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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

BOLIVIA

PROJECT PAPER

STRENGTHENING FINANCIAL MARKETS

Amendment No. 2

AID/LAC/P-534
CR P-419

Project Number: 511-0598

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AGENCY FOR INTERNATIONAL DEVELOPMENT				1. TRANSACTION CODE		Amendment Number		DOCUMENT CODE		
PROJECT DATA SHEET				<input type="checkbox"/> A A = Add C = Change D = Delete		Two		3		
2. COUNTRY/ENTITY BOLIVIA				3. PROJECT NUMBER 511-0598						
4. BUREAU/OFFICE LAC				5. PROJECT TITLE (maximum 40 characters) STRENGTHENING FINANCIAL MARKETS						
6. PROJECT ASSISTANCE COMPLETION DATE (FACD) MM DD YY 09 30 92				7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4) A. Initial FY 88 B. Quarter 3 C. Final FY 91						
8. COSTS (\$000 OR EQUIVALENT \$1 =)										
A. FUNDING SOURCE			FIRST FY 89			LIFE OF PROJECT				
			B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total		
AID Appropriated Total			1,662	122	1,784	5,783	417	6,200		
(Grant)			(1,662)	(122)	(1,784)	(5,783)	(417)	(6,200)		
(Loan)			()	()	()	()	()	()		
Other U.S.										
1.										
2.										
Host Country			3	680	683	3	4,069	4,072		
Other Donor(s)										
TOTALS			1,665	802	2,467	5,786	4,486	10,272		
9. SCHEDULE OF AID FUNDING (\$000)										
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT		
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	
(1) SDA	840			5,000	-	1,200	-	6,200		
(2)										
(3)										
(4)										
TOTALS				5,000	-	1,200	-	6,200		
10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)										
042			690			819		930		11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)										
A. Code										
B. Amount										
13. PROJECT PURPOSE (maximum 480 characters)										
<p>To improve the effectiveness of Bolivia's private sector institutions, especially the financial institutions, and increase private sector participation in policy formulation.</p>										
14. SCHEDULED EVALUATIONS					15. SOURCE/ORIGIN OF GOODS AND SERVICES					
Interim		MM YY 12 90	MM YY 12 91		Final		MM YY 08 92	<input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)		
16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)										
<p>The USAID Controller has reviewed the financial procedures described herein and hereby indicates his concurrence.</p>										
<p><i>John R. Davison</i> John R. Davison Controller</p>								18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION		
17. APPROVED BY		Signature <i>Reginald van Raalte</i>			Date Signed MM DD YY 06 23 91					MM DD YY
		Title Reginald van Raalte Director, USAID/Bolivia								

PROJECT AUTHORIZATION
Amendment No. 2

Name of Country: Bolivia

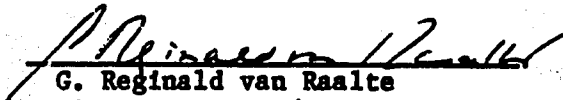
Name of Project: Strengthening Financial Markets

Number of Project: 511-0598

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Strengthening Financial Markets Project for Bolivia was authorized on December 1, 1987 by the Assistant Administrator/LAC in the amount of \$6,200,000 in grant funds. That authorization was then amended on April 29, 1988 reducing the grant amount from \$6,200,000 to \$5,000,000, because one of the Project components, pertaining to the establishment of a Bolivian Deposit Insurance Fund, was eliminated under Project Paper Amendment No. 1. Project Authorization Amendment No. 1 is hereby amended as follows:

- a. The life-of-project funding is increased from \$5,000,000 to \$6,200,000.
- b. One of the activities of the "Improvement of Private Financial Sector Institutions" component, that is, assistance to the National Federation of Credit Unions (FENACRE), is eliminated from this Project and incorporated into another Mission Project which also assists FENACRE.
- c. A third component is added to the Project: "Strengthening Private Sector Associations."

2. Except as amended above, the Project Authorization remains in full force and effect.


G. Reginald van Raalte
Director, USAID/Bolivia

Date: 23 June 1989

Project Authorization Amendment No. 2

PD&I:LValenzuela:23771

CLEARANCES:

AM Diaz: 21K 3/30
PD&I: 2/16/89
PS:GAVega 2/16/89
PS:DLJessee 2/16/89
PS:RMoyers 2/16/89
DP:AFunicello 2/28/89
CONT:JDavison sm 3/1/89
HHR:PHartenberger SV
RLA:ADNewton CA
DD:HRKramer _____

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LIST OF ABBREVIATIONS

AA/LAC	Assistant Administrator for Latin American and the Caribbean
ADEPI	Departmental Small Industry Association
ASOBAN	Asociación de Bancos de Instituciones Financieras
Bs	Bolivianos (Bs 2.4 = US\$ 1.0)
CDSS	Country Development Strategy Statement
CEPB	Confederación de Empresarios Privados de Bolivia
COLAC	Confederation of Savings and Loan Cooperatives
DA	Development Assistance Funds
EOPS	End of Project Status
ESF	Economic Support Funds
FEBOSI	Federation of Small Industry Associations
FENACRE	Federación Nacional de Cooperativas de Ahorro y Crédito
FTP	Financial Training Program, IDEA
FX	Foreign Exchange
GDP	Gross Domestic Product
GOB	Government of Bolivia
IBM/DOS	International Business Machines/Disk Operating System
ICI	Intermediate Credit Institution
IDB	InterAmerican Development Bank
IDEA	Instituto para el Desarrollo de Empresarios y Administradores
LC	Local Currency
LOU	Letter of Understanding
n/a	Not Available
NEC	New Economic Policy
PACD	Project Assistance Completion Date
PIO/P	Project Implementation Order/Participating Training
PIO/T	Project Implementation Order/Technical Assistance
p.m. or pm	Person month(s)
PP	Project Paper
PS	Private Sector Office
SEC	Security Exchange Commission
SFM	Strengthening Financial Markets Project
SIIP	Private Industry Information System
TA	Technical Assistance
TCN	Third Country National
UBB	Union of Bolivian Banks
UDAPE	Unidad de Análisis de Políticas Económicas
USAID/Bolivia	AID Mission in Bolivia
WB	World Bank

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I OVERVIEW OF AMENDMENT

During the 1988 CDSS review, it was determined that a strategic element in the private sector interventions of USAID/Bolivia should be the establishment of formal relationships with key private sector associations by strengthening their management and assisting them to participate more effectively in public policy formulation. Because the Strengthening Financial Markets (SFM) Project was designed to accomplish similar purposes with the private financial sector, the Mission, in its Action Plan for FY 1989-1990 (see Annex E) proposed the amendment of the SFM Project to include assistance to the non-financial private sector as well. AID/W accepted the proposal in State (88) 190965 (see Annex F.)

The amended Project (Project Paper Amendment No.1), authorized in April of 1988, had two components: 1) Improvement of Private Sector Financial Institutions, and 2) Improvement of Financial Sector Policy Research and Analysis. Under the first component, the Project was to establish a Financial Training Center within the Institute for the Development of Businessmen and Administrators (IDEA), assist the Association of Banks and Financial Institutions of Bolivia (ASOBAN), strengthen the National Federation of Credit Unions (FENACRE), and establish the Bolivian Securities Exchange and National Securities Commission. Under the second component, the Project was to finance research and seminars to identify and discuss key financial policy issues and options.

In order to include assistance to financial as well as non-financial private sector entities, this Amendment modifies the name of the two existing components and expands the scope of the Project through three components: 1) Strengthening of Private Sector Financial Institutions; 2) Strengthening Private Sector Participation in Policy Reform; and 3) Strengthening Private Sector Associations.

The first component, "Improvement of Private Sector Financial Institutions" is renamed "Strengthening of Private Sector Financial Institutions." It remains the same except for the following: three of the four activities under this component have been retained without changes: the IDEA Financial Training Program, assistance to ASOBAN, and the Markets for Debt and Equity Instruments, or, as named in this Amendment, the Securities Exchange and Commission. The fourth activity, however, "Strengthening the National Federation of Credit Unions (FENACRE)" has been eliminated from this Project and incorporated in its entirety into the "Micro and Small Enterprise Development Project." This has been done in order to consolidate USAID activities with FENACRE under a single project.

The second component, "Improvement of Financial Sector Policy Research and Analysis," is renamed "Strengthening Private Sector Participation in Policy Reform," and will support the development of non-financial as well as financial policy issues.

The third component in this Amended Project Paper, Strengthening Private Sector Associations, is new and reflects USAID/Bolivia's interest in strengthening the management and services of private sector associations so they will be able to participate more effectively in the economic reactivation of Bolivia. (See in Appendix J the relation between the project components and the project goal and purpose objective tree.)

The Amended Project Paper components are structured in the following manner:

Component I. Strengthening of Private Sector Financial Institutions

- Establishment of IDEA Financial Training Program
- Establishment of Markets for Debt and Equity Instruments (Securities Exchange & Commission)
- Expansion and Improvement of the Services of ASOBAN (Services include the setting up of a Credit Bureau, Phase I and II, to provide credit information to ASOBAN members. For a more detailed information, see original Project Paper.)

Component II. Strengthening Private Sector Participation in Policy Reform

- Definition of a Policy Reform Agenda
- Development of Policy Analysis Capability
- Development of Communications and Lobbying Capability
- Support the ad hoc public/private group for Policy Reform Discussions

Component III. Strengthening Private Sector Associations

- Strengthening of Strategic Planning Activities
- Undertaking Organizational Development Activities
- Strengthening Membership Development Activities

The purpose of the original project is "to improve the effectiveness of Bolivia's private sector financial institutions, and to increase private sector participation in financial sector policy formulation." The purpose, as stated in the Action Plan, for the Amendment is "to increase private sector participation in policy formulation affecting private sector development, and to improve the effectiveness of Bolivia's private sector associations."

State (88) 190965, in authorizing the Amendment, requests that the amendment "make clear how the two additional components--'Policy Reform Technical Assistance' and 'Private Sector Association Technical Assistance'--fit into the project purpose." The Action Plan description of the Amendment (see Attachment E) and Chapter Two of this Amendment provide the larger context for the modified and new activities. More directly responding to the inquiry, the amendment of the "Improvement of Financial Sector Policy Research and Analysis" makes five changes: 1) the name is changed to "Strengthening Private Sector Participation in Policy Reform," 2) the substantive focus is expanded beyond the private financial sector to the broader private sector, 3) the activity is anchored in a specific private sector organization, 4) the description of the objective of

policy reform is amplified, and 4) a support to the ad hoc public/private sector group for policy reform discussions, is recommended. This modified component clearly fits into the larger project purpose. The new component "Strengthening Private Sector Associations" is in fact a replication of the original project activity designed to strengthen the banking association (ASOBAN). The new component applies this model to private sector associations outside the financial sector. This component also fits into the large project purpose.

In summary, the Project has been amended to 1) broaden the scope of USAID interventions beyond the private financial sector to the larger private sector, and 2) streamline the management of the USAID Private Sector Office's portfolio.

Funding for the Project has also been amended. The new Life-of-Project funding has been raised by \$1.2 million, from \$5.0 to \$6.2 million. The new budget is summarized as follows:

PROJECT FUNDING SOURCES
(US \$000s)

	<u>AID GRANT</u>	<u>GOB</u>	<u>PRIVATE SECTOR</u>	<u>TOTAL</u>
<u>Component 1</u>				
IDEA	1,513	187	1,161	2,861
ASOBAN	613	113	269	995
Securities Exchange	1,080	740	392	2,212
<u>Component 2</u>				
Policy Reform	1,206	320	590	2,116
<u>Component 3</u>				
Associations	1,169	180	120	1,469
Other Costs	<u>619</u>			<u>619</u>
TOTAL	6,200	1,540	2,532	10,272

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II. PROJECT AMENDMENT BACKGROUND

This chapter provides background information which supplements that found in the original Project Paper.

A. The Private Sector

Bolivia's private sector is weak, even by Latin American standards. The combination of an economically predominant and paternalistic state with a traditional, risk averse entrepreneurial class has retarded the development of aggressive business groups. The formal private sector consists of a few large groups with interlocking interests in banking, commerce, mining, and industry, and a great many small investors/entrepreneurs, particularly in agriculture and agribusiness, but also in forestry, artisanry, and mining.

During the 1970s, the Bolivian private sector was an important source of investment, accounting for almost 45% of fixed capital formation. However, during the turbulent 1982-85 period, the private sector began to divest in a major way. Price distortions, the loss of Bolivia's international creditworthiness, strikes, and doubts about the course of economic policy caused a contraction of the private sector's share of fixed capital formation from 4.3% of GDP in 1981 to 1.2% in 1985.

Currently, the private sector has yet to respond adequately to the government's economic reactivation plan announced in July 1987. While private sector leaders acknowledge and applaud the government's impressive successes in stabilizing the economy, they continue to emphasize the policy constraints to increased investment and job creation, and note that most of GOB's economic policies designed to achieve growth were conceived in a vacuum. There is a belief that the government designed its economic package without the active involvement and participation of private sector leaders of representative associations, and a fear that the GOB is prepared to place the blame for failure to achieve economic growth squarely on the shoulders of entrepreneurs. In addition, private sector leaders are cautious, noting that this is an election year and that it is still uncertain whether, and to what extent, the new government will follow the "New Economic Policy" of the last few years.

B. Formal Private Sector Organizations

A wide array of formal private sector groups exist in Bolivia, ranging from a business confederation to several small agricultural producers associations. Given the division of the private sector into a few large family groups and many small businesses, it is hardly surprising that these groups have different interests and needs. However, most of these organizations share a number of common traits:

they are generally poorly funded and staffed, unable to provide their members with basic services, and incapable of formulating and advocating policy positions before the government.

