Chapare

Investment

Promotion Fund

Concept Paper

(Revised)

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PREFACE

This report is one of a series of studies and reports related to the need for financial services, including credit, in the Chapare. It needs to be considered in conjunction with the findings and recommendations of those other studies, which establish the framework for the concept of an ***Investment Promotion Fund***. Of particular relevance to this topic are the following:

Carballo, Manual, and Cespedes, Julio, “Estudio de Credito Rural Chapare,” CONCADE. February 2000.

Eduardo Rodriguez Moreno, "Proyecto Plan del Trópico de Cochabamba: Bases para un sistema financiero en el trópico de Cochabamba," IP/GTZ, October 1998.

Foster, Charles, “Using Incentives as a Tool for Promoting Investment and for Strengthening Agribusiness in the Chapare (Bolivia).” Cochabamba: CONCADE, February 2000.

Magill, John, “CONCADE Credit System: Options and Approaches,” January 2000.

Talentino, Tracey, “Report,” December 1999.

EXECUTIVE SUMMARY

The contract for the CONCADE activity notes under Specific Objective No. 4, that "For the purpose of providing investment incentives, after careful identification of credit needs and mechanisms to ensure appropriate use of credit funds, a credit guarantee fund may be established—if other sources of credit are not available—by the Contractor in one or more banks which shall onlend to interested entrepreneurs."[1] According to the statements for critical tasks A & C, for SO #4 of the DAI contract, DAI was to, among other things:

- Conduct a research/assessment of credit needs for production and investment promotion in the Chapare: and
- If deemed appropriate and justified, develop and implement an investment promotion credit program upon USAID/GOB approval.

It has become increasingly apparent that many of the indicators cannot be achieved, and that many of the immediate impacts of the CONCADE activity cannot be sustained, without some form of financing. The extension services and research activities can produce the technologies for improving yields and production, but investment is required to put those technologies into practice. Businesses wanting to locate in or to serve the Chapare are constrained by the unavailability or high cost of capital for investment.

At least two recent studies of credit and other financing needs demonstrated a clear need to stimulate financing in the Chapare to (a) meet program objectives, and (b) solidify progress toward transition to a licit economy in the region.[2] The general decline in income resulting from the transition to licit crops has created a cash shortage among the small farmer clients of the CONCADE activity, necessitating a consideration of alternative sources of financing for agricultural production finance, yet no financial institutions will currently lend to this population. Businesses wanting to locate or expand operations in the Chapare have met with considerable reluctance on the part of formal financial institutions to lend in the region, very high costs of funds (which have decreased the financial feasibility of investments), and prohibitive collateral requirements. The absence, until very recently, of any formal financial services in the region has meant that credit and other financial services through formal channels has not been available.

Traditional approaches to meeting financing needs will not work in the region due to high risk, lack of interest by traditional financial intermediaries in servicing the Chapare, the absence of financial intermediaries in the Chapare, and stringent government regulations that make it risky for financial institutions to do business in the Chapare. A program to stimulate investments in the Chapare must be able to take high risks and be able to absorb a higher rate of loss than normal, and must be dedicated to

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[1]DAI Contract with USAID for CONCADE, p. 26.

[2]John Magill, *CONCADE Credit System: Options and Approaches*, January 2000; Eduardo Rodriguez Moreno, "Proyecto Plan del Trópico de Cochabamba: Bases para un sistema financiero en el trópico de Cochabamba," IP/GTZ, October 1998.

serving the Chapare. To date these characteristics are not present in any of the financial intermediaries that have been interviewed.

Because traditional approaches to finance are not feasible, neither are traditional funding channels. The established government mechanisms for channeling resources donated to the Government of Bolivia (NAFIBO SAM and FONDESIF) are not sufficiently flexible to permit the risk and financial services that would be necessary to overcome the traditional impediments to providing financial services in the region. Centralized AID programs (like the newly established DCA), also are incapable of supporting the variety of incentive instruments that might be required or of accepting the high degree of risk that must be tolerated during the early phase of financial activities.

This concept paper outlines an approach to meeting the short-term financing needs of production and marketing related to the CONCADE activity and for establishing the basis for long-term financing in the Chapare. The highlights of this approach are:

- Funds are initially managed by the CONCADE team to ensure that appropriate innovative approaches to finance are used, appropriate risks are taken, funds remain dedicated to serving the needs of the Chapare, and that the investments that are funded support and are integrated with other development services provided by CONCADE;

- A variety of financial instruments are used to achieve the objectives – such as grants, incentive subcontracts, guarantees and other forms of collateral, and equity investments;

- The fund is able to take risks and absorb losses that traditional financial intermediaries would not be able to absorb;

- Fund balances are transferred to a permanent fund at the end of the CONCADE activity.

This approach combines an ability to manage the fund during the life of the CONCADE activity to make sure that the funds are properly used and further the project's objectives, while establishing the basis for a permanent fund to support the economic growth and viability of the Chapare.

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CHAPARE

INVESTMENT PROMOTION FUND:

CONCEPT PAPER

This is a concept paper presenting a consideration of technical alternatives to expand, within CONCADE, funding for grants and incentives to stimulate investment in the Chapare to consolidate the transition from illicit to licit agricultural production in the Chapare. The ***Investment Promotion Fund*** would also consolidate all management of investment incentive funds – grants and incentives – in a single new unit within CONCADE to better coordinate and manage the resources

BACKGROUND

Increased investment in the Chapare is critical to the success of the CONCADE activity and to the sustainability of the coca eradication and substitution efforts. Additional and continual investment is needed at all levels – on-farm production, marketing, processing, exporting, transportation and financial services – to achieve the productivity, production and marketing targets established for the CONCADE activity and to encourage agricultural producers in the region to permanently abandon coca production.

The need for investment is very large. Preliminary estimates show the following needs for financing:

Sector	Needs
Small Farmers	$70.0 million per year
Producer Associations	$4.0 million
Processing and Marketing Intermediaries	$5.0 - $10. 0 million
Transportation	$2.0 million
Financial Intermediaries	$2.0 million

Thus, there is an immediate need for about $13.0 to $18.0 in new investment, plus annual on-going investment in agricultural production of about $70.0 million.

Traditional mechanisms for financing investment are not adequate to meet the needs of the Chapare. The initial cash incentives provided to farmers who agreed to abandon coca production have been consumed by one-time purchases and consumption spending necessitated by the substantial reduction in personal income that has resulted from abandoning coca production. Private investment capital is limited in Bolivia, and most of that capital is channeled to areas with less perceived risk. Banks are reluctant to lend for activities in the Chapare, and are unwilling to undertake the types of financing required by the economic activities of the region. The financial intermediaries that have established a presence in the

Chapare are small, unable to undertake the level of financing required, unwilling to work with individual small farmers, unwilling to take the risk of developing substantial agricultural portfolios, and do not offer the incentives needed to encourage investment.

Furthermore, an additional lesson learned from the CORDEP period of alternative development in bolivia is the demonstration that a prudent financial institution cannot take high levels of risk and will abandon a market if the risks or operating conditions prove too difficult. Agrocapital, for example, shut down its lending operations in the Chapare when losses became too high, and commercial banks withdrew from the region.

There is a need to overcome the substantial risks and psychological barriers to investment in the Chapare. Farmers either do not have the cash or are yet unconvinced of the value of implementing the project's technological packages. Businesses perceive high risks, start-up costs are expensive, profit margins are uncertain, and collateral is insufficient to satisfy bank and bank supervisory agency requirements. Because of past experiences and government regulations, banks and other financial intermediaries are unwilling to take the risks associated with large-scale financing in the region. Establishing the basis for sustained economic development in the Chapare requires innovative solutions that address these problems.

