS			
	1990	1991	1992	(A) TOTAL	NET EXPORTS	% of TOTAL (A)	# of COM. PANIES	
1. FIRST TIER PRODUCTS (> \$5.0 Million/Yr.)								
1.1	Torta/Harina de Soya Desgrasadas	24.9	36.5	35.1	96.5	2.6	2.7%	2
1.2	Azucar de Cana Refinada	31.7	24.7	24.4	80.8	1.0	1.2%	1
1.3	Soya (en grano)	14.9	25.8	15.5	56.2	2.8	5.0%	3
1.4	Cafe en Grano	13.9	7.0	6.8	27.7	1.4	5.0%	3
1.5	Cueros Vacunoa en Wet-Blue	14.0	7.2	6.0	27.2	1.6	5.9%	2
1.6	Articulos de Joyeria	2.8	3.9	5.7	12.4	13.9	112.4%	3
1.7	Castana sin Cascara	14.1	10.2	5.7	30.0	1.7	5.7%	4
1.8	Aceite de Soya Refinado y En Bruto	7.4	7.6	5.1	20.1	2.8	13.8%	3
Total:				350.9	27.8	7.9%	21.0	
				% of Grand Total	87.9%	70.0%		
2. SECOND TIER PRODUCTS (Between \$1.0 and \$5.0 Million/Yr.)								
2.1	Prendas de Vestir/LLama y Alpaca	2.4	2.8	4.0	9.3	0.1	1.3%	5
2.2	Hilados de Algodon	1.2	2.4	4.0	7.6	2.0	26.4%	3
2.3	Ulexita	0.7	2.6	3.2	6.5	3.7	56.6%	4
2.4	Ropa Exterior para Mujeres/Ninas	0.6	4.6	1.8	7.0	0.2	2.2%	2
2.5	Demas Manufact. de Cuero	2.1	1.2	1.6	4.8	0.3	6.7%	3
2.6	Calzados de Cuero	1.3	0.8	0.7	2.7	0.0	0.5%	1
2.7	Prendas Exteriores de Algodon	0.1	0.2	1.8	2.1	0.5	24.4%	3
2.8	Puertas de Madera	0.3	0.4	1.0	1.7	0.6	35.5%	5
Total:				41.7	7.4	17.7%	26.0	
				% of Grand Total	10.4%	18.6%		
3. THIRD TIER PRODUCTS (Less than \$1.0 Million/Yr.)								
3.1	Artesanias	0.6	0.7	0.9	2.2	0.5	23.3%	3
3.2	Quinua en Grano	0.3	0.6	0.6	1.5	0.2	16.5%	1
3.3	Muebles de Madera	0.1	0.1	0.6	0.8	0.2	23.4%	2
3.4	Acido Borico	0.0	0.0	0.4	0.4	0.3	63.5%	2
3.5	Demas Recipientes de Vidrio	0.1	0.0	0.3	0.4	0.4	90.1%	1
3.6	Panales Absorbentes	0.0	0.0	0.3	0.3	0.6	208.8%	1
3.7	Manuf. de Estanao	0.0	0.1	0.1	0.2	0.0	12.4%	3
3.8	Matas Cobrizas Cobre/Cementacion	0.0	0.0	0.1	0.1	0.1	126.3%	1
3.9	Azufre	0.2	0.2	0.0	0.4	0.7	170.0%	3
3.10	Demas Partes y Piezas Maquinarias	0.0	0.0	0.1	0.1	0.4	307.7%	1
3.11	Demas Prendas de Vestir de Cuero	0.1	0.0	0.1	0.2	1.1	442.4%	7
Total:				6.7	4.5	67.9%	25.0	
				% of Grand Total	1.7%	11.4%		
GRAND TOTAL:					399.2	39.8	10.0%	72.0

(1) SOURCE: MECES, DEPARTAMENTO DE ANALISIS

3.3.4 Demonstration Effect

An important sustainability issue with export related projects is to what extent new export businesses are encouraged by the example of successful exporters, and to what extent former partners and employees of export operations launch out on their own with new export ventures. In our survey of Bolinvest-assisted exporters, five of the individuals interviewed had previous experience in a trading company or export firm, and six had experienced either partners or employees leaving their current company for other export activities. In three of these cases the individuals had started new companies, while the other three had gone to assist existing companies in their attempts to expand into the export market.

4. LESSONS LEARNED

1. **Changing markets and regional trends demand flexibility in the design and implementation of investment and export promotion projects.** One of the key factors of success behind the Bolinvest program has been its ability to constantly adapt to new opportunities in the region. Over the years, it has transformed itself from a U.S.-focused, institutional strengthening project into one that focuses on achieving results, primarily through trade and investment contacts in neighboring countries.

2. **The strong trading and business background of the Bolinvest staff have been essential in permitting the project to follow a case-by-case targeting of viable companies and to promote quick results.** Sometimes USAID trade and investment projects get mired in administrative details or become obsessed with an excessive paper trail documenting the project's rationale and methodology for identifying and working with target companies. The USAID/Bolivia concentrated its monitoring on results, thereby permitting the Bolinvest team to pick and choose its target companies, often on a case-by-case basis, but generally grounded on strong business criteria. This type of management approach and targeting is critical, particularly early in a program when it is important to develop some "success stories".

3. **Focusing on results and the development of sustainable exporting companies has been a successful strategy. But it does make it difficult, if not impossible, to sustain the program after USAID funding is terminated.** It appears that nearly a third of the companies assisted by Bolinvest will remain viable, repeat exporters. This benefit is significant and helps justify the project approach to focus on creating sustainable, exporting firms rather than the development of a sustainable institution. Still, as a result of this strategy, the Bolinvest program will be nearing the end of its funding just as it has reached the top of its learning curve.

It is probably unlikely that the Bolinvest project, had it chosen to focus on institutional strengthening, would have been successful in building a sustainable institution after 1995. Many would argue that the prospects for continuing an institutionally-focused promotion project are bleak because: 1) USAID does not have the resources nor the desire to continue support for trade and investment promotion programs, and 2) Government funding is highly unlikely (and probably unproductive, given worldwide experience that government run programs in poor LDCs are generally ineffective.)

Others, however, would point out that there are private sector associations that can provide a minimum level of services (e.g. organize trade shows, market information) and be sustainable. Most of these institutions have not been able to document their impact in generating exports. This lack of data might mean that they are low-impact service providers, or that they have been unable to carry out adequate follow-up monitoring. What is certain is that this type of export promotion assistance is generally more focused on lower cost, information-based promotion services, which are more sustainable than intensive technical assistance. But they are probably also less effective in generating results at the level Bolinvest has achieved.

4. **The Bolinvest strategy of combining export and investment promotion functions in overseas offices has been particularly effective for the promotion of exports; it has not, however, always been the most effective means of promoting investments.** The promotion of investments requires more follow-up and promotional sales technique than does the promotion of trade opportunities.