The largest and most influential business association at the national level is the Confederación de Empresarios Privados de Bolivia (CEPB). The CEPB, founded in 1962, is composed of twenty-six member organizations, seven of which are regional federations of businessmen representing Bolivia's departments (political subdivisions). Most of the country's private productive and service sectors are represented by the CEPB; members include the Chamber of Commerce, the Chamber of Industry, the Banking Association, the National Mining Chamber, the Construction Chamber, and others. (See list of CEPB members, Annex D.) The CEPB's goals are to represent the private sector in national policy-making, and to provide information and other business services to its members. At present, it is attempting to focus on the need for a new investment law, the problems of small producers, non-traditional export promotion, and private sector participation in dialogue in planning for economic reactivation. Although the CEPB has no economic studies department, it is exploring the possibility of establishing a policy analysis unit devoted to investment promotion, export promotion, and small business development.

The financial sector is represented by two business associations. The first, ASOBAN was formed in 1965 by private financial institutions to lobby the government, provide information services to its members (credit reports, banking statistics) and conduct some training courses. This latter function will soon be expanded significantly with the support of USAID/Bolivia. ASOBAN has affiliated regional associations in Oruro, Sucre, Cochabamba, and Santa Cruz. The second banking association, Unión de Bancos Bolivianos (UBB), was created in 1973 to handle loans jointly by the private Bolivian commercial banks. ASOBAN has recently taken over the administration of the UBB.

One of the newest business organizations is FEBOPI, the federation of small industries. FEBOPI was formed in 1985 by a group of small businessmen who felt their needs were not adequately served by the National Chamber of Industry. FEBOPI has seven regional members, where it has organized associations of small businesses (ADEPI). Its goal is to provide members with services (information, training) and eventually to lobby the government. With an existing internal budget of only \$12,000, it faces difficult financial constraints to organizing a potentially important part of the Bolivian private sector. To respond to this vital need, the strengthening of this Association is an activity of the recently authorized "Micro and Small Enterprise Development Project."

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Bolivia's regional departments are well represented by business groups. The Federations of Businessmen in Santa Cruz and Cochabamba are both strong and representative. More importantly, private agricultural organizations in these departments are organized and growing. Agricultural Chambers exist in some departments, supplemented by a network of syndicates, producer associations, and cooperatives. USAID is currently addressing the organizational, financial, and services requirements of these groups through its Private Agricultural Producer Organization project.

C. Constraints to a Private Sector Response

The ability of the Bolivian private sector to respond to government initiatives and take the lead in stimulating savings, increased investment, and employment is limited by a number of serious constraints. These constraints, briefly summarized below, are related to the policy environment and the nature of the private sector.

1. Policy Environment

The policy environment in Bolivia over the past decade, and especially the chaos of the Siles Suazo years 1982-85, has played an important role in shaping the attitudes, actions, and capacities of the private sector. Some of the critically important aspects are:

- a. The historical trend toward statism, a predominant role for labor in economic policy making, and the use of government "privileges" and deals to undermine private sector unity.
- b. The extraordinary web of often contradictory policies and regulations that increases costs and act as a disincentive to investment and job creation. These regulations represent a high economic cost associated with compliance with the regulations and trámites of the system.
- c. The lack of well-trained middle management specialists and an unskilled work force combine to limit investment. Skilled technicians are in short supply in Bolivia as is an educated, trained work force, particularly, in comparison to neighboring countries.
- d. A generalized belief that the state acts in a capricious and arbitrary fashion regarding the impartial application of law and a lack of respect for private property.
- e. The failure of policies to provide sufficient incentives to stimulate savings, investment, and exports. While new incentives are being discussed by the government (e.g., tax policies, recognition of business losses, etc.), there is skepticism about their adoption and/or implementation.

2. Private Sector Institutions

Although formal private sector organizations were established early in Bolivia (the Chamber of Commerce is over 100 years old, and the National Chamber of Industries dates from 1931), they remain weak institutions. Most business groups are characterized by weak membership support, low levels of financing, poor services to members, and a lack of institutional capacity to analyze national economic policies and propose solutions to the government. Compared to the institutional development of private sector organizations among its Andean neighbors, Bolivia's private sector groups are seriously underdeveloped.

A major constraint to the development of private sector-led growth in Bolivia is the weakness and fragmentation of the business class. Some general observations about the private sector in Bolivia would include:

- The inability (to date) of the private sector to unite to lobby effectively for policy changes of interest to all private business.
- The relatively weak leadership of many private associations in the formal sector because of the tendency of the most important entrepreneurs to pursue their business interests separately.
- The absence of institutional mechanisms to resolve conflicts in the private sector--the existence of CEPB notwithstanding.
- The lack of a broad private sector "identity" incorporating enterprises from all economic sectors.
- The lack of a sound economic and technical analysis capacity to promote policy change.
- The absence of mechanisms through which the private sector can initiate and sustain dialogue with the public sector--there are very few institutional mechanisms to engage the government in policy discussions of critical importance to the private sector.

To summarize, the problem is how to stimulate the savings and investment (domestic and foreign) required to achieve economic growth and improve the standards of living of Bolivians. Given the magnitude of the problem, and the limited resources available to the public sector, the answer must be found in substantial private sector investment to create

jobs, foreign exchange, and wealth for Bolivia's expanding population. While the GOB focuses on the energy, mining, and transportation sectors, steps must be taken to encourage complementary private sector investments. This project is designed to address the two principal constraints to economic reactivation: the inadequacies of the existing policy/regulatory framework and weaknesses in the private sector and its institutions.

Given the new economic "rules of the game," business associations feel a need to develop the capacity to better serve their members and to represent effectively their members' interest in the policy-making arena. The private sector wants to have a respected seat at the table with government authorities, but realizes that it does not have the analytical capacity to propose and defend policy options. At present, the organized private sector can do little more than complain about government actions and offer vague proposals for investment incentives and export promotion activities. Clearly, nowhere in the private sector is there a policy analysis unit/capacity which corresponds to the government's UDAPE, established with USAID/Bolivia support.

III. AMENDED PROJECT DESCRIPTION

A. Revised Overall Project Goal and Purpose

The amended goal of the Project is to improve the contribution of the private sector to Bolivia's development. The amended purpose is to improve the effectiveness of Bolivia's private sector institutions, especially the financial institutions, and to increase private sector participation in private sector policy formulation. The reason for the Amendment is to add two objectives to the original project: (a) increased private sector participation in policy formulation affecting private sector development, and (b) strengthened private sector associations. (see Mission's Action Plan for FY 1989-1990, Annex E)

Accordingly, the Project will have three components: 1) Strengthening of Private Sector Financial Institutions, 2) Strengthening Private Sector Participation in Policy Reform, and 3) Strengthening Private Sector Associations. These are described in the next three sections.

B. Project Components

1. Component I: Strengthening of Private Sector Financial Institutions

As stated in the original Project Paper, the purpose of this component will be to help existing private sector financial institutions to survive in the new Bolivian economic environment and be responsive to the private sector's needs.

The activity descriptions and technical analyses in the original Project Paper which relate to the establishment of the IDEA Financial Training Program (FTP) (pages 20-24), the assistance to ASOBAN (pages 25-27), and the establishment of markets for debt and equity instruments (or a Securities Exchange) (pages 28-29), remain unchanged, except for the following:

a. Input Modifications. There are slight modifications in the levels of inputs to be provided by the Project. The revised levels are shown in Section III.E., "Revised Summary of End of Project Status (EOPS), Output, and Inputs."

b. Financial Sustainability of the FTP. In order to simplify the financial management of the FTP and assist it after the Project Assistance Completion Date (PACD), the Project will cover all start-up costs and all operating costs during the life of the Project. IDEA will apply the revenues generated by the FTP towards its goal of becoming self-financing.

The accomplishment of the activities will be measured by the following End of Project Status (EOPS) indicators, as assessed by the

second evaluation to be conducted by the Project Assistance Completion Date (PACD) September 30, 1992.

a. Financial Training Program EOPS

- 1) A strong, financially self-sustaining program serving the technical training needs of the Bolivian financial sector, and forming an integral part of IDEA.
- 2) A clear financial and organizational commitment made by ASOBAN and its members to the long-term success of the FTP.
- 3) Curriculum and pedagogical methods developed.
- 4) Infrastructure completed.
- 5) Professional staff running the program.

b. Securities Exchange EOPS

- 1) Stock Exchange and Securities Exchange Commission established and operating.
- 2) Capital Market's instruments developed and functioning.
- 3) Trading procedures developed and operating.
- 4) Broad-base diversified investors.

c. Bolivian Banking Association EOPS

- 1) Four new services developed and functioning.
- 2) Financial self-sustaining services serving the banking community.
- 3) Research/analysis capability developed and functioning.

2. Component II: Strengthening Private Sector Participation in Policy Reform

The purpose of this component is to strengthen the capability of the private sector to participate in, and influence, the economic policy-making process. This kind of effort is considered necessary in order for the well-conceived policy framework currently in place to be strengthened by an improved dialogue. Moreover, should that policy framework be seriously threatened in the future, the private sector will be better organized to defend it.

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This component will assist the private sector to develop its capacity to analyze and formulate national economic policy proposals in the areas of investment, fiscal and monetary policies, export incentives, small business development, price controls and others. The Mission proposes to channel such support through the Confederation of Bolivian Private Sector Businessmen (Confederación de Empresarios Privados de Bolivia--CEPB), the lead private sector association composed of representatives from Bolivia's regional and sectorial chambers and organizations, as well as other leading private sector groups. Within this component, special emphasis will be given to developing the private sector's ability to analyze issues--on its own, and jointly, with other sectors of Bolivian society.

a. Activities

The effort will consist of four subcomponents: defining the private sector's agenda and priorities; creating private sector capacity to analyze key issues; helping the private sector to develop communications and lobbying skills; and supporting the ad hoc public/private sector group for policy reform discussions.

1) Defining the Private Sector's Agenda and Priorities

Professional assistance and financial resources will be provided to CEPB and selected organizations to help define key economic issues affecting Bolivia and the private sector. Critical to this process will be a carefully structured series of meetings, seminars, and conferences with broad national participation. This will assist CEPB and other associations to develop a sense of common identity and purpose among businessmen, disseminate research results, strengthen linkages with the public sector and build the prestige of the private sector. Four major types of fora are suggested: (a) an Annual Assembly of CEPB, which over time would become the major forum for business-government dialogue on national economic issues and a barometer of government-private sector relations; (b) major conferences on themes of national and regional importance; (c) a Congressional luncheon seminar series bringing together business leaders and key members of Congress; and (d) an Economic Issues Seminar based on studies of key policy issues. These are described below:

(a) Annual Assembly. The Annual Assembly will become an event of national importance, in which private sector associations gather to assess the national economy, propose and ratify specific policy recommendations on economic issues affecting the development of the private sector, engage in open and active dialogue with members of the economic policy cabinet and representatives from labor, the Armed Forces, and Congress. The annual meeting should be a two-day affair, featuring speeches by government officials (e.g., the President, the top economic policy makers, etc.), panel discussions (e.g., a cross-section of speakers on a labor issues, investment, monetary policy, or export

incentives), and working group sessions to consider and debate policy resolutions proposed by member associations.

(b) Major Conferences. Every other year (1989, 1991), CEPB will organize a three-day conference on a topic of major national and regional importance to the development of the private sector. The first, on the role of the private sector in Bolivia's development, will bring together private sector leaders from around the region to discuss this theme. CEPB will organize and finance conference participation, and be responsible for preparing/contracting studies on appropriate topics. The second conference recommended will focus on the need for incentives to private investment and the reforms in the policy and administrative framework required to stimulate savings and investment.

(c) Congressional Seminar Series. Three or four times a year, CEPB, with the support and participation of other chambers, will organize structured meetings with congressional leaders to discuss legislation pending in Congress or the Executive Branch which would affect private sector interests and Bolivia's development. Meetings should be on an off-the-record basis, and focus on presenting private sector ideas on how roadblocks to increased private investment and job creation can be removed.

The regional chambers will organize similar meetings with their departmental delegations. The purpose of these meetings will be to present private sector ideas (based on thorough research and analysis) on how to resolve the legislative and administrative regulations which impede private activity. Topics to be discussed might include the reorganization of the banking system, privatization issues (e.g., asset valuation, debt conversion), credit and monetary policy, and export promotion.

(d) Economic Seminar Series. CEPB and the regional chambers will organize a few seminars based upon the results of in-depth economic policy studies. Participants from a cross-section of Bolivian society (Armed Forces, the government, academia, labor, the church, the communications media) will be invited to discuss and debate economic policy recommendations with business leaders. These dialogues will serve to highlight important policy issues, build private sector consensus, and promote informed dialogue. It is recommended that early in the project two issues be examined: 1) contraband trade and the role of the informal sector, and 2) human resource needs for entrepreneurial activity. These two issues are bound to be of growing importance to Bolivia's economic development, and are critical to enhanced government private sector relations.

2) Creating Private Sector Capacity to Analyze Key Issues

A clear need exists for a private sector counterpart to the Unidad de Análisis de Políticas Económicas (UDAPE), an organization which provides the GOB with in-depth analyses of key issues, often with the help of outside agencies such as the World Bank and USAID itself. Currently, the institutional private sector has neither the capacity to analyze government policy positions nor the mechanisms to initiate its own policy studies and recommendations.

Technical assistance will support efforts to create an issue analysis capacity within CEPB. Based on the priorities identified and debated through the seminars, this activity will develop the capacity to undertake basic analyses of policy alternatives for discussion as well as clearly defined position papers, for use in negotiations with the GOB or in an effort to gain public support for a specific policy.