NATURE OF THE INVESTMENT PROMOTION FUND

Given the fact that there are major barriers to be overcome, and that financial institutions are unable or unwilling to provide adequate funding to support the needed investment, innovative alternatives are required to bring about the needed level of investment. In particular, these alternatives need to (a) accept greater risk than banks and other financial intermediaries can accept, (b) be willing and able to accept greater losses than existing Bolivian financial intermediaries are willing and able to accept, and (c) be dedicated to maintain a permanent focus on the Chapare itself. The ***Investment Promotion Fund*** would be able to meet these objectives and establish the framework for financial services in the Chapare.

The CONCADE-DAI contract contains two line items to help finance investments in the Chapare. One is an incentive fund of $500,000, modeled on the experience of CORDEP in encouraging the establishment of businesses in the Chapare.[3] The second is a grant fund of $4.0 million to strengthen local associations. The ***Investment Promotion Fund*** would expand funding for incentives, add funding to support credit for production and agribusinesses, and consolidate management of the various funds into a single unit.

One of the key advantages of establishing the ***Fund*** initially within CONCADE is that, during the life of the CONCADE activity, the ***Fund*** will remain dedicated to serving the Chapare, and will not be tempted to seek easier markets in other areas.

INVESTMENT PROMOTION TOOLS

[3]See Charles Foster, "Using Incentives as a Tool for Promoting Investment and for Strengthening Agribusiness in the Chapare (Bolivia)." Cochabamba: CONCADE, February 2000.

The ***Fund*** will not lend directly to farmers or individual businesses, but will seek to stimulate financial relationships between these clients and financial or business institutions. The preferred method of operation will depend on the client, the criticality of the investment to achieving CONCADE objectives, and the impediments to the proper functioning of commercial financial relationships between financial intermediaries and the clients. The role of the fund will be to reduce the barriers to these normal financial relationships through a variety of incentives and other financial mechanisms.

The investment fund will be able to use a variety of tools other than direct loans to promote investments in the Chapare. These include, but are not limited to grants, loan guarantees, equity investments and other instruments such as contracts for management, operations or transportation. Examples of the types of incentive promotion that might be undertaken by the ***Fund*** include grants, guarantees or other forms of collateral, equity investments, and others.

Grants

Although CONCADE is committed to reducing dependency on grants or other subsidies, the activity recognizes that grants are still necessary to facilitate the transition from coca production, encourage initial investments, and establish the basis for certain on-going financial activities, particularly as follows:

- Grants or matching grants consisting of agricultural inputs to newly coca-free associations to partially cover initial plant materials and establish rotating funds for agricultural inputs;

- Grants or matching grants consisting of agricultural inputs to existing coca-free associations to reestablish rotating funds for agricultural inputs that were depleted due to inadequate supervision, education and management;

- Grants or matching grants to existing or new associations to establish rental tool banks, especially for sprayers, weed and brush cutters and chain saws; and

- Performance-based grants[4] to stimulate investment by processing and marketing intermediaries in the Chapare.

Loan Guarantees

Since banks in Bolivia have considerable liquidity, the major impediment to lending for the Chapare appears to be the perceived risk and absence of suitable collateral. Financial institutions that could be involved in the Chapare might consider accepting appropriately structured guarantees to back loans. Some of the types of guarantees that might be appropriate include:

- Guarantees to selected investors to guarantee loans by supervised financial intermediaries for the establishment or expansion of processing, marketing, or transportation services;

- Guarantees to associations to guarantee loans for development of critical infrastructure – such as wells for packing plants, irrigation and cableways.

[4]As currently stimulated, these are incentive subcontracts rather than grants *per se*, but generally take the form of grants.

- Deposits in selected financial intermediaries to serve as collateral for loans to approved client groups or private businesses in order to stimulate a relationship between the businesses or groups and financial intermediaries.

The actual guarantee mechanism could take several forms, from placing relatively small deposits in selected financial intermediaries to serve as collateral for loans to approved clients to establishing a trust fund in one or more banks to back loans made by non-bank financial intermediaries. Eventually A.I.D.'s Development Credit Authority (DCA) loan guarantee program should be substituted for the local guarantee fund, but at present the banks have not found this to be an attractive instrument for the Chapare.

The objective of using loan guarantees is that this mechanism provides a way to leverage funds, and a limited amount of AID funds could leverage a significant amount of loans to the client groups. Financial institutions in Bolivia often want to have two to three times the amount of the credit in guarantee, but a guarantee fund should not exceed the exposed (non-collateralized) risk involved in the loan, and the amount of funds actually required to guarantee a portfolio could be substantially less – 10 to 12 percent as in the case of the DCA.

The guarantees could be structured in such a way as to provide an incentive for the financial institutions to accept more of the risk of the loan. For example, the intermediary could choose to place 100%, 75%, 50% or even less of the risk under guarantee, with the cost of the guarantee varying directly with the guarantee coverage. For example, if an institution placed 100% of the risk under the guarantee it would be allowed to recover up to its cost of funds plus a commission – the rest of the interest charged would pay for the guarantee. As the intermediary accepted greater risk, it would be permitted to keep a greater percentage of the interest charged. Such a scheme could be structured to provide a strong income incentive for accepting more risk as an institution becomes more familiar with a client. An example can be seen below:

Interest and Charges	**Amount Placed Under Guarantee**		
		50%	**0%**
Interest Charged on Loans	18%	18%	18%
Average Cost of Funds	9%	9%	9%
Commission	1%	1%	1%
Guarantee Fee	8%	4%	0%
Total Return to Bank	10%	14%	18%

Equity Investments

Taking a minority equity position in a business investment can lower the cost of funding for the investor, and increase the feasibility of a business venture. This activity of the ***Fund*** would be modeled after the Small Enterprise Assistance Fund (SEAF) and the various Enterprise Funds established and financed by A.I.D. in Eastern Europe and the former Soviet Union. These funds were established to provide equity capital in an environment that lacked viable commercial investment funds, such as the situation that exists in the Chapare today.

The ***Fund*** would be able to engage in two different kinds of equity investments to further the CONCADE activity's objectives:

- Equity investments in key facilities or services needed to carry forth the objectives of the activity – such as key export services or transportation – to ensure the availability of the service; and

- Participations in loans made by financial institutions in key businesses, with the ***Fund*** taking a minority equity position to reduce the amount of loan funds required for the investment. The ***Fund's*** equity could also serve as a guarantee for the remaining bank financing.

In the first instance, the ***Fund*** would make a direct investment in a critical facility or service when it is unlikely that private investors will, on their own, provide the service. An example of such a service might be a transportation company. At the present time there is a severe shortage of appropriate trucks to transport produce to export markets. If transportation services cannot be obtained by other means, it may be necessary for the ***Fund*** to undertake a direct investment, preferably in partnership with an established trucking firm, to establish a transportation company that will handle Chapare products on a regular basis.

In the second example, the ***Fund*** could take an equity position in a processing or marketing company to provide capital for expansion and operations – reducing the amount of loan funds needed and the interest that would have to be paid on borrowed funds. The ***Fund's*** equity could be pledged as collateral for any loan funds.

