

PSKAL459

511-0582

SEMI-ANNUAL REPORT

USAID/BOLIVIA

PERIOD ENDING SEPTEMBER 30, 1987

The attached is for the individual country breakdown. For entire Semi-annual report, see LAC/JR files.

PROJECT TITLE: THE BOLIVIAN SAVINGS AND  
LOAN SYSTEM WATER AND  
SANITATION PROJECT

IMPLEMENTING AGENCIES: Central Bank  
of Bolivia (BCB) and Caja Central  
de Ahorro y Préstamo para la  
Vivienda (CACEN)

PROJECT NUMBERS: Grant No. 511-0582  
Loan No. 511-W-068

CONTRACTORS: US League International,  
Inc. (USLI) (Completed Contract)

AUTHORIZATION DATES: 09/20/83

AID PROJECT MANAGER: Angel M. Díaz

OBLIGATION DATES: Grant: 09/20/83

AID PROJECT COORDINATORS:

Loan: 09/30/83

PACD (Original): 09/30/86

Dino Siervo

(Revised): 09/30/88

Fernando Torres

## I. PROJECT PURPOSE

The Project purpose is to provide the Savings and Loan System (the S&L System) in Bolivia with the financial resources and technical assistance needed to diversify its portfolio and to finance the installation of potable water and sanitation services for low income homeowners and communities.

## II. CURRENT ASSESSMENT

### A. Summary

Project implementation activities have improved markedly during the past six months, as a result of the following three actions:

1) approval of the 1987-1988 Master Implementation Plan by the Mission and Banco Central de Bolivia (BCB),

2) modification of the counterpart funding composition by reducing the contribution of the Savings and Loan Associations and increasing the community/GOB contribution, and

3) delegation of authority by the President of BCB to its Department of Development Banking for all implementation actions pertaining to this Project, which will substantially streamline and expedite the subproject approval process at BCB.

The criteria for the selection of subprojects takes into account not only the traditional credit worthiness of beneficiaries, but also their economic condition (low-income families), geographical dispersion, and the participation of private/public entities. Subproject implementation to date reflects progress in each of these areas.

In summary, the present geographic distribution of the Project covers four of the nine departments of Bolivia, and most subproject are located in isolated areas of Bolivia, which rarely merit the attention of private or public investors. The nature of the subprojects varies from simple water connections or individual water tanks (Cobija, Trinidad) to water systems

(Guayaramerin, Bermejo, Cochabamba city). Six different private or public entities are already participating in the design and implementation activities of the subprojects. The Guayaramerin and Bermejo subprojects were or will be implemented by force account, the Cochabamba subproject construction will be in charge of a private construction company and the Cobija and Trinidad subprojects will be carried out by small independent contractors, as determined by CACEN and USAID after consideration of the size of each installation, estimated cost, location and the implementing agency's technical/administrative capability to undertake subproject implementation.

The Savings and Loan Associations of Tarija, Cochabamba, Trinidad, Guayaramerin and Pando and the Private Water Cooperatives of Guayaramerin and Bermejo have strengthened their financial and administrative capacities as a result of their roles during subproject implementation, have the personnel and the administrative capability to process applications from beneficiaries, and now have the capabilities to undertake new responsibilities related to the provision of water and sanitation services. When granting subproject loans to either institutions or individuals, the Saving & Loan Associations consider the repayment capacity and reasonable margins of profit. The Guayaramerin and Bermejo loans have or will be granted to private cooperatives. The loans for the Cobija and Trinidad subprojects will be granted to individuals.

As of September 30, 1987, 66% of the A.I.D. Loan Project funds were committed in subprojects at different stages of implementation, as follows:

1. Bermejo (Tarija) Water System (US\$590,000): The subproject's technical feasibility and the borrower's administrative capacity have been approved by the Mission. An Implementation Letter recommending approval of the subproject has been prepared, with an estimated start date late in October 1987. While initially, 4,000 families will benefit, the project is designed to eventually serve 7,500 families. CACEN estimates the project will be completed by September 1988.

2. San Juan-San Pablo Water System (US\$350,000): The subproject has been approved by the Mission. Selection of contractors is scheduled for the first half of October 1987. Initially 500 families will benefit, eventually 1,600 families will be served. System completion is estimated for March 1988.

3. Trinidad water connections (US\$42,000): The subproject has been approved by the Mission and the work will start during the first half of October 1987. 250 families will benefit from the subproject, which will be completed by January 1988.