In those offices in which the overseas promoter has more of a "promotional" outlook, the investment promotion program has been able to generate some significant results. In other offices where the promoter has come from a trading background, the promotion of investments has lagged behind the promotion of exports.

5. The real constraint in promoting exports of small and medium size producers lies more in the production than in identifying demand. Our survey of companies reveals that smaller and medium sized companies absolutely need both technical assistance in production as well as assistance in contacting buyers overseas. The real challenge of this project from a developmental point of view, both now and post 1995, is how to most effectively channel resources towards technical assistance in production.

6. The Bolinvest program has had a high impact in terms of transforming Bolivian firms into competitive, export-oriented manufacturers. There are tradeoffs, however, between the level of assistance and the overall impact on the firm. Assistance to larger firms generates good results, but the overall firm-level impact is mostly in saving these firms time and money. Assistance to small/medium firms is generally thought to be more critical and to have had more of a transforming effect on production, management and marketing processes. Bolinvest must continue to maintain a good balance between the medium firm-level impact/high results and longer term, high firm-level impact/medium results assistance.

7. The program has achieved a good balance between assisting larger, more well established firms which typically generate quick results and working with smaller firms that require longer term, more intensive technical assistance and have a lower success rate. Much of Bolinvest's efforts and results have been focused on helping larger firms identify new markets.⁹ Based on the documented technical assistance records provided by Bolinvest, 45% of the technical assistance went to larger firms (more than 100 employees), which resulted in more than two-thirds of the exports.¹⁰ Conversely, assistance to small/medium size firms (55% of the total) accounted for less than one-third of the export totals. Survey as well as anecdotal evidence indicates that many of the larger firms required less intensive technical assistance (e.g. marketing assistance only), but that this assistance still resulted in significant export sales. The small/medium size firms, on the otherhand, typically required more intensive technical assistance (e.g. marketing and production assistance) and either took a longer period of time to realize an export sale, or had a lower probability of actually exporting.

8. The Bolinvest's export promotion services are greatly valued by its clients. But the fact that they are all heavily subsidized may significantly bias beneficiaries' opinions in favor of

⁹ The evaluation team has not been able to carry out a detailed analysis of technical assistance by the size of firm. Survey evidence suggests that Bolinvest's definition of "small" was not always appropriate given a firm's presence in domestic markets.

¹⁰ The technical assistance records (i.e. documentation on the cost of technical assistance provided) from Bolinvest only cover 30 firms, or about 25% of the total universe of firms assisted. Also, the definition of larger firms (more than 100 employees) is recognized as crude, but was the only reliable data available and therefore considered adequate for providing order of magnitude estimates. All classifications are defined in the context of Bolivia. As such, what is small by world standards may be large by Bolivian standards.

complimenting rather than criticizing and making demands on the Bolinvest program.¹¹ Survey results show that most of the services offered by Bolinvest have been considered to be either very useful or critical to the companies export development. Almost every company interviewed mentioned that they would pay for the services provided. The question is "How Much?". To date, the Bolinvest program, in large part because of competition from other donor-financed subsidized services, has not adequately developed a sliding-scale, cost-sharing policy. Since there is still not much of a private sector for providing similar services, such an approach has allowed the program to quickly help assist companies without unfairly competing against other private sector service providers. Still, for budgetary and beneficiary screening reasons, as well as for laying the foundation for the development of future market competition, the project should try to increase the cost of its services, particularly to its medium and larger sized companies.

9. Economic data supports the claim that the Bolinvest program has benefited the poor in Bolivia. In addition, anecdotal and survey results indicate that the Bolinvest program is having a favorable impact on employment and incomes in Bolivia. In a country of high unemployment like Bolivia, any job created by Bolinvest will not squeeze out some other economically productive use of labor. Under this scenario, it is irrelevant what Bolinvest-generated employees were doing in their earlier jobs. Still, a comparative analysis between current and previous jobs carried out in a local survey reveals that about 25% of the employees from Bolinvest-assisted companies were able to get a higher status job. Also, real incomes for production related workers experienced a real income increase of 20-25% from their previous job. This data along with anecdotal evidence from the survey suggests that the new jobs created by the program are qualitatively and financially better.

¹¹ This comment only applies to the export promotion component of Bolinvest. Any discussion on cost-recovery for investment promotion services is considered non-applicable, since typically investment promotion programs around the world do not charge for services.

5. RECOMMENDATIONS

The Bolinvest program is playing an important role in the development of the Bolivian economy. Despite numerous development constraints (i.e. low productivity, limited domestic industrial base, etc.) the project should be successful at achieving its export promotion targets of \$100 million in increased exports (\$75 million in attributable exports). This would mean that the Bolinvest program was accountable for about 10% of the increased national export output (in product areas targeted); an achievement that puts the Bolinvest program on a par with some of the other extremely successful export promotion programs financed by USAID (e.g. Proexag).

On the investment promotion side, the project may have some difficulty in reaching its \$50 million in increased investments. This is primarily due to the overall difficulty of attracting foreign investors to Bolivia, although the organizational structure of the project (combining export and investment promotion) has probably hindered results as well. The achievement of the \$50 million investment target would be an impressive achievement for Bolivia. Compared to other highly successful investment promotion programs, however, the overall investment dollar generated per program dollar expended will be lower in Bolivia.

The Bolinvest program should definitely be continued until its funding runs out in August 1995. After that, and depending on where and to what extent results are achieved, the program should try to maintain its overseas promotional offices and some technical assistance for production. Recommendations to improve the performance of the project, both for the remaining 18 months of the original project period and beyond if possible are mentioned below.

1. Promote increased cost-sharing. The program needs to be more disciplined and demanding in charging for its services. A sliding scale (similar to one adopted by IESC) should be applied in which the project can use its discretion to charge different rates depending on the size of the firm. As much as possible, the charge for fee principle should be tied to a company's ability to pay and not as much on its willingness to pay. This is particularly important for some of the larger firms in Bolinvest's portfolio. Bolinvest needs to establish a clear policy to charge for fees and then to adopt a flexible, client-by-client approach that is fair and consistent.¹²

2. Develop a comprehensive referral system -- one that fully seeks to develop private sector services. Several private sector service providers mentioned that they viewed the Bolinvest program as a potential resource for referrals. The program should try to systematically promote the services of other private sector service providers (e.g. MINTECH, lawyers, etc.).

3. Simplify the overseas reporting system and make the export promotion technical assistance reporting more consistent. The overseas offices should only have to report on their overall

¹² The most influential factor in deciding the extent to which costs-recovery is applied is the availability of USAID financial resources. In those programs in which USAID resources have not been constrained, cost-recovery has typically been more relaxed. Where resources begin to become scarce, there is increasing pressure to develop better cost-recovery. This has particularly been the case with the International Executive Service programs where they have been under increasing pressure (as support for their programs have decreased) to charge higher fees.

portfolio, the monthly activities and any overall relevant facts. Any cumulative reporting by company can be carried out by home office personnel.