Other

Certain other types of incentives or mechanisms may be appropriate in given circumstances, including:

- Contracts for management and operation of key facilities and services to bring these back into production in the region;

- Trust Fund arrangements with commercial banks when alternative funding mechanisms are not feasible; and

- Financing of leasing arrangements for major equipment or facilities.

CLIENTS

The ***Investment Promotion Fund*** would promote and support five types of investment activities: small farmers, associations, agribusinesses, service infrastructure and financial services. Each of these targets will require special, custom-tailored approaches.

Small Farmers

Working with small farmers has proved to be the most difficult, as no financial institutions have an interest in working with this group on a major scale. Supported investments could include improved on-farm technologies of small farmers in the region, including improved plant materials, improved use of agricultural inputs, and other pre- and post-harvest improvements necessary to implement the improved

technology packages developed and supported by CONCADE's research and technical assistance activities. The ***Investment Promotion Fund*** will be able to experiment with several different approaches for stimulating on-farm investments, including:

- Re-capitalizing the rotating funds of selected associations and helping new associations establish successful rotating funds.

- Providing short-term bridge loans (through guarantees with a local financial intermediary) for agricultural input purchases from existing suppliers;

- Guaranteeing working capital loans to marketing intermediaries to finance "contract farming" arrangements with participating associations of small farmers; and

- Developing new concepts of lending to individual farmers on the basis of existing sales contracts with local intermediaries, with the intermediaries deducting the amounts of the loans from the purchase of the product.

In the past, rotating funds have not been particularly successful, as the members of the associations were provided little guidance in the use and management of the funds, and lacked the understanding and skills to manage the funds appropriately. Recent experiences with rotating funds sponsored by FAO suggest that, if implemented properly, the funds will be repaid, and can function successfully.[5] The use of funds as grants to establish or strengthen rotating funds in an association would need to be based on several criteria:

- Agreement from Association and its members to maintain the future value of the rotating fund;

- An initial cash payments by farmers for a portion of the goods placed in the rotating fund, based on ability to pay;

- A written, agreed-upon schedule of repayments for each farmer participating in the rotating fund;

- Rigorous followup by supervisors (extension agents) from CONCADE;

- A simple bookkeeping solution in place in the association that accurately and reliably tracks the movement and status of the rotating fund (to be developed and installed by CONCADE);

- Any farmer who does not repay his/her loan would be barred from receiving additional inputs on credit, but would have to pay cash for inputs in the future;

- Additional financing could be made available by CONCADE to the association as inactive members reaffiliate.

Pricing of inputs would have to maintain the future value of those inputs, though the built-in cost of the inputs would not have to reflect full financial costs in Bolivia. For example, if fertilizers are inflating by 5 percent annually, and the prevailing interest rate on credit was 24 or 26 percent per annum, the rotating

[5]Information from a recent evaluation of the FAO sponsored rotating funds has not yet been made available.

funds would only need to recover the 5 percent plus the costs of administration to maintain the value of the inputs, not the 24 to 26 annual financing cost. Growth in the rotating fund would come initially from additional grants to cover the needs of reaffiliating and new members. Eventually, growth would need to be maintained by increases in member share capital in the associations, a margin on credit to capitalize the funds, or commercial credits from established financial intermediaries.

Associations

One of the objectives of the CONCADE activity is to develop the capacity of the associations to perform a more effective role in supporting production and marketing. This is especially important in developing the role of the associations in managing rotating input and supply operations, but the associations also have a business role. Investments in on-farm and local association infrastructure that require financing include irrigation, wells, cableways for handling bananas, and mechanization needed to improve production, post-harvest handling, and packaging to ensure export quality produce.

Mechanisms to strengthen the financial base and business role of the associations include:

- Capitalizing and recapitalizing rotating funds through performance-based grants;
- Capitalizing tool banks through performance-based grants;
- Guaranteeing loans for necessary infrastructure, such as wells, irrigation and cableways for bananas.

Agribusinesses and Other Intermediaries

This can support investments in innovative agricultural production enterprises and vertically integrated private companies, although the greatest emphasis will be placed on investments that develop and expand the markets for the production of small farmers assisted by the project.

Investments in agribusinesses involved in production, purchasing, processing and/or marketing agricultural products from the Chapare is essential for sustained economic growth in the region. The growth of innovative agricultural production enterprises and vertically integrated private companies – such as major investments in palm heart, bananas and black pepper – is an important part of this agribusiness growth, although the greatest emphasis for CONCADE must be placed on investments that develop and expand the markets for the production of small farmers assisted by the project.

Intermediaries, especially marketing intermediaries, provide a critical link between Chapare producers and the markets. Without an effectively functioning intermediary structure the products of the Chapare have little commercial value. In some cases intermediaries are unable to gain access to the financial resources they need due to the reluctance of financial intermediaries to lend to businesses in the Chapare. In other cases the risks associated with the investments are too high for bank financing. And in still other cases the cost of financing is too high to justify the investment. The ***Investment Promotion Fund*** can help address all three of these problems through:

- Loan guarantees to remove the collateral barrier to financing;
- Partial equity funding in key industries to reduce financing costs and ensure proper management;

- Performance-based incentive subcontracts to lower the effective cost of funds; and

- Contracting the management and operation of key facilities to qualified firms, which assures the service without the attendant risks of new investments.

Bringing in and expanding the production and marketing activities of innovative and more advanced agricultural enterprises is also a priority of the project. This could include incentives to establishing new crops and products for the Chapare by innovative private investors (such as private investors in black pepper, ornamentals and cut flowers, and others), expanding production by vertically integrated companies, such as Banabol, Indatrop, Chapare Exporta, and others), and expanding marketing arrangements by existing firms (such as Chapare Exporta, Banabol, and Indatrop). Approaches for accomplishing this include:

- Guaranteeing loans through financial intermediaries;

- Performance-based grant incentives; and

- Partial equity investments to lower the costs of investment funds.

Critical Service Infrastructure

Investments in infrastructure and services needed to improve marketing of local agricultural products – such as transportation, management of local processing facilities, or packing and packaging – may be required to bring about the desired results. One example of a needed service that is a critical bottleneck to marketing Chapare products is the absence of reliable transportation services. Options for addressing this, and other similar bottlenecks include:

- Contracting transportation services through a general contract with a transportation company;

- Guaranteeing loans through financial intermediaries to individual associations or companies for transportation vehicles;

- Guaranteeing loans to transportation companies to expand capacity; and

- Performance-based grant incentives to transportation firms that will handle Chapare products on a regular basis

Financial Services

Expanding the availability of financial services in the Chapare should be one of the underlying objectives of the ***Fund***. More than short-term credit, residents and businesses serving the Chapare need continuous access to a wide variety of financial services, including transaction services, secure savings deposits and a variety of standard, but uncommon in the Chapare, loan products – such as factoring, triangular crop assignment arrangements, and others.

In the long run these must be provided by established financial intermediaries. The role of CONCADE is to stimulate the development of these services – to lay the groundwork for future financial intermediation

in the region. This can be accomplished by providing incentives to financial institutions to encourage lending and other financial services for project-related activities.

Two of the mechanisms available to the ***Fund*** are:

- Contracting a private trust fund arrangement (fidecomiso) with a commercial bank to guarantee or administer direct loans to private companies. As pointed out in an earlier report, this mechanism reduces portfolio risk for the financing bank, but limits the extend of coverage to the amount of funds placed in the trust (less reserves) and lowers the incentives for the bank to actually collect on the loans. The bank receives a commission for managing the fund rather than a spread on the interest; the commission could be tied to the performance of the trust fund to provide an incentive for prudent fund management.