While some of the economic studies could be done on a contract basis, assisted by short-term technical assistance, it will be necessary to establish a strong economic policy unit in CEPB. A well-respected senior economist will need to be recruited to conduct economic studies, manage the research effort, and prepare and argue policy recommendations before the government. He/she should be assisted by a masters-level economist with excellent research, data gathering, and data management skills. Consideration should also be given to supporting economic policy units in the Cochabamba and Santa Cruz federations, which are linked to the one in CEPB.

The economic policy unit will focus on substantive policy areas such as: monetary and credit policy; savings and investment; export promotion; and the economic contributions of a responsible private sector. Nevertheless, considerable flexibility should be built into the project to allow the private sector to define and pursue its own economic agenda. For example, the CEPB may wish to issue several short analyses on government economic plans or projections, or in 1989, it might wish to publish an analysis of the economic platforms of the major political parties. To avoid unnecessary duplication of UDAPE's studies, the emphasis of the work of this unit will be on the impact of these policies on the private sector and its role. In addition, leeway should be provided to allow a focus on regional issues.

In summary, the Project will initiate a process of policy reform, assisting the private sector in defining its own economic agenda. The CEPB will become the center of a network, working with and through other federations, to shape a policy and regulatory climate conducive to investment, employment, and foreign exchange generation.

3) Helping the Private Sector to Develop Communications and Lobbying Skills

The seminars program will enhance the private sector's capacity to communicate systematically with itself and with other sectors in order to facilitate development of consensus proposals to deal with national problems. As the private sector's positions become more coherent, its leaders will increasingly be able to speak with "one voice." A coherent and united position will increase the private sector's ability to influence the GOB decision-making process. This component contemplates the support for occasional seminars designed to increase the communications skills of private sector leaders, including relations with the media.

In addition, all the private sector organizations interviewed expressed a need for access to reliable statistical information. They assign a high priority to the development of data banks and information gathering capacities--as a general service for their members and as a cornerstone of any effort to identify problems, set priorities, or to prepare studies. The National Chamber of Industries, for instance, is supporting the SIIP program (Sistema de Información Industrial Privado), which, in its first stage, entails carrying out a consensus of Bolivia's private firms, their products and capacity. Later on, the program will be expanded to encompass production data, capacity utilization, attitudes, production projections and investment plans.

Other requirements range from the simplest economic data, to timely advice of export opportunities, to detailed interpretative studies and analyses of the specific national or sectorial problems. Consequently, the participating organizations will be encouraged to create a clearing house for the collection and dissemination of information and studies.

Compatibility between the systems and procedures of the various organizations involved--to ensure comparability and accessibility among all of them--is also of extreme importance. Various chambers, for example, already have IBM/DOS computer systems in place. It would be logical to ensure that others acquire equipment and software that is compatible with those already in place, facilitating interconnection via modem. USAID will be able to help these organizations develop the requisite compatibility and interchange capacity, while enhancing the opportunities for cooperation between the various entities. At the same time, the systems should be designed in such a way as to facilitate their orderly growth and expansion, as the capacity to develop and process basic information increases.

In addition to information development and sharing, technical assistance will be provided to assist the private sector in communicating and promoting its policy positions. Support will be provided to:

publish newsletters and special bulletins to be disseminated throughout the private sector network to build support for policy positions;

undertake targeted publicity campaigns using the news media;

plan coordinated lobbying efforts in support of key policy objectives; and,

initiate a public education campaign about the positive role the private sector plays in Bolivia's development.

4) Supporting the ad hoc public/private sector group for policy reform discussions

Having developed 1) a policy reform agenda, 2) a capability to analyze policy options and to formulate policy recommendations, and 3) an ability to communicate and lobby, a mechanism is still required to convert policy recommendations into policy reform.

This activity will support the ongoing work of the ad hoc consultative group for policy review, which is composed of the subsecretaries for the economic areas and representatives of the CEPB. The group has established a regular dialogue between business organizations and government agencies. The group examines and discusses the various options for key policy decisions, based on the analyses prepared by the respective parties.

Under this project, the CEPB policy analysis unit will support the operation of the consultative group. This support will assure that all materials that the consultative group needs for its deliberation are made available to its members on a timely basis, to help them in negotiation, and to follow up on the implementation of decisions.

The project will support this activity with both technical assistance and financial resources, as appropriate.

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b. Activity Inputs

USAID/Bolivia will finance 66 person months (pm) of technical assistance to assist the CEPB and perhaps other private sector institutions in defining a policy reform agenda, in developing a policy analysis capability, and in strengthening communications and lobbying capabilities. The actual tasks of the technical assistance will include developing the process for defining the agenda, defining target decision-maker groups, assisting in managing the fora, defining the purpose and function of the policy unit, supporting policy analyses, developing and implementing a communications plan, and providing short-term training to the personnel involved.

The technical assistance team will consist of the expatriate team leader (4 pm), an assistant team leader (4 pm), an expatriate policy specialist (24 pm), an assistant policy specialist (24 pm), and short-term specialists (10 pm).

Funds are also reserved for CEPB personnel training (\$20,000) and commodities such as computers, office equipment, etc. (\$50,000).

c. End-of-Project Status

The accomplishment of the activities will be measured by the following End of Project Status (EOPS) indicators, as assessed by the second evaluation to be conducted by the Project Assistance Completion Date (PACD) September 30, 1992.

- 1) National recognition of the constructive leadership role of CEPB in policy reform.
- 2) Four CEPB fora established and actually accomplishing the purpose of defining the private sector policy reform agenda.
- 3) A professional in-house capability to analyze and formulate economic policy recommendations established within the CEPB.
- 4) An ongoing effective communication capability on the part of the CEPB and its affiliates, with an automated information system as an integral element.
- 5) An improved national recognition of the role of the private sector in development, including a recognition of the importance of private savings and investment.
- 6) An established record of government/private sector discussions leading to policy reform benefiting the private sector.

d. Beneficiaries

The direct beneficiaries of these activities will be those elements of the private sector who actively participate in establishing the policy agenda, and who then benefit from the CEPB policy formulation and lobbying work.

3. Component III: Strengthening Private Sector Associations

The purpose of this component is to strengthen the capability of selected private sector associations to professionalize their operations in order to improve the quality and scope of their services to current and prospective members. The private sector can contribute dynamically to the economic reactivation and development of Bolivia. There is a cadre of well-trained and committed private sector individuals who stand ready to provide the leadership required by the private sector. In large measure, the missing element is an effective organization of the private sector. Strengthening private sector associations can both organize and increase existing competence within the private sector as well as contribute to the increased competence of the public sector. The associations constitute the nucleus of an organizational structure uniquely suited to support private sector participation in the economic development of Bolivia.

A survey and diagnostic of the various private sector associations was conducted in order to select those which would benefit most from the proposed assistance. A list of the key organizations to be assisted is included in Appendix B.

Implementation of this component will include technical assistance and training to improve organizational capacities in such areas as association development and administration, membership services, production and marketing systems, information systems, new technologies and techniques, and identification of investments.

a. Activities

This component will focus on three subcomponents: strategic planning, organizational development and membership development.

1) Strengthening of Strategic Planning Activities. Most private sector organizations are already engaged in planning activities to some degree. But, by and large, most such activities are oriented towards the short-term (e.g. the current year or the current Board's term in office). The program's emphasis, therefore, will be on strengthening these organizations' capacity for more systematic and longer-term planning. Similarly, the program will help participating organizations relate short-, medium- and long-term goals to their strategic action plans, financial plans, organizational development and membership development.

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2) Undertaking Organizational Development Activities. This subcomponent includes management consulting technical assistance to strengthen and clarify the structures and procedures of the various associations, on-the-job training for association staff, as well as assistance in systems design and implementation. Association staff training might also include short courses in management, accounting, public relations, and exchange programs with more advanced private sector chambers in neighboring countries (e.g., Venezuela, Colombia, Ecuador).

3) Strengthening Membership Development Activities. Bolivia's private sector associations are at a low level of institutional development, providing limited membership services and incorporating only a small percentage of potential members as active participants. For the private sector to grow and develop, a campaign needs to be undertaken to promote the strengthening of business associations. The membership promotion efforts should support: 1) the institutional development and activities of CEPB and the regional chambers, and 2) the expansion of development activities in the chambers assisted. The kinds of activities envisioned under this component are as follows: efforts to strengthen the institutional and service capacities of financially weak associations (membership drives, information, training, needed commodities); activities designed to organize business chambers in under-represented economic sectors (organizational support, training); and high profile activities designed to benefit the entire private sector (e.g., public education campaigns).

The program will also emphasize the need for structured membership recruitment programs. In addition, it will provide assistance in the development of effective communications and public relations programs, on both the institutional level and on the individual level (i.e., directors and staff).

b. Activity Inputs. Technical assistance will be provided initially to the CEPB, three "national" and three "regional" private sector associations. In addition to providing assistance by the Project Team Leader (4 pm) and his/her assistant (4 pm), USAID/Bolivia will contract a long-term expatriate resident advisor (24 pm), a long-term local specialist (24 pm) to assist the resident advisor, plus short-term technical assistance (8 pm), to help private sector associations in strategic planning, organizational development, and membership development.

Strategic planning:

- assist in the development and definition of organizational goals, objectives and policies;
- assist in the preparation of long-term action plans and annual work plans; and

assist in the development of financial planning and budgeting capacity.

Organizational Development:

- assist in the definition of roles and relationships of board members, officers, committees, staff and general membership,
- help establish appropriate executive staff structure and operating procedures,
- assist with staff development and training, and
- assist in developing management, financial and information systems.

Membership Development:

- assist in developing service delivery menu and plans,
- assist in designing membership recruitment campaigns, and
- assist in developing communications programs and public relations capacity.

The "mix" of services provided to the different associations will vary in accordance with their specific strengths, weaknesses and priorities. In all cases, an effort will be made to ensure that the respective organizations are able to pass on their newly acquired knowledge to others within their area of influence (e.g. from the Cochabamba Federation to its various member organizations). This will probably entail limited work with some local organizations, as a part of the learning process. In addition, limited training (\$20,000) and computer equipment, software and office equipment (\$50,000) will be provided.

c. End-of-Project Status

The accomplishment of the activities will be measured by the following End of Project Status (EOPS) indicators, as assessed by the second evaluation to be conducted by the Project Assistance Completion Date (PACD) September 30, 1992.

Strategic Planning. At the end of the project, the participating institutions will have established a mechanism to develop and carry out systematic and long-term planning. Evidence of having established an effective mechanism will be the regular development of annual action plans produced in collaboration with the project.

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Organizational Development. At the end of the project each participating institution will have defined its organizational structure, functions and procedures and will have incorporated them into handbooks.

Membership Development. At the end of the project, each participating institution will have:

- assessed the services provided before the initiation of the technical assistance;
- analyzed potential services demanded by its associates:
- designed, developed, and marketed two new services such as: a data bank to provide information to its members; an entrepreneurial capacitation center to train potential businessmen; or business services, e.g. computers, telex, facsimile services; and
- developed and trained ten new private sector leaders in the areas of organization, planning, communications, etc.

d. Beneficiaries

The direct beneficiaries of this component will be those persons and firms who are and will be members of the collaborating associations. A specific effort will be made to increase female membership and involvement. The indirect beneficiaries will be those individuals and firms which are in a position to utilize the services of the more effective associations.

IV. PROJECT IMPLEMENTATION

A. Project Management

The USAID/Bolivia Private Sector Office will continue to manage all project activities, be responsible for the achievement of the EOPS, and ensure coordination among all project participants and other donors. The PSC Project Coordinator will have the responsibility for the day-to-day management of the contracts and cooperative agreements which will be used to implement project activities. The USAID Project Committee will exercise regular oversight and will make recommendations to Mission management regarding significant project design and implementation issues.

A key figure in the project's implementation will be the Project Team Leader, who will be contracted as a PSC, and who will head the project implementation team residing outside the Mission. This person will devote approximately 80% of his/her time to work with the Institutional Contractor team and project beneficiaries and 20% to the USAID/Bolivia contract management and other Private Sector Office

activities. The Project Team Leader will formally report and coordinate day-to-day activities with the USAID Project Coordinator.

The Chief-of-Party of the Institutional Contractor will be responsible for administering the contract. He/she will work under the direction of the Project Team Leader, who in turn will report to the Project Coordinator.

The responsibilities of each position are described below:

USAID Project Coordinator

The Project Coordinator is a Personal Services Contractor (PSC), based within the Mission, who will be responsible for the day-to-day implementation of the Project. He will report directly to the deputy chief of the Private Sector Office. This person is familiar with the programs of the Private Sector Office and with all aspects of the Mission project management process and has a thorough understanding of the Bolivian financial markets. The day-to-day responsibilities include 1) assuring proper Project implementation planning, 2) preparing written materials pertaining to the Project, 3) assuring that the contractors stay on schedule, 4) maintaining regular contact with all the implementing organizations to determine where implementation problems exist and to solve those which fall within his area of competence, 5) managing all financial aspects of the Project, 6) managing the procurement of the commodities to be purchased by the Project, 7) maintaining Project files, 8) preparing regular reports on the Project including the semi-annual report to Washington and the quarterly accrual reports.

Team Leader

The Team Leader, to be selected, will be a PSC responsible for overall provision of technical assistance to organizations under this Project. This person will be an expert in all substantive areas in which the project will provide technical assistance. He/she will therefore take the lead in the design of the technical assistance for each organization, and will actually provide technical assistance to certain of the organizations. He/she will work closely with the USAID Project Coordinator in monitoring the progress of the Project and will make recommendations concerning important project implementation decisions. He/she will undertake special projects for the Private Sector Office, such as negotiating between the government and the private sector to establish a mechanism for policy discussion and decision.