4. Pando water wells, water tanks and water connections (US\$112,000): The subproject has been approved by the Mission and the work will start during the first half of October 1987. The effort will benefit 105 low income families. System completion is expected in January 1988.

5. Guayaramerin water system (US\$230,000); The subproject was completed in September 1986. A recent Mission survey reveals that the project is being adequately managed by the Cooperative and the Mutual, and that the 7,000 families using the system are satisfied with the services received.

B. Mission Director's Assessment

- A. No major implementation problems.
- B. Has corrected previous problems and is back on track.
- C. Major problems which require management attention.

III. PROJECT STATUS

A. Financial Summary (\$000)

1. AID

	<u>Grant</u>	<u>Loan</u>
Authorized	250	2,000
Obligated	250	2,000
Committed: This period (2nd.q.)	7	112*
Cumulative	237	346
Accrued Expenditures:		
This period (2nd.q.)	1	-
Cumulative	231	233
Pipeline	19	1,767
Projected expenditures for next six months	19	1,100

2. <u>Local Contribution</u>	<u>GOB</u>	<u>PL 480</u>	<u>Implementing Organization</u>
Planned			750**
Actual-to-date			46

\* Actual commitments for the reporting period are greater than demonstrated here because not all financial documents relevant to this period were processed before the end of the reporting period.

\*\* Represents total Bolivian contribution.

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B. Major Outputs

<u>Target</u>	<u>This Period</u>	<u>Cumulative</u>
1. Diversify loan portfolio of 12 private Savings and Loan Associations	-	Accomplished for "La Frontera" Savings and Loan Association in Guayaramerin
2. Create a loan mechanism which will provide potable water and sanitation services through the Private Sector	-	Completed by CACEN through its 12 S&L associations
3. Provide potable water and sanitation services to approximately 50,000 families	-	7,000 families provided with potable water services
4. Expand local manufacturing capability for water and sanitation system construction supplies	-	No appreciable increase in capability observed

C. Other Accomplishments

Project implementation so far has contributed to strengthened administrative and technical capacities in the private cooperatives of Guayaramerin and Bermejo and the Mutuuls of Cochabamba, Cobiya, Trinidad, Bermejo, and Tarija. This institutional strengthening has already improved the image of these institutions.

At least 50% of the subprojects' total costs represent labor and, therefore, the Project supports the GOB's efforts to resolve the national unemployment problem.

The different types of subprojects undertaken will result in a variety of experiences in the identification, appraisal and implementation of water and sanitation projects, for both the S&L System and the implementing agencies. Because of the pilot nature of this Project and since Loan 511-HG-007 for the Low Cost Shelter Program includes financing for infrastructure in housing activities, the experience gained during implementation of this Project will definitely contribute to the implementation of the Shelter Project and to the development of future water and sanitation programs.

Loan repayments by the borrower are up to date.

D. Audits and Evaluations

None.

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E. Problems, Delays and Actions to Address Them

The Caranavi and Sorata subprojects have been cancelled because of community lack of interest. These will be replaced by other subprojects.

IV. MAJOR ACTIONS OVER THE NEXT SIX MONTHS

<u>Action</u>	<u>Target Date</u>
1. Issuance of a PIL for the request of an advance of funds (\$42,000) for Mutual of Paititi in Trinidad.	October 1987
2. Issuance of PIL for the approval of the Bermejo subproject.	October 1987
3. Review with CACEN of the targets for 1988 as given in the Master Implementation Plan.	November 1987
4. In-situ visits to on-going and projected subprojects.	November 1987
5. Mutual La Promotora in Cochabamba completes a study for water connections and water wells for 300 families. The cost of this subproject is estimated at US\$150,000.	December 1987
6. The Trinidad and Pando subprojects completed.	January 1988
7. Mutual La Paz in La Paz completes a study for water connections and water wells for 800 families at an estimated cost of US\$400,000.	January 1988
8. Initiate the above La Paz subproject.	February 1988
9. Initiate the above mentioned Cochabamba subproject.	February 1988
10. The Trinidad subproject enlarged to benefit an additional 800 families, at an estimated cost of US\$160,000.	March 1988
11. The San Juan-San Pablo subproject completed.	March 1988
12. Initiate the above enlarged subproject.	April 1988
13. The Bermejo subproject 60% completed.	April 1988

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