- A guarantee fund to guarantee the risk of loss in key investments needed to bring about sustained economic development in the region.

The guarantee mechanism provides a better mechanism for stimulating an on-going relationship between a financial intermediary and a client, as the loans become more profitable as the intermediary accepts more risk. With repeat loans to a given client, the intermediary should be willing to accept more and more risk, eventually eschewing the use of the guarantee for that client completely. This relationship is not necessarily developed through a trust fund mechanism. Also, the amount of loans that can be leveraged by the funds is greater with guarantees than with a trust fund.

STRUCTURE AND OPERATIONS

The ***Investment Promotion Fund*** would initially be housed in CONCADE, operated by CONCADE staff. The reason for this is to ensure that the ***Fund*** (1) takes the risks required to promote successful investments in the Chapare, and (2) has the flexibility and vision to undertake the range of promotion and financial activities required to stimulate investment. The fund would eventually be transferred to an independent fund or institution to ensure institutional continuity.

Structure

Management of the investment promotion fund would be centralized in a new unit within CONCADE. This unit will manage the current “Grant Fund” and “Incentive Fund” line items in the budget, as well as new funds made available from time to time by USAID/Bolivia. This arrangement permits a consistent approach and coordinated management of all funds in the project.

The new unit will be headed by a Fund Manager, with a staff of one Administrative Assistant/Secretary, and two Field Supervisors. Accounting services will be handled by the CONCADE finance department. Field monitoring and support will be carried out by the subcontract extension agents, supervised and supported by the two field supervisors.

Operational guidance to the investment promotion fund will be the responsibility of a credit committee consisting of the Chief of Party, Marketing Advisor, Extension Advisor, the Senior Finance Advisor, and CONCADE’s head of Finance.

Policy guidance will be the responsibility of the AMU.

Roles and Responsibilities

The unit would have a minimal staff, consisting of a fund manager, assistant, and two field supervisors. Extension agents currently working with the technical assistance program would have responsibility for working directly with the associations.

Fund Manager

The Fund Manager would be responsible for managing the ***Investment Promotion Fund.*** This would include promotion, development of standards and procedures, development of financial relationships with financial intermediaries, preliminary approval of eligibility for grants and other incentives, administration of disbursements and collections (if appropriate), and monitoring of the performance of participating financial intermediaries. Specific duties would include:

- Promoting investments, in support of the marketing and production advisors;
- Negotiating and drafting the various investment promotion instruments;
- Managing the funds;
- Promoting the fund;
- Insuring the safety of the fund; and
- Establishing procedures and norms.

The manager will coordinate with the Administration Unit to determine elegibility, with the Finance Unit on financial analysis and with the Budgeting and Planning Coordinator based on need.

Assistant/Secretary

The Assistant/Secretary would be a para-professional with skills/experience in accounting, record keeping, report preparation and effective communications with clients and participating organizations. This person would help manage the fund, particularly in terms of the administrative details. Specific responsibilities would include:

- Managing correspondence and communications with clients and participating organizations;
- Keeping records and statistics, including PMIS tracking and preparing reports on the program; and
- Assisting in managing the funds.

The assistant will coordinate with the Administration Unit to determine eligibility, with the Finance Unit on financial analysis and with the Budgeting and Planning Coordinator based on need.

Field Supervisors

Field supervisors would be responsible for assisting and monitoring the field operations – reviewing the status of rotating funds, investments that have been promoted and collecting and analyzing information on the status and performance of the funds. Specific duties would include:

- Determining and measuring the risk of various investments;
- Training extensionists;
- Training associations and farmers in credit responsibilities;

- Monitoring extensionists; and
- Monitoring and collecting information of fund performance.

Extension Agents

Extension agents working with the four firms engaged to provide technical assistance to associations would also have a role in supporting the rotating credit funds. Because they work directly with association members, they would be responsible for helping the farmers develop financing plans for their annual crop cycles and for educating the farmers about the need for and proper use of credit and about the requirements for repayment. And because they work on a regular basis with the associations, they would have an oversight and monitoring responsibility to ensure that the associations maintain proper books and implement effective collection procedures for the rotating funds.

Operating Procedures and Standards

Activities financed through the ***Fund***:

- must not create imbalances or favor one set of clients over another;
- must create equitable solutions
- must not create distortions
- must not create dependencies on subsidies
- must foster private sector action and investment

The Fund must remain independent of government, which:

- hijacks ownership of the funds
- places excessive and undue restrictions on the use of funds
- unnecessary delays

Above all, activities financed by the fund must avoid the perception that "the government is giving out grants, or will step in to solve the problems.

Risk Management

The fund will support high-risk first-time investments that find it difficult to secure financing from existing sources, or on terms that make the investment feasible. The purpose of the ***Fund*** is to encourage investments that might not be made if funding were to be provided through normal commercial channels. Because of the extraordinary impediments to investment in the Chapare, the ***Fund*** must be prepared to accept a higher degree of risk and a higher rate of loss than a formal financial institution may accept.

The ***Investment Promotion Fund*** will be operated, therefore, as a risk fund – to cover gaps in financing for critically needed services and investments, and to provide incentives to the development of on-going commercial financial relationships between clients and financial institutions in the Chapare. Because of the critical need to stimulate investments in the Chapare, the greater risk associated with business investments in the region, and the reluctance of formal sector financial institutions to accept these risks, the ***Fund*** must accept levels of risk and losses above those expected of formal financial institutions. This does not mean that the ***Fund*** will engage in unsafe business practices, but that it will accept and provision for a higher degree of loss than a regulated financial institution.

The ***Fund*** needs to be managed to keep risks and losses within manageable limits, but the degree of risk and loss tolerated will be set by CONCADE, and may exceed the limits imposed by regulatory agencies on formal sector financial intermediaries. Loan guarantees, in particular, must be carefully monitored to make sure that the default rate does not exceed specified limits, and to keep exposure to loss within manageable limits.

CONCADE management must establish parameters for risk and loss, and review these periodically. CONCADE management must also review regular reports by the fund manager to assure that operations fall within the established parameters. If risk and loss trends deteriorate, CONCADE management must determine steps to either relax the standards or further tighten operations.

Disbursements

AID would disburse funds directly to the DAI account established for the fund at the beginning of each quarter to cover disbursements scheduled for that quarter, according to a schedule of approved and planned disbursements presented by CONCADE-DAI. This plan would detail drawdowns on previously disbursed funds and present a schedule of disbursements for the upcoming quarter based on development plans, planting cycles and funding proposals.

Disposition of the Funds

At the beginning of 2001 DAI will present a plan to USAID to convert monies in the ***Fund*** into a permanent investment fund for the Chapare. This may take one of many forms, including:

- converting existing loans or deposits to grants to capitalize rotating fund or non-profit financial intermediaries to institutionalize the availability of credit funds;
- establishing a private, independent Chapare Development Fund; or
- auctioning the loan portfolio and equity investments supported by the fund to existing financial intermediaries.

POLICY ISSUES

Several policy issues need to be addressed during the process of establishing the ***Investment Promotion Fund***. Among these are:

- The *Superintendencia de Bancos* does not recognize loan guarantees as legitimate forms of collateral for the purpose of classifying and provisioning for loans. Loan guarantees are specifically covered in the Basle accords, and several countries have successfully addressed similar restrictions through consultation with A.I.D.'s DCA program staff.
- The agrarian reform law (INRA) prohibits the pledging of agricultural land and tools and machinery used to earn a living as collateral. Since land, animals, crops and machinery are often the only form of collateral possessed by a small farmer, some revision to the law to permit these to serve as collateral needs to be made.