Chief of Party for the Institutional Contract

The Chief of Party will be a member of the institutional contract technical assistance team and will be responsible for the administrative matters of the contract. He/she will receive day-to-day instructions from the Team Leader. He/she will also coordinate the day-to-day work of the short-term consultants and ensure that this assistance fully meets

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the needs of the Project. He/she will guide the long-term advisers under the contract and will personally provide technical assistance to specific organizations.

B. Women in Development

The Strengthening Financial Markets (SFM) project pursues the strengthening of Bolivian private sector businesses. To reach this goal, the SFM technical assistance team will work with ten private sector associations in the areas of banking training and services, securities exchange market's development, policy analysis and implementation, and strengthening seven private sector business associations. The Project Management will urge the staff of participating organizations to promote the broader participation of businesswomen in decision-making panels and committees. For that purpose, the CEPB staff will invite the Board of the Bolivian National Business Women's Federation (Federation) to set up a coordinating committee to overlook the activities under the project and to promote the inclusion of women in these activities.

The Federation is a non-profit organization founded in 1974. It is conformed by six associations located across the country. In total, one-hundred and twenty women working as professionals, and in businesses such as tourism, hotel management, industry, and trading conform the Federation. The Federation is a member of the CEPB since 1985 and actively participate in the CEPB executive board of directors.

The Federation provides to its members the following services:

1. international traders contact,
2. invitation to international fairs,
3. lobbying with the Government of Bolivia.

The Federation also helps housewives through several socio-economic programs. The best known project assistance is a laundry project in Pampajasi, El Alto. This project is helping 110 women. The socio-economic impact of the Pampajasi project has urged the Federation staff to design two new projects: (1) Jimasa, a poli-functional project in El Alto, and (2) a sewing business in Oruro.

Recent contact with the President of the Federation has given USAID/Bolivia the opportunity to discuss ways to execute some activities serving businesswomen associated to the Federation.

The new activities should include:

1. Policy Analysis

The Federation will coordinate, through the committee to be set up at the CEPB, the participation of its members in those

activities/services scheduled under the policy component. The activities/services contemplated under this component are:

- a. Obtain economic information managed by the CEPB policy unit.
- b. Prepare and present socio-economic analyses in conjunction with the CEPB policy unit.
- c. participate in seminars, workshops, luncheons, etc., promoted by the CEPB to discuss policy matters.
- d. Promote socio-economic analyses of different sectors where women participation is important.

2. Financial Training Program

In the past, the Federation has worked closely with IDEA to promote short-term courses for women.

The SFM/Financial Training Program will provide training courses for Bolivian financial staff. The Federation will coordinate with ASOBAN and IDEA the inclusion of a larger number of women in those courses. Part of this coordination will include the promotion of short-term courses among the Federation members.

3. Business Associations

The participation of businesswomen in the Federation is minimal. It is USAID/Bolivia interest, and it is the interest of the Federation, to expand the membership bases of the private sector associations. For this purpose, the SFM project will help seven associations to strengthen their capacities to elaborate and implement development plans, to design new services to attract more members. The activities to be supported include:

- a. promote the participation of more business people in the associations through new services;
- b. urge the Federation/asociations to increase the number of members affiliated with different women associations, and to exhort the project's participating organizations to develop and carry out the new services serving businesswomen;
- c. encourage the Federation to set up its goals toward the support of a large segment of businesswomen who do not participate in Federation activities. To reach these goals, the Federation will work with the CEPB and the rest of the participating organizations.

The plan to increase the participation of women will be discussed and strengthened during the visit to Bolivia of the International Center for Research on Women in September, 1989.

C. Implementation Plan

1. Information Concerning the Status of Negotiations

Under the recently completed Agribusiness and Artisanry Project, USAID/Bolivia and the private sector started a series of open conferences to discuss topics related to policies affecting the private sector performance.

During the design and amendment of the Strengthening Financial Markets Project, USAID/Bolivia representatives and a team of short-term consultants have had in-depth discussions with private sector leaders including presidents, directors and executive staff of over 20 Bolivian private sector associations and chambers. All people approached were actively aware of the deficiencies of the private sector with respect to influencing policy making, citing inadequate information and insufficient analytical capacity.

The scope of the Policy Reform components of the Project is based on those discussions. Business association leaders are anxious to create and expand their analytical capacities to communicate more effectively with the GOB, and to bring about appropriate reforms aimed at private economic activity.

A second area of interest discussed with business leaders has been the institutional strengthening of selected private sector associations.

Institutional strengthening efforts will help associations professionalize their operations and enhance the quality and scope of their services to current and prospective members. USAID/Bolivia will support technical assistance and training to improve the organizational capacities of the associations.

Staff of the associations contacted are ready to start this activity as soon as possible.

2. Implementation Documents

a. Obligation Document

The changes introduced in this Project Paper Amendment will be reflected in an amendment to the original obligating document, the Project Agreement, which was signed by the Minister of Planning and Coordination on May 13, 1988. The ProAg Amendment will increase the Life of Project Funding by \$1.2 million of Development Assistance funds and formally modify the Project.

b. Sub-Obligating and Other Implementing Documents

The Project will be implemented through a series of sub-obligating documents (contracts, cooperative agreements, and grants) and letters of understanding (LOU).

A Personal Services Contract is presently in effect with the Project Coordinator. A similar contract will be signed with the Project Team Leader. An Institutional Contract will be signed with a United States firm to provide all the technical assistance required except that of the Team Leader.

A Cooperative Agreement Amendment will be signed with IDEA. The Agreement will define the Financial Training Program activities and will channel the financial resources necessary to cover the costs incurred in starting up and operating the FTP program.

Separate LOUs or other appropriate documents will be signed with ASOBAN, the Bolivian Stock Exchange, the Securities Exchange Commission, the Confederación de Empresarios Privados de Bolivia, and with the six participating sectoral and regional associations. The LOU will describe the technical assistance to be provided by the Institutional Contractor, as well as the commodities which each entity will receive to facilitate the accomplishment of project outputs. No funds, however, will be channeled through these documents.

3. Responsibilities

The responsibilities for the implementation of the Project will be shared among the implementing entities, USAID/Bolivia, and USAID contractors.

a. Implementing Organizations. Participating institutions will coordinate with USAID/Bolivia the work to be done by the Institutional Contractor and its own personnel.

b. USAID/Bolivia. USAID/Bolivia will manage all project activities, be responsible for the achievement of the EOPS, and ensure coordination among all Project participants and with other donors.

c. U.S. Institutional Contractor. The contractor will be directly responsible to USAID/Bolivia, but will render services to both the local institutions and to USAID/Bolivia.

4. Implementation Schedule

The Project Coordinator will maintain an up-to-date schedule and will work with Project participants to maintain similar coordinated schedules. The present schedule of selected key events, based on a detailed implementation schedule, included as Annex C, is as follows.

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Institutional Contract

Institutional Contract

RCO prepare RFP	10/05/88
Publish and prepare proposals	01/03/89
Pre-select firm	03/07/89
Interview pre-selected bidders	03/24/89
RCO negotiate contract	04/18/89
Arrival of contractors	05/23/89

Team Leader

Select Executive Search Firm	12/07/88
Executive search firm trip to La Paz	01/06/89
Executive search firm proposed candidates	02/24/89
Interview candidates	03/03/89
RCO negotiate contract	03/31/89
Arrival of Team Leader	04/21/89

IDEA

Request for technical assistance	03/31/89
Negotiate Cooperative Agreement	04/17/89
Approve Cooperative Agreement	05/5/89
Search for local trainers	07/28/89
Start design and develop courses	07/31/89

ASOBAN

Negotiate Letter of Understanding (LOU)	02/10/89
Approval of LOU	02/24/89
First disbursement	03/17/89
Procurement of equipment	04/27/89
Start technical assistance	05/23/89
Design Credit Bureau, Phase I	08/9/89
Develop Credit Bureau, Phase I	12/11/89
Develop Credit Bureau, Phase II	05/14/90

Stock Exchange

Negotiate LOU	03/17/89
Approval of LOU	03/24/89
Start technical assistance	05/23/89
First Disbursement	05/29/89
Start developing Code of Conduct	06/9/89
Start personnel training	06/9/89
Develop trading instruments	02/12/90

Policy Analysis

Prepare LOU	02/22/89
Negotiate LOU	03/12/89
Approval of LOU	03/24/89
Start technical assistance	06/9/89
Define work plan, year 1	08/31/89
Prepare first economic analysis	09/1/89
Design communications system	09/28/89
Design information system	12/21/89

Private Sector Associations

Prepare LOU	03/01/89
Negotiate LOU	03/12/89
Approve LOU	03/24/89
Work Plan, Year 1	08/31/89
Define strategies	08/31/89
Develop services delivery (start)	09/1/89
Develop organizational goals(start)	09/1/89

D. Procurement Plan

1. Personal Services Contracts

The USAID Contracting Officer has negotiated and signed a PSC with the Project Coordinator. The same will be done with the Project Team Leader, unless a waiver of salary is required. In this case, the Regional Contracting Officer will be involved.

2. Executive Search Firm Contract

The USAID Contracting Officer will compete, negotiate, and sign a contract with an executive search firm to assist in the recruitment of the Project Team Leader.

3. Institutional Contract

The Regional Contracting Officer will issue a Request for Proposals (RFP) for all technical assistance except the Team Leader. The RFP will be announced in the Commerce Business Daily and, via letters, to firms known to the Mission. Because the expertise required is quite varied, it is possible that a single firm will be unable to demonstrate experience and capability in all the required areas of expertise. It is anticipated that a contract will be signed with a single firm which, in turn, will sign contracts with other institutions. This lead firm will be authorized to negotiate subcontracts during the course of the Project with Bolivian and United States institutions.

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4. Cooperative Agreements

The Regional Contracting Officer will negotiate a Cooperative Agreement with IDEA. The USAID Controller has determined that the financial management of IDEA is adequate to manage AID funds.

5. Letters of Understanding

The Private Sector Office will sign Letters of Understanding with those institutions which will closely cooperate with the Project, but which will receive no direct financing from the Project.

6. Commodities

Commodities will be purchased directly by the USAID Executive Office Commodity Procurement Division.

7. Training

The limited training included in this Project will be financed through the issuance of PIO/Ps.

E. Evaluations and Audits Plan

There will be at least two independent evaluations of the project. The first evaluation will focus on preliminary impact and performance indicators, and will be used to validate the project's basic strategy and approach and to recommend modifications. It will take place at mid-term, tentatively scheduled for December 1990.

The project will include an ongoing data collection and monitoring program, an essential prerequisite for effective evaluations. The program is discussed below.

Specific concerns to be addressed by the mid-term evaluation will be determined early on in the project by the following persons: the USAID Project Coordinator, the Team Leader, the Institutional Contractor's Chief of Party, and the Mission Evaluation Officer. In general, the evaluations will assess the following:

- * Progress towards accomplishment of outputs and purpose,
- * Effectiveness and relevance of project implementation under the three components,
- * Progress towards sustaining project activities after project completion.

Bi-annual audits will be conducted on each project component. These will be schedule in coordination with each entity participating in Project implementation.

The final evaluation (end-of-project) will focus on project impact, lessons learned, sustainability, and recommendations for future activities in the sector.

1. Project Monitoring Plan

The Project Monitoring Plan is designed to ensure the timely generation of performance data to inform decision-makers and evaluators, and to document Project impact. It will serve as an early warning system to alert Project management of any problems that need to be addressed. The monitoring plan is designed as part of the Project's administrative structure. This will not only increase the efficiency of data collection and monitoring, but will also assist in building counterpart capacity in data gathering and analysis to improve project planning and implementation.

a. Management of the Monitoring Function

The project monitoring function will be developed and administered by the technical assistance contract team, in concert and under the guidance of the USAID Project Coordinator and the Team Leader. The monitoring responsibilities will be outlined in the contractor's scope of work. The team will design monitoring instruments, ensure the collection of relevant information, train staff in participating organizations in the monitoring process, supervise the implementation of the monitoring system in all entities, and prepare periodic reports that consolidate and analyze monitoring information. It is important that the T.A. team coordinate early in the project with all key managers, including the USAID Project Coordinator and the Team Leader and appropriate people in counterpart institutions, in order to define information needs and determine collection methods.

Implementing the project monitoring system will be the responsibility of the individual institutions engaged in the project as well as the institutional contractor. These institutions will be responsible for the ongoing collection and processing of information.

b. Design and Development

The institutional contractor will work with the USAID Project Coordinator, the Team Leader and counterpart staff to design the monitoring system. They will develop the system as follows:

- 1) Identify priority information users and their needs;
- 2) Clarify, if deemed necessary, Project goals, purposes, inputs and outputs;
- 3) Identify a) key variables or indicators that will be tracked and b) data sources and collection methods that will be used;
- 4) Clarify counterpart support and involvement; and
- 5) Develop feedback procedures, describing the flow of information from data sources to managers, including data processing and analysis requirements.

Implementation of the system will be decentralized among the participating institutions, while overall management and analysis will be centralized in the T.A. contractor, in concert with the USAID Project Coordinator and the Team Leader.

There will also be two external audits during the life of the project. These will be contracted to local auditing firms.

V. FINANCIAL PLAN

A. Life of Project Cost Estimate

The total cost of activities to be financed under the Project will be \$10,272,000. The AID contribution will be \$6,200,000 in grant funds, and counterpart contributions which represents 40 percent of the total cost, will total \$4,072,000. Table 1 shows detailed cost estimates. Table 2 shows anticipated yearly disbursement under the Project.