To date, the reporting on the cost of technical assistance to target companies seems to have been sporadic and not complete. As a result, management is not able to accurately assess the costs and benefits of different types of services. Bolinvest has started and should continue to develop a better idea of exactly how much technical assistance a company is receiving and what the total cost of that technical assistance has been. This reporting should cover the direct outside consultancy costs as well as the amount of time spent by staff.

4. Focus domestic investment on expanding, "opening eyes" of existing technical resource bases; not on attracting capital to new projects. The information prepared for the "planta modelo" program is a good resource to convince existing companies of diversification and expansion opportunities. The program should not, however, spend its time trying to facilitate partnership agreements between domestic venture capitalists and local companies. This type of promotion will place too much burden on the program and could place it in the position of having to serve as a silent partner-- one that will continuously broker and facilitate agreements between the active partners in the investment project. There is not enough resources in the project to fulfill this role, nor is the program one of the major objectives of the project.

5. Consider allocating more of the overseas representatives' time to investment promotion efforts and better define the investment promotion targets and level of resources required. In order to ensure that the investment promotion targets are reached, Bolinvest should consider having its overseas offices spend more time on investment promotion. This shift, however, does involve opportunity costs in that more time spent on investment promotion means less time spent on export promotion. As such, any shifts should only be considered if the existing pipeline for export results is adequate to meet the export promotion targets.

Another consideration would be to try and make the investment promotion program more efficient. Investment promotion is fundamentally a sales marketing job. This implies that a sales marketing approach, similar to one used by CINDE in Costa Rica, with annual sales targets (investments) and intermediate marketing targets (e.g. number of companies contacted) could be effectively used. Bolinvest has tried to establish this same marketing approach. To date, however, some of the overseas offices have either: 1) not been held accountable to fixed targets, 2) have been overextended, and/or 3) have carried out their marketing in an ad hoc, personalized manner. This approach has generated results; but productivity might still be improved if clearer targets were defined and expected from each office.

6. Develop clear understanding of cost-benefits associated with export promotion efforts. Taking into consideration project targets and available resources, try to maximize the amount of assistance to small/medium producers. The project has done a good job of distributing its resources in order to achieve quick results (primarily through marketing assistance) as well as developing longer term prospects by providing more intensive (expensive) technical assistance to smaller and medium size producers. The highest transformations, at the firm level, have taken place with the small/medium size firms that are entering export markets for the first time. The results from Bolinvest seem to suggest that this group of firms can generate good export opportunities. But they also require higher levels of technical assistance, require a longer lead time before results are generated, and may have a lower probability of success.

The project should maintain its portfolio mix, but try to shift to the smaller/medium size companies if it finds itself comfortably ahead in reaching its export targets. The project has begun and should continue to clearly document the benefits and costs associated with different types of assistance. In this way it will be better able to determine when to maximize its assistance to the small/medium size firms without compromising its ability to achieve the end-of-project targets.

7. Stay focused on the products and sectors already developed. The Bolinvest program will probably have the highest impact in those product areas and sectors in which they have already provided assistance. To the greatest extent possible, the project should try to work with new producers (large and small depending on resources available and the costs/benefits associated with the assistance needed--see point #6 above) in existing product areas assisted and/or work with proven exporters in diversifying their product base. The development of new exporters in new export product areas would have a high impact but should be carefully screened, taking into consideration the projected costs and benefits of a proposed intervention. These types of interventions will probably take significant resources and might not be feasible given the program's export targets and resources available through the end of 1995.

8. Try to better inform the government about successes and constraints. Bolinvest should consider developing a semi-annual announcement/report/newsletter which summarizes the project's investment and export successes by sector and, as importantly, points out the critical issues and constraints faced by exporters and investors. Some government officials have indicated an interest in finding out what government-related problems are faced by foreign investors and local exporters. The pointing out of constraints, however, should be balanced with some sharing of good news as well.

9. Continue to work with other private sector associations and, to a lesser extent, INPEX in the development of trade fairs, trade missions and other generalized information services. Survey results show that 20% of the firms interviewed considered trade shows and missions to be either "very useful" or "critical" to their export success. Other worldwide surveys show that there are government promotion agencies and private sector associations that can be effective at organizing trade shows and disseminating general information on trade leads.¹³ Bolinvest should continue to apply its targeted approach for intensive technical assistance to high priority clients. At the same time, it should not ignore the potential benefit from promoting itself and assisting other organizations in lower cost trade shows/missions which could be made available to a multitude of firms. This assistance can produce results as well as goodwill.

10. Post-1995: Bolinvest can continue to play a significant role in the diversification of the Bolivian economy. Its greatest assets are its overseas offices and its ability to focus its technical assistance on a few companies. From an institutional point of view, the overseas offices fulfill a needed niche in the promotion of Bolivian products. There is no other organization that is able to provide direct buyer contacts to the extent that Bolinvest is able. From a development point of view, the project will still most likely be able to play a strong role in providing technical assistance to address production constraints. It would be desirable to continue both services. However, depending on resources, any

¹³ Surveys carried out in Latin America and in Asia for A.I.D.'s Center for Development Information and Evaluation (CDIE) show that firms, particularly those with existing potential to export, place a high value on trade shows. What is critical, however, is that the participating firms have enough volume and a good enough product to benefit from the contacts made at the trade show. Without these conditions, the trade shows merely become vehicles by which aspiring firms learn about how deficient their product is. In the case of surveys carried out in Indonesia, the government agency responsible for export promotion, NAFED, was given high marks for its organization of trade shows.

program will probably have to be more focused and selective in the number of products, markets and firms its services. Future targeting should take into consideration the costs and benefits associated with the following different types of export promotion: 1) Finding New Markets for Existing Exporters, 2) Bringing New Exporters into Existing Export Markets, 3) Helping Existing Exporters diversify into New Export Product areas, and 4) Developing New Exporters in New Export Product Areas.

Finally, the continuation of the investment promotion program will depend on the results achieved at the end of the project and the extent to which there are resources to carry out both investment and export promotion programs. There will most likely be a need to continue promoting non-traditional investments in Bolivia. Such a program should only be carried out, however, if the program is able to better position itself as a valuable resource to the Government and if the overseas promoters are able to have sufficient time to promote investment.

APPENDICES

Appendix A. Scope of Work for the Evaluation

AEP-5451-I-00-2058-00
Delivery Order No. 11
Page 2

BACKGROUND

At the present time, the Bolivian Government and private sector generally recognize, in concept at least, that the expansion and diversification of non-traditional exports represents the only viable avenue of long-term economic growth for the country. Since 1985, a series of substantial policy reforms have produced a set of economic "rules of the game" which are generally favorable to export expansion, including relatively low import duties, a market-driven exchange rate, free management of foreign currency, liberalized financial markets, modest export incentives, and a sound, non-discriminatory investment law.