- Some of the suggestions in this concept paper may run afoul of Government of Bolivia policies regarding the administration of grants and loans to the government by FONDESIF or NAFIBO SAM. It is important to recognize that these two institutions require credit programs to operate in very traditional manners, while the urgent need for the Chapare is to undertake a series of innovative, high-risk investment activities. These cannot be carried out successfully if the funds are administered by an agency that is not permitted to take the necessary risks or experiment with innovative financing mechanisms.

- The Government of Bolivia's representatives for the CONCADE activity have recently determined that rotating funds administered by the associations may not charge interest to maintain the value of the rotating funds. USAID/Bolivia should provide no funds for these rotating funds unless this policy is changed to permit the rotating funds to operate on a sound basis, with the prospect of becoming sustainable within the associations.

CONCLUSIONS AND RECOMMENDATIONS

At least two recent studies of credit and other financing needs demonstrated a clear need to stimulate financing in the Chapare to (a) meet program objectives, and (b) solidify progress toward transition to a licit economy in the region.[6] The general decline in income resulting from the transition to licit crops has created a cash shortage among the small farmer clients of the CONCADE activity, necessitating a consideration of alternative sources of financing for agricultural production finance, yet no financial institutions will currently lend to this population. Businesses wanting to locate or expand operations in the Chapare have met with considerable reluctance on the part of formal financial institutions to lend in the region, very high costs of funds (which have decreased the financial feasibility of investments), and prohibitive collateral requirements. The absence, until very recently, of any formal financial services in the region has meant that credit and other financial services through formal channels has not been available.

Traditional approaches to meeting financing needs will not work in the region due to high risk, lack of interest by traditional financial intermediaries in servicing the Chapare, the absence of financial intermediaries in the Chapare, and stringent government regulations that make it risky for financial institutions to do business in the Chapare. A program to stimulate investments in the Chapare must be able to take high risks and be able to absorb a higher rate of loss than normal, and must be dedicated to serving the Chapare. To date these characteristics are not present in any of the financial intermediaries that have been interviewed.

As a result, innovative approaches to providing financial services in the Chapare must be developed. The approach outlined in this concept paper combines an ability to manage investment promotion funds during the life of the CONCADE activity to make sure that the funds are properly used and further the project's objectives, while establishing the basis for a permanent fund to support the economic growth and viability of the Chapare.

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[6] John Magill, *CONCADE Credit System: Options and Approaches*, January 2000; Eduardo Rodriguez Moreno, "Proyecto Plan del Trópico de Cochabamba: Bases para un sistema financiero en el trópico de Cochabamba," IP/GTZ, October 1998.

Consistent with the terms of the contract, DAI recommends that USAID and the Government of Bolivia approve the establishment and implementation of an investment promotion program for implementation during the life of the CONCADE activity.

ANNEXES

ANEXO A

TERMINOS DE REFERENCIA
[7]FIDEICOMISO DE CREDITO RURAL

Establecimiento de un Fideicomiso de Administración de Fondos para el Financiamiento de actividades relacionadas con el desarrollo agropecuario, y como fondo de garantías, incentivos o préstamos directos a empresas transformadoras, comercializadoras, propiedad de inversionista del sector privado, localizados en la zona del Chapare.

INTRODUCCION

Bolivia es el tercer productor de coca más grande del mundo, después de Perú y Colombia. Durante los últimos diez años se han financiado iniciativas antinárcoticos en interdicción, erradicación y desarrollo alternativo, sin embargo esos esfuerzos se han visto contrarrestados por la siembra de coca nueva y consecuentemente no se ha producido una disminución neta de los cultivos de coca del Chapare durante ese período.

Los esfuerzos antinárcoticos de USAID se han concentrado y continuarán concentrándose en la transformación de la economía del Chapare de una basada en la dependencia de producción de coca a una basada en el desarrollo real de la infraestructura y agricultura para apoyar una economía lícita sostenible.

Como producto de esos esfuerzos se ha logrado incrementar el área de la producción lícita de cultivos en el Chapare en un 136.5% de 1986 a 1999, por otra parte sus habitantes se han beneficiado directamente del desarrollo alternativo a través de la construcción de caminos, puentes, conexiones eléctricas, sistemas de agua, y en general el fortalecimiento de la economía lícita. Unos 3000 Kms de caminos han sido mejorados o mantenidos para usarse en todo clima y además se han construído 97 puentes.

Estudios diversos y la experiencia demuestra que en el Chapare, existen cultivos alternativos a la coca, que ofrecen al agricultor una rentabilidad apropiada. La conclusión de dichos estudios, en especial los elaborados por USAID/Bolivia, es que el agricultor puede obtener ingresos económicos aceptables y ganar mercados seguros nacionales y externos, con cultivos como la piña, el palmito, el banano la pimienta negra y el maracuyá entre otros.

Si bien es cierto existe un potencial enorme para la producción, también es evidente que se debe brindar asistencia técnica integral al agricultor, asímismo se deben fortalecer asociativamente. Las empresas agroindustriales no cuentan con capital suficiente para hacer frente a la compra de materia prima y no existe crédito agrícola y /o agroindustrial a tasas razonables de mercado.

Para el logro de la meta de largo plazo de un cambio de mentalidad en que el productor aprenda a administrar racionalmente el crédito, dejando atrás los conceptos de subsidios directos, es necesario fortalecer el sistema de crédito, a través de entidades financieras con experiencia, y desligados de cualquier paquete tecnológico en cuanto a su responsabilidad crediticia.

[7]Prepared by Manuel Carballo and Julio Cespedes.

Las instituciones de crédito están llamadas a jugar un papel de suma importancia en el desarrollo general de la zona, primero con la apertura de sucursales y segundo con el establecimiento de políticas de crédito acordes a los ciclos productivos y condiciones espécificas propias de la actividad, con tasas corrientes de mercado, no subsidiadas, que permiten a la entidad financiera cubrir sus costos y tener una rentabilidad apropiada y que las motive a destinar mayor cantidad de recursos al financiamiento de actividades agrícolas y agroindustriales de la región.

En general se puede hablar de dos líneas de crédito, siendo la primera para la producción, agrícola de pequeño, y microempresarios cuyos créditos podrían oscilar entre us$1.000,00 y us$10.000,00, con garantías personales, garantías mancomunadas, con garantías prendarias sin desplazamiento, principalmente que tengan contratos de comercialización con empresas privadas, que prometan servir de agente cobrador.

La otra línea estaría orientada a créditos de inversión, que involucra fondos de incentivos, garantías o préstamos a empresas transformadoras/comercializadoras, propiedad de inversionistas del sector privado.

El crédito de inversión es un crédito hipotecario que va de us$5.000,00 y us$200.000,00. En caso de no existir garantías suficientes los mismos fondos podrían destinarse como garantía del crédito, en cuyo caso el spread de la entidad financiera se reduciría sustancialmente, todo lo anterior cimentado en un estudio de factibilidad que demuestre la viabilidad económica y financiera del proyecto.

Con el ánimo de fortalecer el sistema financiero en la región, y lograr un cambio de mentalidad del productor, dejando atrás los viejos conceptos de subsidios, es que se plantea la necesidad de establecer un fideicomiso de préstamos productivos a darse a mediano plazo, a establecerse en la banca privada mediante licitación pública (Fideicomiso de Administración de Cobro y Pagos), igual se propone, el mismo esquema para administrar, el fondo de incentivos, garantías o préstamos directos para empresas privadas.