1. AID Grant Contribution

AID grant funds will be allocated as follows:

a. Financial Training Program (FTP)

The total projected cost of the FTP component is \$2,861,000 over a three-year period. AID support for the FTP totals \$1,513,000. AID will finance 1) long- and short-term technical assistance (\$569,000); 2) course delivery costs, including 46 pm of short-term trainers (\$864,000); and 3) commodity acquisition costs (\$80,000) (see Table 2A). The local counterpart will be covered by tuition fees, in-kind contribution from participating financial institutions, and a portion from the Economic Support Fund (ESF) (\$1,348,000).

b. Association of Banks and Financial Institutions of Bolivia (ASOBAN)

The total projected cost of this subcomponent is \$995,000 over the life of the Project, which includes AID support for ASOBAN, totalling \$613,000. AID funds will finance 1) long- and short-term technical assistance (\$536,000), ASOBAN staff training costs (\$30,000), and 3) the acquisition of commodities (\$47,000) (see Table 2B). For the local contribution, ASOBAN and ESF will finance the operating costs of the new services, equipment, and the development of seminars and publications (\$382,000).

c. Securities Exchange

AID will provide \$1,080,000 to help establish the Securities Exchange and its governing Commission. These funds will support technical assistance (\$855,000), training (\$155,000), and commodities (\$70,000) (see Table 2C). The local contribution will finance the operating costs for the Stock Exchange and the National Commission, commodities, development and presentation of seminars, publications, and training. Funds for local contribution will be provided by the GOB treasury and the ESF. The total local contribution is estimated at \$1,132,000.

d. Financial Sector Policy Research

The total cost of this component will be \$2,116,000. AID will finance 1) long- and short-term technical assistance (\$1,136,000), 2) training (\$20,000), and 3) commodities (\$50,000). The local contribution will cover operating expenses for the CEPB and the local participating federations, the development and presentation of conferences and seminars, partially a communication program and training (see Table 2D). The local contribution is estimated at \$910,000 and its sources will be in-kind and cash private sector contributions and the ESF.

e. Improvement of Private Sector Associations

AID will provide \$1,169,000 to expand and improve the strategic planning, organization, and membership development of selected private sector associations. AID will finance long- and short-term technical assistance (\$1,099,000), training (\$20,000), and commodities (\$50,000) (see Table 2E). The local contribution from the private sector associations and ESF will cover operating expenses, a communication program, and training, and will amount to \$300,000.

f. Other Costs

AID will finance other costs totalling \$619,000, which will include 1) Project audits and evaluations (\$100,000), 2) the Project Coordinator (\$249,000), 3) the Team Leader project management portion and

Project Administration expenses (the acquisition of one vehicle for the office plus three-year salary for the driver--\$180,000); and 4) contingencies (\$90,000).

2. Host Country Contribution

As was mentioned above, the private sector will contribute with the course tuition fees for a total of \$159,000--IDEA will apply these tuition fees towards its goal of becoming self-financing; "in-kind" contribution for a total of \$1,002,000 from the participating institutions under the FTP; and \$1,371,000 in operating expenses, development, and presentation of conferences and seminars, communication, and training. The GOB contribution will include \$340,000 to cover the Securities Exchange Commission (SEC) operating expenses from the treasury funds, and \$1,200,000 from ESF to cover partially the expenses for the SEC and the development and presentation of conferences, seminars, training and commodities for the private sector participating institutions.

VI. CONDITIONS AND COVENANTS

No additional conditions, covenants, or substantive involvement understandings are required under this amendment.

TABLE No. 1
LIFE OF PROJECT ESTIMATED COSTS AND FINANCIAL PLAN (IN DOLLARS) (1)

	AID GRANT			G.D.S. (2)			PRIVATE SECTOR			GRAND TOTAL
	FX	LC	TOTAL	FX	LC	TOTAL	FX	LC	TOTAL	
1. IMPROVEMENT OF PRIVATE SECTOR FINANCIAL INSTITUTIONS (IDEA)										
A. Technical Assistance										
Team Leader (12 pm)	182,000		182,000							182,000
Asst. Team Leader Local (8 pm)	64,000		64,000							64,000
Long-term Local (24 pm)	194,000		194,000							194,000
Short-term (7 pm)	129,000		129,000							129,000
Subtotal	569,000		569,000							569,000
B. Course Delivery Costs	487,000	377,000	864,000				1,161,000		1,161,000	2,025,000
C. FIP Operating Costs (To be covered with ESF)				187,000		187,000				187,000
D. Commodities	80,000	0	80,000							80,000
Total Training	1,136,000	377,000	1,513,000	187,000		187,000	1,161,000		1,161,000	2,861,000
1. IMPROVEMENT OF PRIVATE SECTOR FINANCIAL INSTITUTIONS (ASCPAN)										
A. Technical Assistance										
Team Leader (4 pm)	62,000		62,000							62,000
Asst. Team Leader Local (4 pm)	32,000		32,000							32,000
Long-term (12 pm)	332,000		332,000							332,000
Short-term (6 pm)	110,000		110,000							110,000
Subtotal	536,000		536,000							536,000
B. Project Operating Costs	0						266,000		266,000	266,000
C. Seminars/Publications	0			83,000		83,000				83,000
D. Training	30,000		30,000	30,000		30,000				60,000
E. Commodities	47,000		47,000				3,000		3,000	50,000
Total	613,000		613,000	113,000		113,000	3,000	266,000	269,000	995,000
1. IMPROVEMENT OF PRIVATE SECTOR FINANCIAL INs. (SECURITIES EX. 1)										
A. Technical Assistance										
Team Leader (4 pm)	62,000		62,000							62,000
Asst. Team Leader (4 pm)	32,000		32,000							32,000
Long-term (12 pm)	332,000		332,000							332,000
Long-term TCM (18 pm)	263,000		263,000							263,000
Short-term (9 pm)	166,000		166,000							166,000
Subtotal	855,000		855,000							855,000
B. Project Operating Costs				550,000		550,000		291,000	291,000	841,000
C. Seminars/Publications				30,000		30,000				30,000
D. Training	130,000	25,000	155,000							155,000
E. Promotion				120,000		120,000				120,000
F. Commodities	55,000	15,000	70,000	40,000		40,000		101,000	101,000	211,000
Total	1,046,000	40,000	1,086,000	740,000		740,000		392,000	392,000	2,212,000

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	AID GRANT			G.O.B. (2)			PRIVATE SECTOR			GRAND TOTAL
	FX	LC	TOTAL	FX	LC	TOTAL	FX	LC	TOTAL	
II. IMPROVEMENT OF PRIVATE SECTOR POLICY RESEARCH & ANALYSIS										
A. Technical Assistance										
Team Leader (4 pa)	62,000		62,000							62,000
Asst. Team Leader (4 pa)	32,000		32,000							32,000
Long-term (24 pa)	664,000		664,000							664,000
Long-term Local (24 pa)	194,000		194,000							194,000
Short-term (16 pa)	184,000		184,000							184,000
Subtotal	1,136,000		1,136,000							1,136,000
B. Operating Expenses										
C. Conferences and Seminars						60,000		220,000	220,000	220,000
E. Communications						220,000		135,000	135,000	195,000
E. Training	20,000		20,000			40,000		235,000	235,000	455,000
F. Commodities	50,000		50,000							60,000
Total	1,206,000		1,206,000		320,000	320,000		590,000	590,000	2,116,000
III. IMPROVEMENT OF PRIVATE SECTOR ASSOCIATIONS										
A. Technical Assistance										
Team Leader (4 pa)	62,000		62,000							62,000
Asst. Team Leader (4 pa)	32,000		32,000							32,000
Long-term (24 pa)	664,000		664,000							664,000
Long-term Local (24 pa)	194,000		194,000							194,000
Short-term (8 pa)	147,000		147,000							147,000
Subtotal	1,099,000		1,099,000							1,099,000
B. Operating Expenses										
C. Specialized Studies/Analysis						150,000		120,000	120,000	120,000
D. Training	20,000		20,000			30,000				150,000
F. Commodities	50,000		50,000							50,000
Total	1,169,000		1,169,000		180,000	180,000		120,000	120,000	1,469,000
IV. OTHER COSTS										
A. Evaluations	100,000		100,000							100,000
B. Project Coordinator (36 pa)	249,000		249,000							249,000
C. Team Leader/Project Management (18 pa)	120,000		120,000							120,000
D. Project Administrative Expenses	60,000		60,000							60,000
E. Contingencies	90,000		90,000							90,000
Subtotal	619,000		619,000							619,000
TOTAL PROJECT	5,783,000	417,000	6,200,000		1,540,000	1,540,000	3,000	2,529,000	2,532,000	10,272,000

Note (1): Figures rounded to the nearest one-thousand

Note (2): OF THE TOTAL SDB COUNTERPART US\$1,200,000 WOULD COME FROM E.S.F. PROJECT.

Table No. 2
DISBURSEMENT SCHEDULE

	FY '89					FY '90					FY '91					FY '92					Grand Total
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total		
I. Improvement of Private Sector Financial Institutions (IDEA)																					
A. Technical Assistance																					
Team Leader (12 pm)			15,000	15,000	30,000	15,000	15,000	15,000	15,000	60,000	15,000	15,000	15,000	15,000	60,000	15,000	17,000		32,000	182,000	
Asst. Team Leader (8 pm)			8,000	8,000	16,000	8,000	8,000	8,000	8,000	32,000	8,000	8,000			16,000				0	64,000	
Long-Term Local (24 pm)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	26,000			50,000				0	194,000	
Short-Term (7 pm)				36,000	36,000	54,000	37,000			91,000					0				0	129,000	
Subtotal			47,000	83,000	130,000	101,000	86,000	47,000	47,000	281,000	47,000	49,000	15,000	15,000	126,000	15,000	17,000	0	32,000	569,000	
B. Cost Delivery Costs (USAID)			112,000	110,000	222,000	110,000	113,000	84,000	84,000	351,000	84,000	85,000	40,000	40,000	269,000	40,000	47,000		82,000	864,000	
C. FTP Operating Costs (ESF)			15,000	15,000	30,000	15,000	15,000	15,000	15,000	60,000	15,000	17,000	16,000	16,000	64,000	17,000	16,000		33,000	167,000	
D. Commodities (USAID)			40,000	40,000	80,000					0					0				0	80,000	
E. PS Contribution				108,000	108,000	108,000	108,000	111,000	102,000	429,000	102,000	102,000	104,000	79,000	387,000	79,000	79,000	79,000	237,000	1,161,000	
Total IDEA			214,000	356,000	570,000	334,000	322,000	237,000	228,000	1,121,000	228,000	233,000	175,000	150,000	786,000	151,000	154,000	79,000	364,000	2,861,000	
I. Improvement of Private Sector Financial Institutions (ASUBAK)																					
A. Technical Assistance																					
Team Leader (4 pm)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000	
Asst. Team Leader (4 pm)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000				0	32,000	
Long-Term Local (12 pm)			41,000	41,000	82,000	41,000	41,000	41,000	41,000	164,000	41,000	45,000			86,000				0	332,000	
Short-Term (6 pm)				54,000	54,000	56,000				56,000					0				0	110,000	
Subtotal			50,000	104,000	154,000	106,000	50,000	50,000	50,000	256,000	50,000	54,000	5,000	5,000	114,000	5,000	7,000		12,000	536,000	
B. Project Operating Costs (PS)			22,000	22,000	44,000	22,000	22,000	22,000	22,000	88,000	22,000	22,000	22,000	22,000	88,000	22,000	24,000		46,000	266,000	
C. Seminars/Publications (ESF)			9,000	9,000	18,000	9,000	9,000	12,000	12,000	42,000	12,000	11,000			23,000				0	83,000	
D.1 Training (ESF)			2,000	2,000	4,000	2,000	4,000	5,000	5,000	16,000	5,000	5,000			16,000				0	30,000	
D.2 Training (USAID)			8,000	8,000	16,000	8,000	6,000			14,000					0				0	30,000	
E.1 Commodities (PS)			3,000		3,000					0					0				0	3,000	
E.2 Commodities (USAID)			20,000	27,000	47,000					0					0				0	47,000	
Total ASUBAK			114,000	172,000	286,000	147,000	91,000	89,000	69,000	416,000	69,000	92,000	27,000	27,000	235,000	27,000	31,000	0	58,000	995,000	
I. Improvement of Private Sector Financial Institutions (S.EICHANGFI)																					
A. Technical Assistance																					
Team Leader (4 pm)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000	
Asst. Team Leader (4 pm)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000				0	32,000	
Long-Term (Exp) (12 pm)			41,000	41,000	82,000	41,000	41,000	41,000	41,000	164,000	41,000	45,000			86,000				0	332,000	
Long-Term (TCM) (18 pm)			44,000	44,000	88,000	44,000	44,000	44,000	43,000	175,000					0				0	263,000	
Short-Term (9 pm)				54,000	54,000	54,000	58,000			112,000					0				0	166,000	
Subtotal			94,000	148,000	242,000	148,000	152,000	94,000	93,000	487,000	50,000	54,000	5,000	5,000	114,000	5,000	7,000		12,000	855,000	

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Table No. 2
DISBURSEMENT SCHEDULE

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	FY 89					FY 90					FY 91					FY 92					
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total	First	Second	Third	Total	Grand Total	
	Quarter	Quarter	Quarter	Quarter		Quarter	Quarter	Quarter	Quarter		Quarter	Quarter	Quarter	Quarter		Quarter	Quarter	Quarter			Quarter
I. Improvement of Private Sector Financial Institutions (S.EACHANGE). Continuation																					
B.1 Operating Costs (GOB)			28,000	28,000	56,000	28,000	28,000	28,000	28,000	112,000	28,000	28,000	28,000	28,000	112,000	28,000	32,000		60,000	340,000	
B.2 Operating Costs (PS)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	24,000	24,000	24,000	96,000	24,000	27,000		51,000	291,000	
B.3 Operating Costs (ESF)			18,000	18,000	36,000	18,000	20,000	18,000	18,000	74,000	18,000	19,000	16,000	16,000	69,000	16,000	15,000		31,000	216,000	
C. Seminars/Publications (ESF)			5,000	5,000	10,000	5,000	2,000	5,000	5,000	17,000	5,000	5,000			10,000					30,000	
D. Training			20,000	20,000	40,000	20,000	20,000	18,000	18,000	76,000	19,000	20,000			39,000					155,000	
E.1 Commodities (ESF)			20,000	20,000	40,000															40,000	
E.2 Commodities			30,000	40,000	70,000															70,000	
E.3 Commodities (PS)			35,000	35,000	70,000	31,000				31,000										101,000	
F. Promotion Campaign (ESF)			15,000	15,000	30,000	15,000	15,000	8,000	8,000	46,000	8,000	6,000	8,000	8,000	30,000	6,000	6,000		14,000	120,000	
Total Securities Exchange			284,000	353,000	637,000	267,000	261,000	195,000	194,000	937,000	152,000	156,000	81,000	81,000	470,000	81,000	67,000	0	168,000	2,212,000	