Despite this relatively favorable policy framework, the response of the private sector has been slow. Given Bolivia's history of political instability, local investors are only gradually coming to trust the durability of the new economic regime. Furthermore, Bolivia is a relatively isolated country with a tiny economy (by way of illustration, Bolivia's GDP is roughly half that of Springfield, Massachusetts). Very few of its business people are experienced in international markets, especially non-commodity markets.

Against this background, USAID decided to devote resources to assisting Bolivian exporters in taking advantage of the new policy regime. The benefits expected from this assistance included, not only the value added, employment, and foreign exchange generated by businesses who received direct assistance, but also a "demonstration effect": we hoped that export success among assisted businesses would motivate more export activity by non-assisted businesses. (This latter may well be the more important impact, but it is practically unmeasurable.)

The original project design was focused on institution-building, strengthening existing public or quasi-public entities, as well as the Chamber of Exporters, so that these entities could provide information and technical assistance to exporters on a long-term, sustainable basis. This original design was abandoned rapidly; the reasons included a decent respect for the lessons of experience with such an approach in other, similar poor countries, as well as discouraging results from initial contacts with these entities.

The model which emerged was focused principally on direct technical assistance, provided under a USAID contract with CARANA Corporation, to individual businesses in sectors which CARANA believed had the most export potential. This sector definition has always been a loose framework which varies from month to month as experience accumulates. The bulk of the assistance is dedicated to production issues: quality, quantity, and contract compliance. A smaller but substantial portion of the assistance is with marketing. (Our general experience with potential Bolivian exporters has been that production problems prove to be bottlenecks more often than market problems.)

AEP-5451-I-00-2058-00
Delivery Order No. 11
Page 3

To support this project CARANA has set-up offices in Santa Cruz, Cochabamba, and Tarija. The local headquarters are located in La Paz. Other overseas offices are located in Miami, Lima, Santiago, Buenos Aires, Caracas, and Hamburg. Locally CARANA is staffed by a cadre of professionals that consist of: 7 Managers, 16 Technicians, and 12 administrative staff positions. Regarding targets, the project has identified 3 key areas: job creation (LOP target: 10,000/accomp. as of 3/93: 3,223), non-traditional exports (LOP target: \$100 million/accomp. as of 3/93: \$32.6 million), foreign investment (LOP target: \$50 million/accomp. as of 3/93: \$5.4 million).

No effort is being devoted at present to "institutionalizing" this technical assistance. It is possible that the success of the project and availability of future finance will suggest that we consider some longer-term option. Nevertheless, the ex ante economic justification of the activity was based on the conservative assumption that when the CARANA contract runs out in 1995, the assistance will cease (though hopefully not its direct and indirect impacts).

In 1991 a foreign investment promotion component was added to the project. The model adopted was essentially the Irish Industrial Development Authority approach, relying heavily on the experience with this model in Costa Rica. The plan was to staff overseas offices with full-time Bolivian promoters, and to target direct investment in manufactured export businesses, concentrating heavily on the United States at first. Since we have had relatively little success with direct investment by U.S. manufacturers, the focus of the investment promotion has gradually shifted more to the mining sector in the U.S., and also to neighboring countries in the region, where the program uses the part-time representational services of local firms or individuals.

Against considerable local opposition, USAID refused to begin this activity by building or strengthening a Bolivian institution to carry out the promotion. We recognized that, if successful, the investment promotion effort might be a more likely candidate for institutionalization than the technical assistance effort. Nevertheless, we did not want to waste time on institutional issues until we knew whether the investment promotion program would work. Thus, we lodged this program as well under the CARANA contract, pending further information about the effectiveness of the model and the availability of a funding source for a longer-term institution.

Project management from USAID has concentrated heavily on definition of clear, verifiable targets, as well as a monitoring system which provides periodic independent audit of the results claimed by CARANA.

AEP-5451-I-00-2058-00
Delivery Order No. 11
Page 4

The focus of these project manager audits is not only to verify the numbers (exports, jobs, investments) reported by CARANA, but also to arrive at reasonable judgements about "attribution" -- i.e. would the reported results have occurred even without the CARANA assistance, in which case they should not be included as benefits generated by the project.

ARTICLE I - TITLE

Export Promotion Project Evaluation
Project No. 511-0585

ARTICLE II - OBJECTIVE

The objective of this evaluation is to determine the effectiveness of the USAID/Bolivia export-investment promotion strategy, 4 years into the project. This analysis should also shed light on how this strategy compares to those of other countries in the region. After this analysis, the study should reveal the strengths and weaknesses of the project, and make recommendations where change is advisable. A second objective of the evaluation is to assess the need for continuing these programs beyond 1995, when USAID assistance will likely end. The evaluation should look at different alternatives for continuing these or similar types of programs, and should compare advantages and disadvantages of each.

ARTICLE III - STATEMENT OF WORK

A team planning meeting will be held at the beginning of the consultancy to review the Scope of Work, develop time lines and tasks to accomplish the evaluation, and finalize any outstanding logistical details.

Analysis of the team should focus on the following questions:

1. Given the expense of a long-term promotion program (as has been shown by the experience of CINDE in Costa Rica), the project made a choice early on to provide funding for services, as opposed to an institutional apparatus, for a limited number of years. The argument was threefold: 1) funds were scarce and could not support a long-term effort nor a large endowment (as had been done for CINDE); 2) the sustainability element was to derive from the strengthened businesses themselves who were to grow and have a long term life; and 3) seeing the success of the exporters, other firms would be drawn into the business, thus producing a ripple effect without the necessity of a long-term project. Was this the right choice for export promotion? Should this be the choice for the investment promotion side?

AEP-5451-I-00-2058-00

Delivery Order No. 11

Page 5

2. Has the availability of services (feasibility studies, itinerary preparation, market information, technical assistance, etc.) through BOLINVEST had a negative impact on the development and growth of private sector trade development services? Have they been constrained by "unfair competition"? Do the benefits to Bolivia outweigh the short-term costs to the private sector? Should the project seek to promote these private sector services? If so, how?
3. BOLINVEST has a system of cost-sharing for the services it provides to large exporters. Review the current cost-sharing system and make suggestions for improvement.
4. Is the system which CARANA uses to target and qualify clients for technical assistance adequate?
5. Are the monitoring and reporting systems that are currently being used to report on exports and new investments to date vs. targets, adequate? Are the indicators appropriate? Do they measure progress towards the project goal and purpose?
6. Analyze CARANA's strategy for promoting domestic investment. Comment on its strengths and weaknesses.
7. Is the project accomplishing planned targets? Are project targets realistic? Should CARANA and USAID/Bolivia be satisfied with program results to date?
8. Should the export and investment promotion programs be continued beyond 1995, when USAID assistance ends? If so, in what form? What organization(s) should promote and/or support continued programs? How should they be funded?
9. USAID, as an Agency, has recently put greater emphasis on demonstrating the impact of its programs on the poor. With regard to this project, the indicators of income and employment deserve special attention. The contractor will assist USAID in designing and analyzing results of a survey on income and employment which will be conducted prior to the consultants' arrival in Bolivia. The survey will be conducted by an independent Bolivian consulting firm.