Alcance del Trabajo

Por el fideicomiso una persona llamada fideicomitente, transmite uno o más bienes a un Banco, llamado fiduciario, quién se obliga a administralas o enajenarlos para cumplir una finalidad determinada en provecho de aquél o un tercero llamado beneficiario.

Los bienes objeto de fideicomiso constituyen un patrimonio autónomo, no forman parte de la garantía general con relación a los acreedores del fiduciario y sólo garantizan las obligaciones derivadas del fideicomiso o de su ejecución.
Las tareas especificas derivadas de la formalización de un contrato de fideicomiso, se detallan a continuación:

- El Fiduciario abrirá una custodia, en la cual resguardará los títulos valores adquiridos, así como cualquier otros documentos que forman parte del patrimonio fideicometido.

- El Fiduciario invertirá el efectivo del patrimonio fideicometido, proveniente de los intereses de los títulos valores o de la liquidación de éstos a su vencimiento , en valores, buscando maximizar su rentabilidad, compatible con la mayor seguridad del patrimonio a su juicio, procurando mantener un grado de suficiente y no excesiva líquidez, para que el fondo pueda dentro de estas limitaciones, tener una rentabilidad máxima factible, todo con el propósito de que los recursos del fondo no se mantengan ociosos y sean los más productivos posible.

- Las inversiones transitorias deberá realizarlas el fiduciario exclusivamente mediante la compra de títulos valores emitidos por los Bancos del Sistema Bancario Nacional, de reconocida solvencia financiera, el Gobierno Central o sus instituciones. No podrá el fiduciario invertir en un solo ente emisor montos superiores al 30 % del Fondo Fideicometido.

- Al vencimiento de los períodos correspondientes, el Fiduciario cobrará los productos de los títulos valores o cualquier otro activo del Fideicomiso y los distribuirá de la siguiente manera:

a. Retendrá de los intereses y/o del principal el monto correspondiente a los honorarios del Fiduciario.

b. Los intereses netos generados, una vez deducido los honorarios de Banco, los acreditará a las respectivas cuentas del fideicomiso, invirtiéndose en títulos valores o desembolsándolos de acuerdo a las instrucciones de la Fideicomitente.

- El Banco en su carácter de Fiduciario, se obliga a la tramitación y documentación de los desembolsos solicitados por la fideicomitente directamente a ella o a terceros cuando reciba instrucciones en ese sentido.

Estos desembolsos se realizarán conforme al presupuesto anual y sus modificaciones que la Fideicomitente entregará oportunamente al Fiduciario, a través de el representante de D.A.I..

- El Banco exigirá previo a la tramitación de los desembolsos las autorizaciones respectivas del representante (s) legal (es) para disponer del principal y para disponer de los intereses generados; El nombre de esta (s) persona (s), deberá ser comunicado oficialmente por escrito al Fiduciario y registrar su firma (s) en Banco, al entrar en vigencia el contrato.

- El Banco mantendrá el patrimonio de éste fideicomiso y su contabilidad separado de sus propios bienes y de los correspondientes a otros contratos del mismo tipo, según lo dispone el inciso del Artículo 1410 del Código de Comercio. Asimismo y de mutuo acuerdo entre las partes contratantes, establecerá cuentas separadas dentro del fondo, según el origen y aplicación de recursos e instrucciones giradas al respecto por la Fideicomitente a través del representante legal de D.A.I.

- El Fíduciario entregará a la Fideicomitente, con copia al representante de la D.A.I. un informe contable mensual y un informe contable anual y mantendrá a su disposición en todo momento los libros, registros y documentos en que estén incorporadas las operaciones del Fideicomiso.

- El Banco se obliga a abrir una cuenta corriente específica donde mantendrá un grado de suficiente y no excesiva líquidez para cubrir los desembolsos que demande el fideicomiso.

-El Banco cobrará con la autorización previa de la fideicomitente, los gastos sujetos a facturación directa e indirecta en que incurra en beneficio del fideicomiso, exclusivamente cuando haya exigencias de trabajo adicional hechas por el Fiduciario, fuera de los habitual en este tipo de operaciones. Sin autorización de la Fideicomitente y con cargo al fideicomiso, el Banco podrá pagar las cargas legales de que sean acreedores el Estado o sus instituciones, en virtud del Fideicomiso, conforme a los estipulado en el artículo del Código de Comercio.

DECIMA PRIMERA: DEL NOMBRAMIENTO DEL FIDUCIARIO SUSTITUTO:

Si el Fiduciario fuere removido o si renunciare a su cargo con justa causa en los términos del artículo 1418 del Código de Comercio, excepto por que la Fideicomitente optare por dar por terminado anticipadamente este contrato, ésta deberá nombrar un sustituto, a quién el Fiduciario deberá transferir el Fideicomiso con todos sus derechos, activos y pasivos, dentro del plazo razonable que el proceso de la transferencia demande. En ambos casos, como en los demás de terminación del contrato, la Fideicomitente deberá extender al Fiduciario el finiquito correspondiente. El sustituto tendrá, y deberá aceptar las mismas atribuciones y obligaciones estipuladas en este contrato para el Fiduciario.

DECIMA SEGUNDA: DE LA NO DESIGNACIÓN DEL FIDUCIARIO SUSTITUTO.

Si dentro de los quince días calendario siguientes a la remoción o renuncia del Fiduciario la Fideicomitente no hubiere nombrado sustituto, el Fiduciario traspasará al Fideicomitente mediante un depósito a su favor en una cuenta judicial el patrimonio y bienes del Fideicomiso acreditados en las respectivas cuentas del Fideicomiso, quedando a tales efectos facultado para liquidar anticipadamente cualesquiera inversiones que hubiere hecho, a fin de contar con fondos líquidos para la distribución. Si por alguna circunstancia tal liquidación no fuere posible, el traspaso de los recursos se hará hasta que tal liquidación sea posible. Los gastos que demanden los traspasos y liquidación del Fideicomiso en cualquier caso se cargarán a éste.

Vigencia del Contrato de Fideicomiso

DECIMA TERCERA: DE LA VIGENCIA DEL CONTRATO.

Este contrato no entrará en vigencia ni tendrá consecuencia legal alguna, en tanto no ingresen los primeros recursos al fideicomiso y comience así a formarse el patrimonio del mismo.

DECIMA CUARTA: El presente contrato tendrá una vigencia de ..... años, plazo que podrá ser prorrogado automáticamente por períodos iguales, si en el término de los tres meses anteriores al vencimiento no media aviso escrito en contrario de cualesquiera de las partes. En todo caso el fideicomitente se reserva el derecho de revocación en cualquier momento, avisando igualmente con tres meses de anticipación. En caso de que dicho contrato no sea prorrogado, la Fideicomitente recibirá el patrimonio en efectivo, títulos valores y cualquier otro documento que forme parte del patrimonio en ese momento, previa deducción de los honorarios, gastos legales y cualquier otro gasto a cuyo reembolso tuviere derecho el Fiduciario. Si la liquidación causare gastos, ellos serán deducidos de los recursos líquidos del Fideicomiso, si no los hubiere los suplirá el Fideicomitente de su propio peculio.