II. Improvement of Private Sector Policy Research & Analysis

A. Technical Assistance																					
Team Leader			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000	
Asst. Team Leader			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000					32,000	
Long-Term (Exp.) (24 pm)			83,000	83,000	166,000	83,000	83,000	83,000	83,000	332,000	83,000	83,000			166,000					664,000	
Long-Term (local) (24 pm)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	24,000			50,000					194,000	
Short-term (10 pm)				36,000	36,000	54,000	54,000	40,000		148,000										184,000	
Subtotal			116,000	152,000	268,000	170,000	170,000	156,000	116,000	612,000	116,000	116,000	5,000	5,000	244,000	5,000	7,000	0	12,000	1,136,000	
B. Operating Costs																					
B.1 Conferences/Seminars (ESF)			5,000	5,000	10,000	5,000	10,000	10,000	10,000	40,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000		10,000	60,000	
C.2 Conferences/Seminars (PS)			10,000	10,000	20,000	20,000	30,000		30,000	70,000		15,000			30,000		25,000		25,000	135,000	
D.1 Communications/Information (ESF)				40,000	40,000	70,000		30,000		100,000	30,000			50,000	80,000					220,000	
D.2 Communications/Information (PS)			20,000	20,000	40,000	20,000	20,000	20,000	20,000	80,000	20,000	20,000	20,000	20,000	80,000	20,000	15,000		35,000	275,000	
E.1 Training (ESF)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000			10,000					40,000	
E.2 Training			5,000	5,000	10,000	5,000	5,000			10,000										20,000	
F. Commodities			25,000	25,000	50,000															50,000	
Total CEFB			189,000	280,000	469,000	313,000	258,000	229,000	169,000	989,000	189,000	186,000	43,000	116,000	536,000	43,000	79,000	0	122,000	2,116,000	

III. IMPROVEMENT OF PRIVATE SECTOR ASSOCIATIONS

A. Technical Assistance																					
Team Leader (4 pm)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000	
Asst. Team Leader (4 pm)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000					32,000	
Long-term (Exp.) (24 pm)			83,000	83,000	166,000	83,000	83,000	83,000	83,000	332,000	83,000	83,000			166,000					664,000	
Long-term (local) (24 pm)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	24,000			50,000					194,000	
Short-term (8 pm)				36,000	36,000	36,000	36,000	39,000		111,000										147,000	
Sub-total			116,000	152,000	268,000	152,000	152,000	155,000	116,000	575,000	116,000	118,000	5,000	5,000	244,000	5,000	7,000	0	12,000	1,099,000	

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Table No. 2
DISBURSEMENT SCHEDULE

	FY '89					FY '90					FY '91					FY '92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
III. Improvement of Private Sector Associations (Continuation)																				
B. Operating Expenses (P.S.)			10,000	10,000	20,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000		20,000	120,000
C. Special Studies/Analysis(ESF)				25,000	25,000		25,000		25,000	50,000		25,000		25,000	50,000		25,000		25,000	150,000
D.1 Training (ESF)				5,000	5,000		5,000		5,000	10,000		5,000		5,000	10,000		5,000		5,000	30,000
D.2 Training				5,000	5,000		5,000		5,000	10,000		5,000		5,000	10,000					20,000
E. Commodities			25,000	25,000	50,000									5,000						50,000
Total Private Sector Ass.			151,000	222,000	373,000	162,000	197,000	165,000	161,000	685,000	126,000	163,000	15,000	45,000	349,000	15,000	47,000		62,000	1,469,000
IV. Other Costs																				
A. Evaluations									33,000	33,000				33,000	33,000			34,000	34,000	100,000
B. Project Coordinator (36 pm)	21,000	21,000	21,000	21,000	84,000	21,000	21,000	21,000	21,000	84,000	21,000	21,000	21,000	18,000	81,000					249,000
C. Team Leader (8 pm)			10,000	10,000	20,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000		20,000	120,000
D. Project mda. Expenses				20,000	20,000	3,000	3,000	3,000	3,000	12,000	5,000	5,000	5,000	5,000	20,000	4,000	4,000		8,000	60,000
E. Contingencies				8,000	8,000	8,000	8,000	8,000	8,000	32,000	8,000	8,000	8,000	8,000	32,000	9,000	9,000		18,000	90,000
Total Other Costs	21,000	21,000	31,000	59,000	132,000	42,000	42,000	42,000	75,000	201,000	44,000	44,000	44,000	74,000	206,000	23,000	23,000	34,000	60,000	619,000
Grand Total	21,000	21,000	983,000	1,442,000	2,467,000	1,285,000	1,171,000	957,000	936,000	4,349,000	828,000	874,000	385,000	495,000	2,562,000	340,000	421,000	113,000	874,000	10,272,000

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Table No. 2A
DISBURSEMENT SCHEDULE - IDEA

	FY '89					FY '90					FY '91					FY '92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
I. Improvement of Private Sector Financial Institutions (IDEA)																				
A. Technical Assistance																				
Team Leader (12 pa)			15,000	15,000	30,000	15,000	15,000	15,000	15,000	60,000	15,000	15,000	15,000	15,000	60,000	15,000	17,000		32,000	182,000
Asst. Team Leader (8 pa)			8,000	8,000	16,000	8,000	8,000	8,000	8,000	32,000	8,000	8,000			16,000				0	64,000
Long-Term Local (24 pa)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	26,000			50,000				0	194,000
Short-Term (7 pa)				36,000	36,000	54,000	39,000			93,000					0				0	129,000
Subtotal			47,000	83,000	130,000	101,000	86,000	47,000	47,000	281,000	47,000	49,000	15,000	15,000	126,000	15,000	17,000	0	32,000	569,000
B. Cost Delivery Costs			112,000	110,000	222,000	110,000	113,000	64,000	64,000	351,000	64,000	65,000	40,000	40,000	209,000	40,000	42,000		82,000	864,000
C. FTP Operating Costs (ESF)			15,000	15,000	30,000	15,000	15,000	15,000	15,000	60,000	15,000	17,000	16,000	16,000	64,000	17,000	16,000		33,000	187,000
D. Commodities			40,000	40,000	80,000										0				0	80,000
E. PS Contribution				108,000	108,000	108,000	108,000	111,000	102,000	429,000	102,000	102,000	104,000	79,000	387,000	79,000	79,000	79,000	237,000	1,161,000
Total IDEA			214,000	356,000	570,000	334,000	322,000	237,000	228,000	1,121,000	228,000	233,000	175,000	150,000	786,000	151,000	154,000	79,000	384,000	2,861,000

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Table No. 2 B
DISBURSEMENT SCHEDULE

	FY '89					FY '90					FY '91					FY '92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
I. Improvement of Private Sector Financial Institutions (ASOBAN)																				
A. Technical Assistance																				
Team Leader (4 pa)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000
Asst. Team Leader (4 pa)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000				0	32,000
Long-Term Local (12 pa)			41,000	41,000	82,000	41,000	41,000	41,000	41,000	164,000	41,000	45,000			86,000				0	332,000
Short-Term (6 pa)				54,000	54,000	56,000				56,000					0				0	110,000
Subtotal			50,000	104,000	154,000	106,000	50,000	50,000	50,000	256,000	50,000	54,000	5,000	5,000	114,000	5,000	7,000	0	12,000	536,000
B. Project Operating Costs (PS)			22,000	22,000	44,000	22,000	22,000	22,000	22,000	88,000	22,000	22,000	22,000	22,000	88,000	22,000	22,000		46,000	266,000
C. Seminars/Publications (ESF)			9,000	9,000	18,000	9,000	9,000	12,000	12,000	42,000	12,000	11,000			23,000					83,000
D.1 Training (ESF)			2,000	2,000	4,000	2,000	4,000	5,000	5,000	16,000	5,000	5,000			10,000					30,000
D.2 Training (USAID)			8,000	8,000	16,000	6,000	6,000			14,000										30,000
E.1 Commodities (PS)			3,000		3,000															3,000
E.2 Commodities (USAID)			20,000	27,000	47,000															47,000
Total ASOBAN			114,000	172,000	286,000	147,000	91,000	89,000	89,000	416,000	89,000	92,000	27,000	27,000	235,000	27,000	31,000	0	58,000	995,000

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Table No. 20
DISBURSEMENT SCHEDULE - SECURITIES EXCHANGE

	FY '89					FY '90					FY '91					FY '92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
Table No.																				
I. Improvement of Private Sector Financial Institutions (S.EXCHANGE)																				
A. Technical Assistance																				
Team Leader (4 pm)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000
Asst. Team Leader (4 pm)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000					32,000
Long-Term (Exp) (12 pm)			41,000	41,000	82,000	41,000	41,000	41,000	41,000	164,000	41,000	45,000			86,000					332,000
Long-Term (TCN) (18 pm)			44,000	44,000	88,000	44,000	44,000	44,000	43,000	175,000										263,000
Short-Term (9 pm)				54,000	54,000	54,000	58,000			112,000										166,000
Subtotal			94,000	148,000	242,000	148,000	152,000	94,000	93,000	487,000	50,000	54,000	5,000	5,000	114,000	5,000	7,000		12,000	855,000
Table No.																				
B.1 Operating Costs (GOB)		28,000	28,000	56,000	28,000	28,000	28,000	28,000	112,000	28,000	28,000	28,000	28,000	112,000	28,000	32,000			60,000	340,000
B.2 Operating Costs (PS)		24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	24,000	24,000	24,000	96,000	24,000	27,000			51,000	291,000
B.3 Operating Costs (ESF)		18,000	18,000	36,000	18,000	20,000	18,000	18,000	74,000	18,000	19,000	16,000	16,000	69,000	16,000	15,000			31,000	210,000
C. Seminars/Publications (ESF)			5,000	5,000	3,000	2,000	5,000	5,000	15,000	5,000	5,000			10,000						30,000
D. Training		20,000	20,000	40,000	20,000	20,000	18,000	18,000	76,000	19,000	20,000			39,000						155,000
E.1 Commodities (ESF)			20,000	40,000																40,000
E.2 Commodities			30,000	40,000	70,000															70,000
E.3 Commodities (PS)			35,000	35,000	70,000	31,000			31,000											101,000
F. Promotion Campaign (ESF)			15,000	15,000	30,000	15,000	15,000	8,000	8,000	46,000	8,000	6,000	8,000	8,000	30,000	8,000	6,000		14,000	120,000
Total Securities Exchange			284,000	353,000	637,000	287,000	261,000	195,000	194,000	937,000	152,000	156,000	81,000	81,000	470,000	81,000	87,000	0	168,000	2,212,000

Table No. 2D
DISBURSEMENT SCHEDULE - PS POLICY ANALYSIS

	FY '89					FY '90					FY '91					'92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
II. Improvement of Private Sector Policy RESEARCH AND ANALYSIS																				
A. Technical Assistance																				
Team Leader			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000
Asst. Team Leader			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000		8,000	16,000					32,000
Long-Term (Exp.) (24 pm)			83,000	83,000	166,000	83,000	83,000	83,000	83,000	332,000	83,000	83,000		166,000	664,000					1,94,000
Long-Term (Local) (24 pm)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	26,000		50,000	194,000					194,000
Short-term (10 pm)				36,000	36,000	54,000	54,000	40,000		148,000					154,000					154,000
Subtotal			116,000	152,000	268,000	170,000	170,000	156,000	116,000	612,000	116,000	118,000	5,000	5,000	244,000	5,000	7,000	0	12,000	1,136,000
B. Operating Costs																				
C.1 Conferences/Seminars (ESF)			18,000	18,000	36,000	18,000	18,000	18,000	18,000	72,000	18,000	18,000	18,000	18,000	72,000	18,000	22,000		40,000	220,000
C.2 Conferences/Seminars (PS)				5,000	5,000	5,000	10,000		10,000	25,000		10,000		20,000			10,000		10,000	60,000
D.1 Communications/Information (ESF)				10,000	10,000	20,000	30,000		70,000	70,000		15,000		30,000			25,000		25,000	135,000
D.2 Communications/Information (PS)				40,000	40,000	70,000		30,000	100,000	30,000			50,000	80,000						220,000
E.1 Training (ESF)			20,000	20,000	40,000	20,000	20,000	20,000	20,000	80,000	20,000	20,000	20,000	20,000	80,000	20,000	15,000		35,000	235,000
E.2 Training			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000		10,000						40,000
F. Commodities			25,000	25,000	50,000					10,000										20,000
Total CEPB			189,000	280,000	469,000	313,000	258,000	225,000	189,000	987,000	189,000	186,000	43,000	118,000	556,000	43,000	79,000	0	122,000	2,116,000

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Table No. 2E
DISBURSEMENT SCHEDULE - PRIVATE SECTOR ASSOCIATIONS