ARTICLE IV - REPORTS

The evaluator will prepare a written report containing the following:

- AID Project Evaluation Summary Form 1330-50, Sections H and J.
- Table of Contents

AEP-5451-I-00-2058-00

Delivery Order No. 11

Page 6

- The body of the report will follow the format of the SOW and will include: an executive summary, a full statement of findings, conclusions, lessons learned, and recommendations.

- Appendices, which will include, at a minimum, the following: a description of the methodology used in the evaluation, a list of the institutions and persons consulted.

Delivery of Report

a. The contractor will submit a draft written report before leaving the country. An oral presentation will be made to USAID/Bolivia staff. Feedback will be given at this time and during the following week, if necessary.

b. The evaluator will submit - within two weeks upon return to the U.S., a final report in English and Spanish which incorporates Mission comments (8 copies in English, 8 copies in Spanish)

ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES

The Contractor shall work under the technical guidance of the Mission Director or his designee.

ARTICLE VI - PERFORMANCE PERIOD

- A. The effective date of this delivery order is November 19, 1993 and the estimated completion date is February 28, 1994.
- B. Subject to the ceiling price established in this Delivery Order and with prior written approval of the A.I.D. Project Officer (see Block 5 of the Delivery Order), the Contractor is authorized to extend the estimated completion date, provided that such extension does not cause the elapsed time for completion of the work; including the furnishing of all deliverables to extend beyond thirty (30) calendar days from the original estimated completion date. The Contractor shall attach a copy of the A.I.D. Project Officer's approval for any extension of the term of this Delivery Order to the final voucher submitted for payment.
- C. It is the Contractor's responsibility to ensure that the A.I.D. Project Officer-approved adjustments to the original estimated completion date do not result in costs incurred which exceed the ceiling price of this Delivery Order. Under no circumstances shall any such adjustments authorize the Contractor to be paid any sum in excess of the Delivery Order.
- D. Adjustment which will cause the elapsed time for completion of the work to exceed the original estimated completion date by more than thirty (30) calendar days must be approved in advance by the Contracting Officer.

AEP-5451-I-00-2058-00

Delivery Order No. 11

Page 7

ARTICLE VII - WORKDAYS ORDERED

A. Functional Labor Specialist	Work Days Ordered	Fixed Daily Rate	Total
Macroeconomist (C. Bell)	16	\$452.30*	\$ 7,237
Macroeconomist (S. Dunlap)	17	\$560.00*	\$ 9,520

* Based on a multiplier of 1.75.

B. The individuals identified above are designated as essential/key personnel pursuant to Section H.3. of the contract.

C. Subject to the ceiling price established in this delivery order and the prior written approval of the Project Officer, the Contractor is authorized to adjust the number of work days actually employed in the performance of the work by each position specified in this order. The contractor shall attach a copy of the Project Officer's approval to the final voucher submitted for payment.

D. It is the contractor's responsibility to ensure that Project Officer-approved adjustments to the work days ordered for each functional labor category do not result in costs incurred which exceed the ceiling price of this delivery order. Under no circumstances shall such adjustments authorize the contractor to be paid any sum in excess of the ceiling price.

ARTICLE VIII - CEILING PRICE

For Work Days Ordered	\$16,757
For Other Direct Costs	<u>15,243</u>
Ceiling Price	\$32,000

The Contractor will not be paid any sum in excess of the ceiling price.

ARTICLE IX - USE OF GOVERNMENT FACILITIES OR PERSONNEL

The Contractor and any employee or consultant of the Contractor is prohibited from using U.S. Government facilities (such as office space or equipment) or U.S. Government clerical or technical personnel in the performance of the services specified in the delivery order unless the use of Government facilities or personnel is specifically authorized in the delivery order, or is authorized in advance, in writing, by the Contracting Officer.

ARTICLE X - LOGISTIC SUPPORT

The Contractor shall be responsible for all logistical support.

ARTICLE XII - DUTY POST

The primary place of performance under this Delivery Order is La Paz, Bolivia with travel to Santa Cruz as necessary.

ARTICLE XIII - WORK WEEK

A six day work week is authorized.

ARTICLE XIV - LANGUAGE REQUIREMENTS

Spanish S-3, R-3

ARTICLE XV - ORGANIZATIONAL CONFLICTS OF INTEREST/PROCUREMENT INTEGRITY

A. Nothing in this delivery order or contract is intended to create a situation in which the Contractor, its employees or consultants not directly associated with performance of this delivery order or contract, or the personnel performing hereunder (hereinafter collectively referred to as "the Contractor") will have an organizational conflict of interest, i.e., where the Contractor is unable or potentially unable to render impartial assistance or advice to A.I.D., or the objectivity of the Contractor is or might be otherwise impaired, or the Contractor gains an unfair competitive advantage. This applies both to this delivery order or contract, as well as any acquisition (contracts) or assistance (grants and cooperative agreements) instruments to be awarded under the project or program being planned, designed, or developed hereunder.

B. Similarly, nothing in this delivery order or contract is intended to create a situation in which the Contractor serves as a Procurement Official (as defined in FAR 3.104-4[h]) for any acquisition or assistance instruments to be awarded under the project or program being planned, designed, or developed hereunder; nor is the Contractor authorized to have access to proprietary or source selection information (as defined in FAR 3.104-4[j] and [k]; A.I.D. [M/AAA/SER and GC] General Notice issued June 7, 1989 and effective July 16, 1989, subject: Improper Disclosure of Acquisition Information; and A.I.D. [AA/M and GC] General Notice effective July 16, 1989, subject: Procurement Integrity-Source Selection Information) for any acquisition or assistance instruments to be awarded under the project or program being planned, designed, or developed hereunder.

remedies described in FAR 3.104-11(d) for violations of the Procurement Integrity legislation (41 U.S.C. 423, as amended).

E. Any personnel performing under this delivery order or contract who subsequently become a marketing consultant (as defined in FAR 9.501) for any acquisition or assistance instruments to be awarded under the project or program being planned, designed, or developed hereunder will be required to report their activities as a marketing consultant pursuant to FAR 52.209-7.

Appendix B. Evaluation Survey Questionnaire

ANNEX B

QUESTIONNAIRE

A. Background Information

Company Name: _____

Telephone: _____

Address: _____

Name of person interviewed: _____

Position in the company: _____

Introduction

Thank you for participating in our study. We are interviewing exporters to determine their needs for assistance and whether current services are meeting those needs. All results will be kept strictly confidential.