Sin perjuicio de lo anterior podrá dársele término anticipadamente al Fideicomiso, cuando concurran cualquiera de las circunstancias establecidadas en el Artículo 1421 del Código de Comercio, en cuyo caso la Fideicomitente recibirá en las condiciones indicadas anteriormente, el patrimonio del Fideicomiso y sus rendimientos de acuerdo a lo establecidos en el Artículo 1422 del Código de Comercio.

ANNEX B
[8]MODELO CONTRATO FIDEICOMISO
BANCO XY. Nº1-2000

PROYECTO DE CREDITO

FIDEICOMITENTE: Development Alternatives Inc. DAI

FIDUCIARIO : BANCO.....

FIDEICOMISARIO : Development Alternatives Inc. DAI

Entre nosotros DAI domiciliada en.....como Fideicomitente, y el Banco ....., de este domicilio con oficinas situadas en ....., con RUC número.....como Fiduciario, se celebra el presente Contrato de Fideicomiso, en adelante denominado "El Contrato", que se regirá por las claúsulas siguientes y por la disposiciones legales de l a sección III del Código de Comercio y (artículos 1409 hasta 1427) y demás disposiciones legales de la Ley Orgánica del Sístema Bancario Boliviano. El Banco XY, podrá nombrarse para los efectos de este contrato de Fideicomiso, simplemente como "Banco" y DAI, podrá nombrarse simplemente como DAI. El Fiduciario viene representado para este contrato de Fideicomiso por ..... mayor, casado ....., como Representante Legal, vecino de.....y con cédula de identidad número....., quien es su Gerente según personería vigente que consta en el Registro Mercantil al tomo.....y .....folio.....y.....,asiento.....y ....., la Fideicomitente viene representada por su representante,....., cédula de identidad número....., vecino de ....., con facultades suficientes para en este acto. El presente contrato se regirá por las siguientes clásulas contractuales.

PRIMERA: OBJETO DEL FIDEICOMISO:

El presente Fideicomiso se constituye mediante la entrega de us$.....(millones de dólares) como aporte inicial al Fideicomiso por parte de DAI a Banco XY como Fiduciario. El patrimonio del Fideicomiso se podrá incrementar sin límite alguno por cualquiera de las siguientes fuentes:

1. La totalidad de los ingresos brutos por concepto de pago de intereses de los préstamos concedidos.

2. Cualquier otro aporte de recursos financieros que realice tanto el Fideicomitente, como cualquier otra persona, física o jurídica que sea de aceptación para la fideicomitente.

3. Por los intereses que generen las inversiones transitorias que podrá hacer el fiduciario de acuerdo con las indicaciones dadas en el inciso 2 y 3 de la claúsula cuarta del presente contrato.

SEGUNDA : PROPOSITO DEL FIDEICOMISO:

[8]Prepared by Manuel Carballo and Jorge Cespedes.

La finalidad del presente Fideicomiso es la de Administrar y custodiar los recursos conferidos a DAI, que sean susceptibles de ser administrados mediante la figura de un fideicomiso, para el financiamiento de actividades relacionadas con el desarrollo agropecuario y como fondo de garantías o préstamos directos a empresas transformadoras/comercializadoras, propiedad de inversionistas del sector privado, localizados en la zona del Chapare.

TERCERA: PRINCIPIOS GENERALES DEL MANEJO DEL FIDEICOMISO

La administración de los recursos del fideicomiso será realizada bajo las siguientes disposiciones:

1. De la totalidad de los recursos aportados para la constitución de este fideicomiso, la suma de us$.....(.....dólares), será utilizado para el otorgamiento de créditos agrícolas productivos, todos canalizados a través de bancos y otras entidades crediticias a asociaciones de agricultores, empresas físicas o jurídicas, o bien a agricultores y pequeños empresarios.

2. Al menos la suma US$.....sera destinada para el financiamiento de inveriones de empresa agroindustriales.

3. Al menos la suma US$.....Podrá ser utilizado como fondo de garantía siempre y cuando el destino de los mismos sea consecuente con los objetivos del programa.

4. Los ingresos brutos restantes que se perciban por concepto de intereses de los préstamos concedidos y los originados en intereses devengados por inversiones transitorias serán utilizados para incrementar los recursos disponibles en los fondos para préstamos y cubrir el costo de administración del fiduciario.

5. Cualquier otro ingresos al fideicomiso será asignado y utilizado para los propósitos indicados en la presente cláusula y según las indicaciones específicas giradas al respecto por la Fideicomitente.

CUARTA: DE LAS FACULTADES Y OBLIGACIONES DEL FIDUCIARIO:

1. El Fiduciario abrirá una custodia, en la cual resguardará los títulos valores adquiridos, así como cualquier otros documentos que forman parte del patrimonio fideicometido.

2. El Fiduciario invertirá el efectivo del patrimonio fideicometido, proveniente de los intereses de los títulos valores o de la liquidación de éstos a su vencimiento , en valores, buscando maximizar su rentabilidad, compatible con la mayor seguridad del patrimonio a su juicio, procurando mantener un grado de suficiente y no excesiva líquidez, para que el fondo pueda dentro de estas limitaciones, tener una rentabilidad máxima factible, todo con el propósito de que los recursos del fondo no se mantengan ociosos y sean los más productivos posible. No obstante el fiduciario manifiesta que no garantiza rendimientos lo cual es de aceptación por parte del Fideicomitente.

3. Las inversiones transitorias deberá realizarlas el fiduciario exclusivamente mediante la compra de títulos valores emitidos por los Bancos del Sistema Bancario Nacional, de reconocida solvencia financiera, el Gobierno Central o sus instituciones. No podrá el fiduciario invertir en un solo ente emisor montos superiores al 30 % del Fondo Fideicometido.

4. Al vencimiento de los períodos correspondientes, el Fiduciario cobrará los productos de los títulos valores o cualquier otro activo del Fideicomiso y los distribuirá de la siguiente manera:

a. Retendrá de los intereses y/o del principal el monto correspondiente a los honorarios del Fiduciario.

b. Los intereses netos generados, una vez deducido los honorarios de Banco ....., los acreditará a las respectivas cuentas del fideicomiso, invirtiéndose en títulos valores o desembolsándolos de acuerdo a las instrucciones de la Fideicomitente.

5. Banco....., en su carácter de Fiduciario, se obliga a la tramitación y documentación de los desembolsos solicitados por la fideicomitente directamente a ella o a terceros cuando reciba instrucciones en ese sentido.

Estos desembolsos se realizarán conforme al presupuesto anual y sus modificaciones que la Fideicomitente entregará oportunamente al Fiduciario, a través de el representante de DAI.

6. Banco....., exigirá previo a la tramitación de los desembolsos las autorizaciones respectivas para disponer de los recursos de acuerdo a las siguientes partidas: inciso 1 de la cláusula tercera, autorización del representante legal para disponer del principal y para disponer de los intereses generados; El nombre de esta persona, deberá ser comunicado oficialmente por escrito al Fiduciario y registrar su firma en Banco XY, al entrar en vigencia el presente contrato.

7. Asimismo DAI podrá solicitar, cuando las circunstancias lo ameriten y con la debida autorización de su representante legal, préstamos expecíficos al Fideicomiso para cubrir costos relativos a la operación de DAI Dichos préstamos serán por montos no superiores al 20% del Fondo existente al momento de solicitar dicho préstamo y los recursos deberán ser reintegrados al Fideicomiso en un plazo no mayor a tres meses a partir de la entrega del desembolso.