	FY '89					FY '90					FY '91					FY '92				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Total	Grand Total
III. Improvement of Private Sector Associations																				
A. Technical Assistance																				
Team Leader (4 pa)			5,000	5,000	10,000	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000	5,000	7,000		12,000	62,000
Asst. Team Leader (4 pa)			4,000	4,000	8,000	4,000	4,000	4,000	4,000	16,000	4,000	4,000			8,000					32,000
Long-Term (Exp) (24 pa)			83,000	83,000	166,000	83,000	83,000	83,000	83,000	332,000	83,000	83,000			166,000					664,000
Long-Term (local) (24 pa)			24,000	24,000	48,000	24,000	24,000	24,000	24,000	96,000	24,000	26,000			50,000					194,000
Short-Term (8 pa)				36,000	36,000	36,000	36,000	39,000		111,000										147,000
Sub-total			116,000	152,000	268,000	152,000	152,000	155,000	116,000	575,000	116,000	118,000	5,000	5,000	244,000	5,000	7,000		12,000	1,099,000
Table No.																				
B. Operating Expenses (P.S.)			10,000	10,000	20,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000	10,000	10,000	40,000	10,000	10,000		20,000	120,000
C. Special Studies/Analysis(ESF)				25,000	25,000		25,000		25,000	50,000		25,000		25,000	50,000		25,000		25,000	150,000
B.1 Training (ESF)				5,000	5,000		5,000		5,000	10,000		5,000		10,000	20,000		5,000		5,000	30,000
B.2 Training				5,000	5,000		5,000		5,000	10,000		5,000		10,000	20,000					20,000
E. Commodities			25,000	25,000	50,000					10,000		5,000		5,000	10,000					50,000
Total Private Sector Ass.			151,000	222,000	373,000	162,000	197,000	165,000	161,000	685,000	126,000	163,000	15,000	45,000	349,000	15,000	47,000		62,000	1,469,000

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Annex A
Page 1 of 5
Life of Project:
From FY 1988 to FY 1992
Total U.S. Funding \$6,200,000
Date Prepared: November 1988

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Project Title & Number: STRENGTHENING FINANCIAL MARKETS 511-0598

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To improve the performance of Bolivia's financial sector.</p>	<p>Measures of Goal Achievement:</p> <ul style="list-style-type: none"> - Increased domestic savings in Financial System. - Increased term lending to private sector firms. - Better financial sector policies - Better functioning ICIs. - Functioning Securities Exchange. 	<ul style="list-style-type: none"> - Evaluation of operations of financial sector. - Baseline information and benchmarks to measure the project contributions towards the goal will be established shortly after the start of Project implementation. 	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> - Banking law, if required, will be passed. - Political stability. - GOB economic policy choices in timely fashion. - ICIs respond to NEP-generated opportunities. - Public regains confidence in ICIs. - Successful WB and IDB projects will lead to orderly closing/reorganization of weaker banks.

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: From FY 1988 to FY 1992
Total U.S. Funding \$6,200,000
Date Prepared November 1988

Project Title & Number: STRENGTHENING FINANCIAL MARKETS 511-0598

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS PAGE 2
<p>Project Purpose:</p> <p>To improve the effectiveness of Bolivia's private sector institutions, especially the financial institutions, and increase the private sector role in policy reform, especially reform of financial sector policy.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ul style="list-style-type: none"> - Improved loan analysis and monitoring, more deposits, lower transaction costs, wider operations (geographic and clients), bigger loan portfolios, closer adherence to banking practices, improved operations of ICIs, regular accurate audits. - Stronger ASOBAN. - FTP operating well. - Active trading of stocks and bonds. - Regular private-public policy discussions and better understanding/acceptance of financial sector policies. - A professional in-house capability to analyze and formulate economic policy recommendations established with the CEPB. - An automated information system developed and integrated to an ongoing effective communications program. - A promotion campaign of the private sector's role in the life of the project. Its impact will be measured in the project evaluation thru public surveys. 	<ul style="list-style-type: none"> - ASOBAN reports, activity evaluation. - IDEA course records. - Commission and stock exchange reports. - Policy seminar and meeting records - Project evaluations. - Number of studies proposed by the CEPB. 	<p>Assumptions for achieving purpose:</p> <ul style="list-style-type: none"> - Staffs and executives of ICIs respond to training - Banks willing to take consolidation measures and modify operations. - Banks responsive to ASOBAN programs. - Seminars, research lead to improved policy measures. - Support from the GOB and the Private Sector for the Commission and Exchange. - A consulting team formed by the public and private sector officials.

Cont. Page 2A

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1988 to FY 1992
Total U.S. Funding \$6,200,000
Date Prepared: November, 1988

Project Title & Number: STRENGTHENING FINANCIAL MARKETS (511-0598),

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose: To improve the effectiveness of Bolivia's private sector institutions, especially the financial institutions, and increase the private sector role in policy reform, especially reform of financial sector policy.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ul style="list-style-type: none"> - Strengthened private sector-led association, the CEPB, characterized by a strong strategic planning capability, effective mechanism for broadening membership, ongoing organization development effort, and financial self-sufficiency. - Three national sectorial organizations similarly strengthened, i.e., the Cámara Nacional de Industrias, the American Chamber of Commerce of Bolivia, and the Asociación Boliviana de Instituciones de Asuntos Urbanos (information). - Three regional organizations similarly strengthened, i.e., the Federación de Empresarios Privados de Cochabamba and Sucre, and the Cámara de Industria y Comercio de Santa Cruz. 	<p>See Page 2.</p>	<p>Assumptions for achieving purpose:</p>

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: STRENGTHENING FINANCIAL MARKETS 511-0598

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <ul style="list-style-type: none"> - FTP established. - ICI officers trained. - FTP courses held. - New ASOBAN services initiated. - Seminars. - Studies (Professional policy analysis group in CEPB). - Policies implemented. - Commission and stock exchange established and operating. - Capital market instruments developed. - A strengthened private sector lead associations (CEPB). - National sectorial organizations similarly strengthened. - Regional organizations similarly strengthened. 	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> (x) (1,275) (59) (o) (12) (13) (3 to 12) (x) (1 to 5) 	<ul style="list-style-type: none"> - FTP course records. - ASOBAN program reports. - Seminar, research and training documents. - An active trading of stocks and bonds. - Project evaluation. 	<p>Assumptions for achieving outputs:</p> <ul style="list-style-type: none"> - Banking law or Supreme Decree passed. - IDEA keeps functioning well. - Inputs available on time. - Professors, students interested and available for research. - ICIs release employees for training and pay part of cost. - GOB and Private Sector capitalize the Commission and the Stock Exchange.

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: STRENGTHENING FINANCIAL MARKETS 511-0598

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS												
Inputs:	Implementation Target (Type and Quantity)		Assumptions for providing inputs:												
I. <u>FTP</u> a. T.A. (51 p.m.) b. Course costs c. Operating costs d. Commodities	<table border="1"> <thead> <tr> <th>AID (\$000)</th> <th>Private Sector/GOB</th> </tr> </thead> <tbody> <tr> <td>569</td> <td></td> </tr> <tr> <td>864</td> <td>1,161</td> </tr> <tr> <td></td> <td>187</td> </tr> <tr> <td>80</td> <td></td> </tr> </tbody> </table>	AID (\$000)	Private Sector/GOB	569		864	1,161		187	80		- Project accounting records. - Project audits.	- AID Public and Private Sector funds available for the Project.		
AID (\$000)	Private Sector/GOB														
569															
864	1,161														
	187														
80															
II. <u>ASOBAN Services</u> a. T.A. (26 p.m.) b. Staff training c. Operating costs d. Seminars/publications e. Commodities	<table border="1"> <tbody> <tr> <td>536</td> <td></td> </tr> <tr> <td>30</td> <td>30</td> </tr> <tr> <td></td> <td>266</td> </tr> <tr> <td></td> <td>83</td> </tr> <tr> <td>47</td> <td>3</td> </tr> </tbody> </table>	536		30	30		266		83	47	3				
536															
30	30														
	266														
	83														
47	3														
III. <u>Security Exchange</u> a. T.A. (47 p.m.) b. Training c. Operating costs d. Seminars/publications e. Promotion f. Commodities	<table border="1"> <tbody> <tr> <td>855</td> <td></td> </tr> <tr> <td>155</td> <td></td> </tr> <tr> <td></td> <td>841</td> </tr> <tr> <td></td> <td>30</td> </tr> <tr> <td></td> <td>120</td> </tr> <tr> <td>70</td> <td>141</td> </tr> </tbody> </table>	855		155			841		30		120	70	141		
855															
155															
	841														
	30														
	120														
70	141														
IV. <u>PS Policy</u> a. T.A. (66 p.m.) b. Training c. Operating costs d. Conferences/seminars e. Communications f. Commodities	<table border="1"> <tbody> <tr> <td>1,136</td> <td></td> </tr> <tr> <td>20</td> <td>40</td> </tr> <tr> <td></td> <td>220</td> </tr> <tr> <td></td> <td>195</td> </tr> <tr> <td></td> <td>455</td> </tr> <tr> <td>50</td> <td></td> </tr> </tbody> </table>	1,136		20	40		220		195		455	50			
1,136															
20	40														
	220														
	195														
	455														
50															

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: STRENGTHENING FINANCIAL MARKETS 511-0598

Life of Project:
From FY 1988 to FY 1992
Total U.S. Funding \$6,200,000
Date Prepared: November, 1988

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS		MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs:	Implementation Target (Type and Quantity)			Assumptions for providing inputs:
V. <u>Private Sector Assoc.</u>	AID	(\$000) Private Sector/GOB		
a. T.A. (64 p.m.)	1,099			
b. Training	20	30		
c. Office Expenses		120		
d. Specialized studies		150		
e. Commodity	50			
VI. <u>Other Costs</u>				
a. Evaluations and Audits	100			
b. Project Coordinator (36 p.m.)	249			
c. Team Leader (8 p.m.)	120			
d. Project Operative Expenses	60			
e. Contingencies	90			
TOTAL	6,200	4,072		

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ANNEX B

REQUESTS FOR ASSISTANCE

The following organizations have presented Requests for Assistance. Copies of the cover letters for the Requests are included. (Copies of the Requests from ASOBAN and IDEA are included in Annex D of the original Project Paper.)

1. ASOBAN
2. IDEA
3. Comisión Nacional de Valores
4. Bolsa Boliviana de Valores
5. Confederación de Empresarios Privados de Bolivia
6. Cámara Nacional de Industria
7. American Chamber of Commerce of Bolivia
8. Federación Urbana
9. Cámara de Industria y Comercio de Santa Cruz
10. Federación de Empresarios Privados de Chuquisaca
11. Federación de Empresarios Privados de Cochabamba

2796n



PS

La Paz, Agosto 16, 1988
 CNV/C-164/88

FILE	RDJ/T	
DIV	ACTION	INFO
DIR		✓
DII		
EXIV		
EXII		
III		✓
POBI		✓
CONT		✓
PRD		
HHH		
PS	✓	✓
APPLY DUE	8/31	
ACTION TAKEN	PS-L-062 9/1	

Señor
 Reginald Van Raalte
 Director
 U.S.A.I.D./BOLIVIA
Presente

Distinguido señor Director:

Adjunto a la presente, tenemos a bien poner en consideración de usted los Terminos de Referencia sobre el alcance del trabajo de consultores externos, el programa de pasantías y los requerimientos para bienes, que presupuestan la Comisión Nacional de Valores y la Bolsa Boliviana de Valores, los mismos que servirán de antecedente para la aplicación del Convenio AID - No. 511-0598 "Fortalecimiento del Sistema Financiero".

Con este motivo y a la espera de sus comentarios, saludamos a usted atentamente,

Ernesto Wende F.
 Ernesto Wende F.
 PRESIDENTE
 BOLSA BOLIVIANA DE VALORES

Percy Jiménez Cabrera
 Lic. Percy Jiménez Cabrera
 PRESIDENTE
 COMISION NACIONAL DE VALORES

PJC/11e.



La Paz,
Agosto 15, 1988

CITE: SE-230/88

Señor
Raymond Van Raalte
Director USAID/Bolivia
Presente.-



Atn: Sr. David Jessee

Distinguido señor:

Mediante la presente, tenemos el agrado de remitir a usted la información requerida por USAID, sobre la ASOCIACION DE BANCOS E INSTITUCIONES FINANCIERAS DE BOLIVIA para el Programa de Asistencia Técnica desinada a nuestra Asociación, el mismo que está incorporado en el proyecto para el Fortalecimiento de los Mercados Financieros en Bolivia, firmado el 13 de mayo de 1988, entre los gobiernos de los E.E.U.U. representado por USAID y de Bolivia representado por el Ministerio de Planeamiento y Coordinación.

Sin otro particular, saludamos a usted muy cordialmente.