Basic Data on Firm/Firm History

Let's begin with a brief description of your product lines and markets, your line of business, and your export operations.

Sector (specify) _____

Year began operations in Bolivia. 19__

Year began exporting. 19__

Locally owned ___ Subsidiary ___ Joint Venture ___

Nationality _____

For all firms: Were you with the firm when it began to export? (Yes ___ No ___)

B. Start-Up Issues

What was the biggest problem you faced when first trying to export/invest?

How did you solve the problem (i.e. Who assisted you?)

(Local exporters): How did you locate your first important foreign buyer or contract?

- ___ No assistance received (firm's own resources)
- ___ Assistance received (check the most important one or two):
 - ___ Private contacts (friends, colleagues, etc.)
 - ___ Paid assistance (consulting firm, bank, law firm, etc.)
 - ___ Trade show contact
 - ___ Embassy (U.S., Bolivian, other)
 - ___ Bolinvest
 - ___ Other _____

For all firms:

Have you introduced a new product or a new production technology? How important are the following as sources of information, in general:

1 useless 2 useful 3 very useful 4 critical

- ___ Information from suppliers and customers
- ___ Information provided by partners (local or foreign)
- ___ Experience of other firms in the same business
- ___ Published sources
- ___ Feasibility studies or consultant reports
- ___ Internal sources

Did you have any previous experience with a firm that exports or a trading company?

___ No ___ Yes (Export Firm) ___ (Trading Company)

Have any employees from this company started businesses in similar or related product areas?

___ No ___ Yes

Have the skills and knowledge gained from your exporting experience resulted in improvements in other areas of business (either foreign and/or domestic)? What impact has your previous experience had on current business?

___ No ___ Yes, How? _____

C. Importance of Services**Importance:**

1 useless

3 very useful (with impact on firm)

2 useful (with no impact on firm)

4 critical

Services Received:

	Source	Importance
1. Information		
1.1 Prepared specific to the sector	_____	_____
1.2 In-country Q&A	_____	_____
1.3 Overseas representation	_____	_____
1.4 Market information (foreign)	_____	_____
1.5 Other _____	_____	_____
2. Private contact-making		
2.1 Directories	_____	_____
2.2 Trade shows	_____	_____
2.3 Trade missions/roundtables	_____	_____
2.4 Buyer contacts	_____	_____
2.5 Sample preparation	_____	_____
2.6 Other _____	_____	_____
3. Pre-investment or pre-export support		
3.1 Firm specific research/mkt. res.	_____	_____
3.2 Support for site visits	_____	_____
3.3 Legal assistance	_____	_____
3.4 Credit facilitation	_____	_____
3.5 Proposal development	_____	_____
3.6 Other _____	_____	_____
4. Technical assistance		
4.1 Production/processing	_____	_____
4.2 Marketing	_____	_____
4.3 Management - cost/price	_____	_____
4.4 Other _____	_____	_____

Do you know any other groups that provide the services you used?

What do you think about them?

Do you know of any other groups that charge for any services? If so, how much do they charge?

D. Growth of Experts and Employees

Growth of exports and employment

Export orientation: What percentage of your sales are exports?

3 years ago	Now	In 3 years
_____ %	_____ %	_____ %

Firm not in business three years ago. ____

Average workforce (full-time equivalents)

3 years ago	This year	In 3 years
Total	Total	Total
_____	_____	_____

Total exports

3 years ago	This year	In 3 years
Exports	Exports	Exports
dollars: _____	_____	_____

How much US machinery?

How much have you invested?

What has been the impact on employment and income in your firm?

E.

1. So, summarizing what you have told me, it would seem to that the most important sources of assistance for your firm in setting up an operation her and/or beginning to export were _____ (specify based on answers to section C). Based on a total of 100 points, how would you divide up the credit for making your investment or export operation go forward among these various institutions that provided assistance, including your own firm? For example, if you did it all yourself, and no one's help really had an impact, give your firm 100 points. If your foreign buyer provided most of the assistance, but a government agency and your law firm helped in important ways, you might give the buyer 40 points, and you lawyer and the government 20 points each, and give the other 20 to your firm. The points should add up to 100.

Own firm _____

2. What is your general opinion of these organizations? Bolinvest or other groups?
 (referring to organizations mentioned in Section C.)

(0 = no opinion, 1 = poor, 2 = so-so, 3 = good, 4 = excellent)

3. If Bolinvest were to terminate services in 1995, what would be the impact on your exports? On future exporters?

4. Recommendations for improvement of Bolinvest services.

Appendix C. List of Institutions and Persons Contacted

List of Institutions, Firms and Persons Contacted

<u>Institution</u>	<u>Representative Name</u>	<u>Representative Title</u>
A. Companies Interviewed		
1. Anapqui	Francisco Valderrama	National Administrator
2. Andec	Cecilia Ichazu	General Manager
3. Bol Metal	Eng. Ramiro Barba	
4. Bolivian Hands	Egn. Febo Flores	General Manager
5. Boro Bolivia	Aldo Ostuni	Manager
6. Candim	René Palma	General Manager
7. Inexbol	Pedro Rodriguez	Presidente
8. La Modelo	Guido Friedheim	General Manager
9. Mabet Ltd.	Susana Ettiene	General Manager
10. Mobilia	Javier Inchauste	General Manager
11. Occidental	Alfredo Illanes	General Manager
12. Odea	Alfredo Arredondo	Executive President
13. Orbol	Augusto Millares A.	General Administrator
14. Tahuamanu	Eng. Enrique Nelkenbaum	President
15. Tierra S.A.	Sr. Guillemos Roelants	General Manager
16. Alpha Furniture	George Satt	General Manager
17. High Altitude	Jeniffer Shepard	Manager
18. Andes Mining	David O'Connor	General Manager
19. Equinox/Andes Mining	David O'Connor	General Manager
20. Industrias de Aceite S.A.	Oswaldo Barriga	Assistant Manager
21. Minerales y Metales del Oriente	Mario Urriolagoita	Adm. Manager
22. Industrias Kupell	Peter Jessen	Exportation Manager
23. Granosur	Eng. Juan Carlos Velarde	General Manager
24. Sociedad Aceitera del Oriente	Eng. Oscar Hellens	Worldwide Business
25. Tecno-Carpinteria San Pedro	Jorge Paz	General Manager
26. Cablecruz	Oscar Mely	General Manager
27. Florabol	René Salomon	Associate
28. Eurocan	Ian Gallop	Manager
29. Norcen	Ron Sutsch	Manager
30. Gravetal	Luis German Osorms	Manager
31. Galeandra	William Farwig/ Ana Maria Chamberlain	Managers
32. Shiraka	Gus Grabscheid	Manager
B. Government Contacts		
1. Secretaria Nacional de Industria y Comercio	Sr. Carlos Morales	Minister of National Industry and Commerce
2. Secretaria Nacional de Industria y Comercio	Sr. Carlos Ybarguen	Assistant to the Minister
3. Secretaria Nacional de Industria y Comercio	Sr. Jose Montaña	Head of Statistics
4. Bolivian Embassy	Gonzalo Bernal	Commercial Attache