8. Banco..... mantendrá el patrimonio de éste fideicomiso y su contabilidad separado de sus propios bienes y de los correspondientes a otros contratos del mismo tipo, según lo dispone el inciso del Artículo 1410 del Código de Comercio. Asimismo y de mutuo acuerdo entre las partes contratantes, establecerá cuentas separadas dentro del fondo, según el origen y aplicación de recursos e instrucciones giradas al respecto por la Fideicomitente a través del representante legal de DAI

9. El Fíduciario entregará a la Fideicomitente, con copia al representante de la DAI un informe contable mensual y un informe contable anual y mantendrá a su disposición en todo momento los libros, registros y documentos en que estén incorporadas las operaciones del Fideicomiso.

10. “Banco .....” se obliga a abrir una cuenta corriente específica donde mantendrá un grado de suficiente y no excesiva líquidez para cubrir los desembolsos que demande el fideicomiso.

QUINTA: DE LAS FACULTADES Y ATRIBUCIONES DE LA FIDEICOMITENTE

1. La fideicomitente podrá suspender los desembolsos ordenados al Fiduciario, para lo cual deberá solicitarlo por escrito con un mínimo de dos días hábiles de anticipación, a la fecha indicada para el desembolso.
2. La Fideicomitente contratará una auditoría externa para que audite cada uno de los informes anuales del Fiduciario, pudiendo además contratar a su discreción otras auditorías externas para fiscalizar las actividades del Fideicomiso en cualquir momento que lo considere oportuno y necesario, con cargo a los recursos del Fondo. Para tal propósito, los auditores deberán presentar al Fiduciario autorización escrita firmada por la fideicomitente.

SEXTA: A DAI, le correspoderá definir las actividades prioritarias, las características de los beneficiarios y los aspectos técnicos, administrativos y financieros de las actividades a financiar con los recursos del fideicomiso. Lo anterior de acuerdo con los Convenios de Cooperación que DAI haya

establecido con la Agencia para el Desarrollo Internacional del Gobierno de los Estados Unidos de América, el Ministerio de Planificación Nacional y Política Económica del Gobierno de Bolivia o cualquier otra organización de carácter nacional o internacional, bilateral o multilateral.

SETIMA: DE LA COORDINACIÓN Y SEGUIMIENTO A LAS INVERSIONES.

La Fideicomitente será la responsable de las actividades que se ejecuten con los recursos del fideicomiso: de proporcionar el seguimiento técnico y financiero a estas actividades y de fiscalizar el uso de dichos recursos. Banco XY responderá por cualquier pérdida que fuera ocasionada por su culpa o negligencia, en la inversión o en el manejo y atención de los bienes fideicometidos, como lo indica el artículo del Código de Comercio y demás aplicables.

OCTAVA: DE LOS HONORARIOS: Banco XY devengará por su actuación como fiduciario la siguiente tarifa pagadera mensualmente:

A. Sobre los saldos de las operaciones activas y recuperadas en el mes: ____% anual.

B. Sobre los saldos de las inversiones transitorias recuperadas en el mes:___% anual.

Está tarifa podrá ser revisada y modificada anualmente, siempre y cuando exista acuerdo escrito entre las partes, tomando en consideración el costo de este servicio en el mercado financiero y otros beneficios colaterales que puedan resultar como producto de esta relaciones.

NOVENA: OTROS GASTOS:

Banco ..... cobrará con la autorización previa de la fideicomitente, los gastos sujetos a facturación directa e indirecta en que incurra en beneficio del fideicomiso, exclusivamente cuando haya exigencias de trabajo adicional hechas por el Fiduciario, fuera de los habitual en este tipo de operaciones. Sin autorización de la Fideicomitente y con cargo al fideicomiso, Banco XY podrá pagar las cargas legales de que sean acreedores el Estado o sus instituciones, en virtud del Fideicomiso, conforme a los estipulado en el artículo del Código de Comercio.

DECIMA: DE LA REMOCION DEL FIDUCIARIO

La fideicomitente se reserva el derecho de remover al Fiduciario cuando se dieren algunas de las causas contempladas por el Artículo 1420 del Código de Comercio.

DECIMA PRIMERA: DEL NOMBRAMIENTO DEL FIDUCIARIO SUSTITUTO:

Si el Fiduciario fuere removido o si renunciare a su cargo con justa causa en los términos del artículo 1418 del Código de Comercio, excepto por que la Fideicomitente optare por dar por terminado anticipadamente este contrato, ésta deberá nombrar un sustituto, a quién el Fiduciario deberá transferir el Fideicomiso con todos sus derechos, activos y pasivos, dentro del plazo razonable que el proceso de la transferencia demande. En ambos casos, como en los demás de terminación del contrato, la Fideicomitente deberá extender al Fiduciario el finiquito correspondiente. El sustituto tendrá, y deberá aceptar las mismas atribuciones y obligaciones estipuladas en este contrato para el Fiduciario.

DECIMA SEGUNDA: DE LA NO DESIGNACIÓN DEL FIDUCIARIO SUSTITUTO.

Si dentro de los quince días calendario siguientes a la remoción o renuncia del Fiduciario la Fideicomitente no hubiere nombrado sustituto, el Fiduciario traspasará al Fideicomitente mediante un depósito a su favor en una cuenta judicial el patrimonio y bienes del Fideicomiso acreditados en las

respectivas cuentas del Fideicomiso, quedando a tales efectos facultado para liquidar anticipadamente cualesquiera inversiones que hubiere hecho, a fin de contar con fondos líquidos para la distribución. Si por alguna circunstancia tal liquidación no fuere posible, el traspaso de los recursos se hará hasta que tal liquidación sea posible. Los gastos que demanden los traspasos y liquidación del Fideicomiso en cualquier caso se cargarán a éste.

DECIMA TERCERA: DE LA VIGENCIA DEL CONTRATO.

Este contrato no entrará en vigencia ni tendrá consecuencia legal alguna, en tanto no ingresen los primeros recursos al fideicomiso y comience así a formarse el patrimonio del mismo.

DECIMA CUARTA: El presente contrato tendrá una vigencia de ..... años, plazo que podrá ser prorrogado automáticamente por períodos iguales, si en el término de los tres meses anteriores al vencimiento no media aviso escrito en contrario de cualesquiera de las partes. En todo caso el fideicomitente se reserva el derecho de revocación en cualquier momento, avisando igualmente con tres meses de anticipación. En caso de que dicho contrato no sea prorrogado, la Fideicomitente recibirá el patrimonio en efectivo, títulos valores y cualquier otro documento que forme parte del patrimonio en ese momento, previa deducción de los honorarios, gastos legales y cualquier otro gasto a cuyo reembolso tuviere derecho el Fiduciario. Si la liquidación causare gastos, ellos serán deducidos de los recursos líquidos del Fideicomiso, si no los hubiere los suplirá el Fideicomitente de su propio peculio.

Sin perjuicio de lo anterior podrá dársele término anticipadamente al Fideicomiso, cuando concurran cualquiera de las circunstancias establecidadas en el Artículo 1421 del Código de Comercio, en cuyo caso la Fideicomitente recibirá en las condiciones indicadas anteriormente, el patrimonio del Fideicomiso y sus rendimientos de acuerdo a lo establecidos en el Artículo 1422 del Código de Comercio.

Leído lo anterior y estando conforme las partes, firmamos en la .... , a las .... horas del día del mes de .....

FIDEICOMITENTE FIDUCIARIO

C. FAO Guidelines for Rotating Funds

(FAO has not yet provided revised text)