C. Private Sector Organizations/Other Development Projects

1.	Inpex	Sr. Felipe Hartmann	Director
2.	Caneb	Sr. Javier Castellanos	Director
3.	Fundacion Bolivia Exporta	Sr. Jan Mulder	General Manager
4.	Law Firm	Dr. Fernando Rojas	
5.	Saxxon	Sr. Fernando Campero	Ex-Minister of MECE
6.	Proyectos Promocion de Exportaciones de Madera, Centrol de Comercio Intl. UNCTAD/GATT, Santa Cruz	Wilfredo Mattos	Principal Technical Advisor
7.	Instituto Boliviano de Comercio Exterior	Lic. Juan Carlos Roca	General Manager
8.	Centro Privado de Inversiones	Eng. Carlos Carrasco	Director
9.	CADEX, Santa Cruz	Lic. Francisco Javier Terceros	General Manager

D. Bolinvest Staff

1.	Carana Corp.	Alberto Gonzales-Zuniga	Manager of Export Unit
2.	Carana Corp.	Clara Garland	Assistant Manager of Export Unit
3.	Carana Corp.	Sonia Arce	Sector Executive
4.	Carana Corp.	Victor Hugo Gutierrez	Wood Sector Executive
5.	Carana Corp.	Roberto Arce	Manager Investment Unit
6.	Carana Corp.	Jose Valdez	Assistant Manager of Investment Division
7.	Carana Corp.	Ronald Aliaga	Regional Director SC
8.	Carana Corp.	Mario Rojas	Miami Representative
9.	Carana Corp.	Mauricio Arraya	Investment Officer
10.	Carana Corp.	Federico Garland	Lima Representative
11.	Carana Corp.	Freddy Delgadillo	Buenos Aires Representative
12.	Carana Corp.	Carlos Torres	President of Carana
13.	Carana Corp.	Donald L. Richardson	Executive Director of Bolinvest

E. USAID Staff and Contractors

1.	USAID/Bolivia	Rich Rosenberg	Private Sector Director
2.	USAID/Bolivia	Steve Smith	Assistant Private Sector Director
3.	USAID/Bolivia	Joy Lucke	Project Coordinator
4.	USAID/Bolivia	Oscar Gonzalez	Economist
5.	Local Consultant	Fernando Mollinedo Valdéz	
6.	Local Consultant	Miroslava Peña Quintanilla	
7.	Chemonics	John Lamp	Trade and Investment Consultant

Appendix D. Summary Tables of Export Promotion Services

Table D-1
TYPES OF EXPORT PROMOTION SERVICES MOST VALUED BY BOLINVEST CLIENTS (1)
 (Overview)

SERVICE DESCRIPTION	USE OF SERVICE BY COMPANIES			CONSIDERED VERY USEFUL/CRITICAL (2)			% OF SURVEY SAMPLE THAT USED THE SERVICE AND CONSIDERED IT TO HAVE A HIGH IMPACT
	TOTAL	# of USED SERVICES	%	# of USED SERVICES	# of 3/4 SCORE	%	
Production/Processing TA	20	11	55%	11	10	91%	50%
Buyer Contacts	20	10	50%	10	9	90%	45%
Overseas Offices	20	9	45%	9	5	56%	25%
Marketing TA (3)	20	6	30%	6	4	67%	20%
Info. on foreign markets	20	5	25%	5	4	80%	20%
Sample preparation	20	5	25%	5	3	60%	15%
Market research	20	3	15%	3	3	100%	15%
Site visit support/appts	20	3	15%	3	3	100%	15%
Q&A by local staff	20	3	15%	3	3	100%	15%
Management TA	20	3	15%	3	3	100%	15%
Trade missions/roundtables	20	3	15%	3	2	67%	10%
Trade shows	20	3	15%	3	2	67%	10%
Sector specific info	20	3	15%	3	2	67%	10%
Legal assistance	20	2	10%	2	1	50%	5%
Credit facilitation	20	1	5%	1	1	100%	5%

Note 1: The evaluation survey included a total of 19 companies plus ANDEC (coffee exporter's association). ANDEC is not included in the attribution results however.

Note 2: The survey asked Bolinvest clients which services had the greatest impact on their ability to export. "Very Useful" was a 3, while "Critical" was given a score of 4

Note 3: The Marketing TA category includes brochure and video production assistance, and organic certification assistance

Table D-2
TYPES OF EXPORT PROMOTION SERVICES MOST VALUED BY BOLINVEST CLIENTS (1)
 (By Company Size)

SERVICE DESCRIPTION	USE OF SERVICE BY COMPANIES			CONSIDERED VERY USEFUL/CRITICAL (2)			% OF SURVEY SAMPLE THAT USED THE SERVICE AND CONSIDERED IT TO HAVE A HIGH IMPACT
	TOTAL	# of USED SERVICES	%	# of USED SERVICES	# of 3/4 SCORE	%	
SMALL							
Buyer Contacts	10	7	70%	7	7	100%	70%
Production/Processing TA	10	5	50%	5	5	100%	50%
Overseas Offices	10	4	40%	4	2	50%	20%
Marketing TA	10	3	30%	3	2	67%	20%
Market research	10	3	30%	3	3	100%	30%
Sector specific info	10	3	30%	3	2	67%	20%
Site visit support/appts	10	2	20%	2	2	100%	20%
Q&A by local staff	10	2	20%	2	2	100%	20%
Trade shows	10	2	20%	2	1	50%	10%
Info. on foreign markets	10	2	20%	2	2	100%	20%
Sample preparation	10	1	10%	1	1	100%	10%
Management TA	10	1	10%	1	1	100%	10%
MEDIUM							
Production/Processing TA	5	4	80%	4	3	75%	60%
Buyer Contacts	5	3	60%	3	2	67%	40%
Sample preparation	5	3	60%	3	1	33%	20%
Overseas Offices	5	2	40%	2	1	50%	20%
Info. on foreign markets	5	2	40%	2	1	50%	20%
Marketing TA	5	1	20%	1	1	100%	20%
Management TA	5	1	20%	1	1	100%	20%
Site visit support/appts	5	1	20%	1	1	100%	20%
Q&A by local staff	5	1	20%	1	1	100%	20%
Trade shows	5	1	20%	1	1	100%	20%
Legal assistance	5	1	20%	1	1	100%	20%
Credit facilitation	5	1	20%	1	1	100%	20%
LARGE							
Trade mission/roundtables	5	3	60%	3	2	67%	40%
Overseas Offices	5	3	60%	3	2	67%	40%
Production/Processing TA	5	2	40%	2	2	100%	40%
Marketing TA	5	2	40%	2	1	50%	20%
Info. on foreign markets	5	1	20%	1	1	100%	20%
Management TA	5	1	20%	1	1	100%	20%
Sample preparation	5	1	20%	1	1	100%	20%
Legal assistance	5	1	20%	1	0	0%	0%
Note: Small: less than US\$1 million investment and less than 75 employees Medium: US\$1 to \$3 million investment and 75-100 employees Large: more than US\$3 million investment and more than 100 employees							

Table D-3
TYPES OF EXPORT PROMOTION SERVICES MOST VALUED BY BOLINVEST CLIENTS (1)
 (By Product Sector)

SERVICE DESCRIPTION	USE OF SERVICE BY COMPANIES			CONSIDERED VERY USEFUL/CRITICAL (2)			% OF SURVEY SAMPLE THAT USED THE SERVICE AND CONSIDERED IT TO HAVE A HIGH IMPACT
	TOTAL	# of USED SERVICES	%	# of USED SERVICES	# of 3/4 SCORE	%	
AGRICULTURE AND AGROINDUSTRY							
Buyer Contacts	6	4	67%	4	4	100%	67%
Overseas Offices	6	3	50%	3	2	67%	33%
Trade mission/roundtables	6	3	50%	3	2	67%	33%
Production/Processing TA	6	2	33%	2	2	100%	33%
Marketing TA	6	2	33%	2	1	50%	17%
Q&A by local staff	6	2	33%	2	2	100%	33%
Market research	6	1	17%	1	1	100%	17%
Sector specific info	6	1	17%	1	0	0%	0%
Site visit support/appts	6	1	17%	1	1	100%	17%
Info. on foreign markets	6	1	17%	1	1	100%	17%
WOOD PRODUCTS							
Production/Processing TA	5	4	80%	4	4	100%	80%
Buyer Contacts	5	3	60%	3	2	67%	40%
Marketing TA	5	3	60%	3	2	67%	40%
Sample preparation	5	3	60%	3	3	100%	60%
Trade mission/roundtables	5	3	60%	2	1	50%	20%
Overseas offices	5	2	40%	2	1	50%	20%
Info. on foreign markets	5	2	40%	2	2	100%	40%
Management TA	5	2	40%	2	2	100%	40%
Sector specific info	5	1	20%	1	1	100%	20%
MINING							
Production/Processing TA	3	2	67%	2	2	100%	67%
Buyer Contacts	3	2	67%	2	2	100%	67%
Sector specific info	3	1	33%	1	1	100%	33%
Trade shows	3	1	33%	1	1	100%	33%
Info. on foreign markets	3	1	33%	1	1	100%	33%
Marketing TA	3	1	33%	1	1	100%	33%
Market research	3	1	33%	1	1	100%	33%
Credit facilitation	3	1	33%	1	1	100%	33%
Overseas offices	3	1	33%	1	0	0%	0%
Sample preparation	3	1	33%	1	0	0%	0%
JEWELRY							
Production/Processing TA	2	1	50%	1	1	100%	50%
Management TA	2	1	50%	1	1	100%	50%
Q&A by local staff	2	1	50%	1	1	100%	50%
Legal assistance	2	1	50%	1	1	100%	50%
Overseas offices	2	1	50%	1	1	100%	50%
Info. on foreign markets	2	1	50%	1	0	0%	0%
Sample preparation	2	1	50%	1	0	0%	0%
HANDICRAFTS (PEWTER,LEATHER)							
Buyer Contacts	2	2	100%	2	1	50%	50%
Trade shows	2	1	50%	1	0	0%	0%
Overseas offices	2	1	50%	1	0	0%	0%
OTHER							
Production/Processing TA	2	2	100%	2	1	50%	50%
Overseas offices	2	1	50%	1	1	100%	50%

Table D-4

SUMMARY TABLE OF ATTRIBUTION BASED ON EVALUATION OF BOLINVEST PROGRAM: 1993 AND 1996

COMPANY ATTRIBUTION		1993		1996		1993		1996	
		TOTAL EXPORTS	ATTRIBUTABLE EXPORTS	TOTAL EXPORTS	ATTRIBUTABLE EXPORTS	TOTAL EMPLOYMENT	ATTRIBUTABLE EMPLOYMENT	TOTAL EMPLOYMENT	ATTRIBUTABLE EMPLOYMENT
1	75%	450	338	1,000	750	10	8	30	23
2	100%	2	2	120	120	12	12	22	22
3	100%	750	750	2,000	2,000	45	45	75	75
4	0%	50	0	150	0	10	0	15	0
5	100%	50	50	1,400	1,400	14	14	18	18
6	100%	400	400	600	600	230	230	335	335
7	100%	1,000	1,000	3,000	3,000	60	60	120	120
8	100%	0	0	1,000	1,000	80	80	160	160
9	100%	700	700	2,000	2,000	250	250	320	320
10	25%	1,000	250	2,000	500	80	20	96	24
11	100%	1,500	1,500	5,000	5,000	130	130	200	200
12	25%	700	175	6,000	1,500	62	16	80	20
13	100%	2,000	2,000	5,000	5,000	60	60	60	60
14	100%	500	500	1,200	1,200	40	40	52	52
15	100%	40	40	40	40	55	55	55	55
16	75%	2,500	1,875	4,000	3,000	60	45	300	225
SUBTOTAL	81%	11,642	9,580	34,510	27,110	1,198	1,064	1,938	1,709
% of Subtotal:			82%		79%		89%		88%
17	25%	38,000	9,500	38,000	9,500	450	113	450	113
18	25%	20,000	5,000	22,000	5,500	150	38	150	38
19	25%	30,000	7,500	45,000	11,250	260	65	260	65
SUBTOTAL	25%	88,000	22,000	105,000	26,250	860	215	860	215
% of Subtotal:			25%		25%		25%		25%
TOTAL		99,642	31,580	139,510	53,360	2,058	1,279	2,798	1,924
% of Total:			32%		38%		62%		69%

KEY: ATTRIBUTION BASED ON A COMBINATION OF ANSWERS TO SEVERAL QUESTIONS FROM THE SURVEY. FIRMS 17, 18, 19 ARE SEPARATED OUT DUE TO THE LARGE VOLUMES OF EXPORTS AND RESULTING DISTORTIONS IN CALCULATIONS

A

MIDTERM EVALUATION

OF THE

**USAID/BOLIVIA INVESTMENT AND EXPORT
PROMOTION PROGRAM**

(Project/Contract No. 511-0585-C-00-0019-00)

Prepared For:

Private Sector Office,
USAID/BOLIVIA

Prepared By:

Development Economics Group/
Louis Berger International, Inc.

January 10, 1994