ASOCIACION DE BANCOS E INSTITUCIONES FINANCIERAS DE BOLIVIA

[Signature]
Dr. Fernando Rolano M.
SECRETARIO EJECUTIVO

[Signature]
Lic. David Blanco Z.
PRESIDENTE

Adj.: Estatutos
Memoria
Informe Auditoría
Respuesta Cuestionario

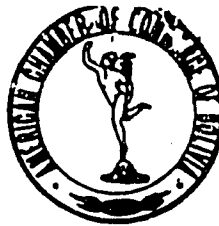
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Banco Boliviano Americano • Banco Do Brasil SA • Banco de Cochabamba • Banco de Crédito Oruro • Citibank NA • Banco Hipotecario Nacional • Banco Industrial SA • Banco Industrial y Ganadero del Beni • Banco de Inversión Boliviano SA • Banco de La Paz • Banco Mercantil • Banco Nacional de Bolivia • Banco de la Nación Argentina • Banco Potosí SA • Banco Popular del Perú • Banco de Santa Cruz de la Sierra • Banco de Financiamiento Industrial SA • Banco Real SA • Banco de la Unión SA • Banco del Progreso • Caja Central de Ahorro y Préstamo para la Vivienda

THE AMERICAN CHAMBER
OF COMMERCE OF BOLIVIA

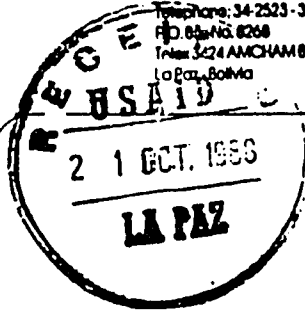


CAMARA AMERICANA
DE COMERCIO DE BOLIVIA

HEAD OFFICE
Avenida 6 de Agosto No. 2570
Telephone: 34-2523 - 35-6843
P.O. Box No. 8268
Telex: 3214 AMCHAM BV
La Paz, Bolivia

BRANCH
Calle España
Edif. Oriente Of. 304
Telephone: 4-4187
P.O. Box No. 3691
Santa Cruz - Bolivia

BRANCH
Edif. Banco Hipotecario
2o. Piso
Telephone: 2-4373
Cochabamba - Bolivia



La Paz, Octubre 17, 1988

SE/006/865/88

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Señor
Reese Moyers
Jefe de la Oficina Sector Privado
Usaid-Bolivia.
Presente.-

Estimado Señor Moyers:

Con relación a su carta PS-L-069/88 de 3 de octubre, y actividades que pueden ser desarrolladas por la Cámara con el apoyo de Usaid:

a.- La Cámara Americana de Comercio de Bolivia se fundó el año 1975 y a partir de 1976 ingresó a formar parte de la Asociación de Cámaras Americanas de Comercio en Latinoamérica, con sede principal en Washington D.C..

La Cámara es una asociación sin fines de lucro, apolítica y areligiosa formada por empresas y hombres de negocios para el fomento de relaciones comerciales y de inversión entre Bolivia y Estados Unidos. Aunque mantiene relaciones con los gobiernos de ambos países, es sostenida exclusivamente por el aporte de sus socios.

La política de la Cámara apoya firmemente el sistema de empresa privada, libre y competitiva, legítimamente establecida y responsable con la comunidad, como la base del crecimiento de la economía.

El personal de la Cámara esta compuesto por un gerente general, un asistente de gerencia, un contador, tres secretarias (una en La Paz, en Cochabamba y Santa Cruz), y un asistente de oficina, el personal trabaja en función a la política y el plan de actividades que establece el Directorio. Con relación al pago de viáticos, no existe un monto establecido, sino que se cubren gastos de viaje.

b.- Las actividades se han desarrollado sobre la base de planes anuales, los cuales se elaboran a principio de cada año y se ajustan durante su ejecución. Los planes anuales han sido consistentes con la política de la Cámara lo cual ha desarrollado el prestigio de la institución, y ha sentado base para mejorar la capacidad de impacto e influencia sobre la política económica, que permita el desarrollo de inversiones del sector privado Norteamericano en Bolivia.

En los proximos años, se debe consolidar la formación de Comites de Trabajo, que a traves de programas operativos fortalezcan la Cámara y desarrollen un compromiso participativo de los Directores y socios. Será necesario reforzar el personal y equipo, que permita un trabajo profesional y eficiente, con un liderazgo efectivo del Directorio que establezca prioridades en los planes de actividades.

A traves del fortalecimiento de las actividades de nuestros socios, se beneficia a la economía en general; en este sentido, el principal sector a beneficiarse con las actividades de la Cámara deberán ser los socios.

Los recursos de la Cámara son los aportes de cuota anual por membrecía de los socios, los cuales se usan para gastos de funcionamiento; los eventos en general son auto-financiados por los participantes, y las publicaciones financiadas a traves de publicidad.

Actividades que es importante iniciar:

Aumentar la frecuencia y especialización en las publicaciones, estableciendo un sistema de seguimiento, que permita concretar operaciones.

Sistema de contacto con centros de información, la cual sea procesada y establezca un sistema de información de alarma, que permita a los socios afectados reaccionar, en el marco de las políticas de la Cámara.

Establecer mecanismos de comunicación de los socios a la Cámara, la que, sobre la base de información consistente proporcionada por los socios desarrolle programas de interés común.

c.- La Cámara solicita a Usaid/Bolivia un programa de asistencia de tres años. Es necesario el asesoramiento en la elaboración de un plan de actividades a mediano y largo plazo, que sea compatible entre la actividades de la Cámara y la otras organizaciones del sector privado, en el proceso de fortalecimiento del sector privado. Este plan deberá considerar el financiamiento para su implementación e involucrar a los ejecutores en el proceso de programación.

La evaluación considerará actividades a corto plazo, como las tradicionalmente realizadas por la Cámara, y a mediano y largo plazo, aquellas derivadas del proyecto de Fortalecimiento de Instituciones Privadas. El impacto será medido cualitativa y cuantitativamente de los reportes de la evaluación, con énfasis en evaluar el impacto en el grupo beneficiario primario, que lo constituirán las empresas socias de la Cámara.

En el pasado la Cámara no ha recibido donación de Usaid; ha servido como institución puente para el financiamiento de PL-480 al Cuerpo Internacional de Servicios Ejecutivos (IESC).

d.- Por la importancia del proyecto y dado el reducido personal de la Cámara, se buscará que todo el personal participe.

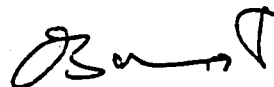
La Cámara ofrece como aporte sus oficinas, equipo y material.

Un importante aporte de la Cámara sería dado a través del trabajo voluntario de los miembros del Directorio.

El presupuesto estimado para tres años deberá elaborarse en función al alcance de la asistencia proporcionada, la dimensión del programa y la participación de la Cámara en él, por tanto, las cifras se pueden elaborar en la fase de borrador del acuerdo.

Atentamente,

THE AMERICAN CHAMBER OF
COMMERCE OF BOLIVIA



CARLOS BARRERO
GERENTE GENERAL

FEDERACION DE EMPRESARIOS PRIVADOS DE CHUQUISACA

Casilla Postal 33 Teléfonos 2-1850-21194

SUCRE - BOLIVIA



9 PS

Sucre, 30 de Agosto de 1988
CITE GENERAL FEP/103/88.

Señor

Reesa Moyers
JEFE OFICINA SECTOR PRIVADO
USAID - BOLIVIA

La Paz.

De nuestra mayor consideración:

De acuerdo a la conversación sostenida durante la última visita que realizaron Ud. y el Señor Vega, Asesor Financiero de su oficina, a nuestra filial, queremos ratificar los términos de la misma en los siguientes puntos:

- 1.- La Federación de Empresarios Privados de Chuquisaca dentro de su filosofía de ampliar las bases empresariales y fomentar la libre iniciativa, esta realizando una serie de actividades que en forma indicativa son las siguientes:
 - a) Creación de Filiales Regionales en Provincias.
 - b) Participación en los Directorios de la Corporación de Desarrollo de Chuquisaca y Fondo Financiero de Chuquisaca.
 - c) Auspicio de Cursos y Seminarios para mejorar el nivel de los empresarios y personal de apoyo.
- 2.- Queremos que Las anteriores actividades sean ampliadas a otras instancias a fin de cumplir con nuestros verdaderos objetivos, instancias a las que no podemos llegar por razones de insuficiencia económica y hasta por motivos políticos que debilitan nuestra actividad hacia la colectividad.
- 3.- Como consecuencia de los anteriores puntos y en función al ofrecimiento hecho para asistencia técnica por su Institución, creemos de suma importancia desarrollar un Proyecto Integral basado sobre nuestras posibilidades actuales, que genere beneficios económicos que nos permita respaldar nuestro trabajo cubriendo las siguientes áreas.
 - a) Participación en medios de comunicación (radio, diario, T.V.) con el fin de contrarrestar

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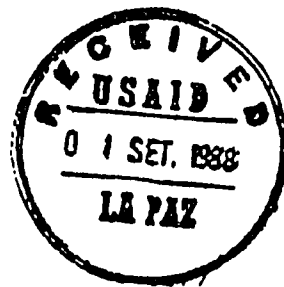
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FEDERACION DE EMPRESARIOS PRIVADOS DE CHUQUISACA

Casilla Postal 33 Teléfonos 2-1850-21194

SUCRE - BOLIVIA



situaciones negativas que nacen de grupos políticos contrarios y que actualmente tienen poder económico para cumplir con su objetivo.

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Participación en todas las Instituciones de poder regional.

Creación de centro de formación empresarial, para el cual esta Federación dispone de un edificio propio.

Formación de líderes empresariales.

Prestación de servicios: computación, télex, fax y otros a nuestros afiliados, hoy por hoy en proceso de iniciación en nuestra Institución.

Creación de un banco de datos y orientación de inversiones.

g) Equipamiento del centro empresarial.


En síntesis, estudiar todas las posibilidades, de manera que las inquietudes antes anotadas puedan ser el resultado de un proyecto integral que inicialmente tendría que estar basado en la remodelación de nuestro actual edificio, cuyas rentas por su magnífica ubicación nos dar la posibilidad de ir cumpliendo planificadamente los objetivos anteriormente citados, los mismos que serán ampliados, reformulados, modificados en función de los resultados que pudieran conseguirse a través de la asistencia técnica ofertada, por lo que quedaríamos comprometidos por su valioso aporte a la fortificación del sector privado regional.

Sin otro particular, saludamos a Ud. con las consideraciones de nuestra mayor distinción.

Atentamente,

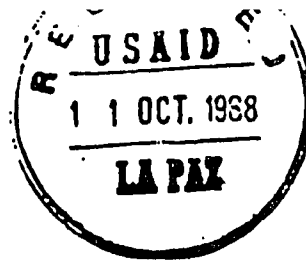
POR LA FEDERACION DE EMPRESARIOS PRIVADOS DE CHUQUISACA


Lic. Antonio Landivar S.
SECRETARIO EJECUTIVO


Lic. Pablo Mier G.
PRESIDENTE

ALG/zaa.
cc.Arch. Gral.

Suárez de Figueroa 127, 3o. y 4o. Pl.
Cajilla de Correo: 180
Teléfono: 34535
Telex: 4298 CAINCO BV
Fax: (591) 033-42353



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Santa Cruz, 5 de octubre de 1988
OFIC. 1012/88

Señor
Reese Moyers
JEFE DE LA OFICINA DEL SECTOR PRIVADO-USAID
La Paz

REF.: SOLICITUD DE ASISTENCIA TECNICA

Distinguido Señor:

Tenemos el agrado de dirigirnos a usted con la finalidad de acusar recibo a su nota PS-067/88 del 26 de septiembre de 1988, a través la cual nos señala la necesidad de presentar ante USAID nuestra solicitud de Asistencia Técnica.

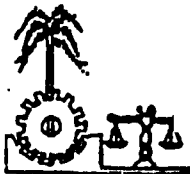
Atendiendo a esa sugerencia hacemos llegar a usted la siguiente información:

a) La Cámara de Industria y Comercio de Santa Cruz de la Sierra, es una Institución Gremial sin fines de lucro, que agrupa a las empresas industriales, comerciales y de servicios del Departamento.

Su fundación data del 05 de febrero de 1915, y cuenta en la actualidad con más de 1.500 asociados.

Los principales servicios que presta incluyen el asesoramiento y venta de los Certificados de Origen para exportaciones, asesoramiento sobre Normas y Trámites de Comercio Exterior e Interior, orientación comercial, elaboración y difusión anual de Directorios de Industria, Comercio, Servicios y Exportadores; Asesoría Legal, Asuntos Laborales, temas aduaneros, aperturas de nuevos mercados, organización y participación de Ferias Exposiciones en el interior y exterior del país, organización de misiones y en cuentros empresariales, publicación de ofertas y demandas de productos, organización de cursos y seminarios, publicación de boletines informativos, información sobre líneas de financiamiento y oportunidades de inversión, participación en los organismos de integración, etc.

La Institución cuenta con 33 empleados, distribuidos en un Gerente General, una Gerencia de Industria, una Gerencia de Comercio, un Asesor Económico y un Responsable de Proyectos, cada uno con sus respectivas secretarías; 3 funcionarios en el Departamento de Computación, una en Contabilidad, una telefonista, una encargada del Registro de Socios, 4 encargados de la Cobranzas de Cuotas, 3 mensajeros, 1 sereno, además de 8 funcionarios que cumplen actividades en los Almacenes Aduaneros velando por la seguridad de la mercadería de nuestros afiliados.

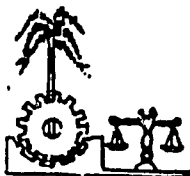


CAMARA DE INDUSTRIA Y COMERCIO DE SANTA CRUZ-BOLIVIA

Para un mejor conocimiento, adjuntamos a la presente un Organigrama de nuestra Institución.

Respecto a nuestra política de viáticos, actualmente otorgamos Bs. 200/día para viajes nacionales, y \$us. 100 a \$us. 150/día para viajes internacionales, en función al país a visitar.

- b) Además de conservar y mejorar los servicios citados que presta la Institución a sus afiliados en forma directa, y que son parte de un trabajo rutinario, anualmente programamos la ejecución de un conjunto de actividades que son de beneficio del empresariado local y nacional, y de la comunidad en su conjunto, los cuales brevemente detallamos a continuación:
1. **PRODEM.**- Creación de un mecanismo de financiamiento para micro-empresarios, similar al existente actualmente en la ciudad de La Paz; dicho sistema permitirá atender las necesidades de recursos de este amplio sector, capacitarlos sobre conocimientos básicos de Administración de Empresas, crear nuevos sujetos de crédito para la Banca Comercial, y ampliar la familia empresarial. La Cámara cuenta con \$us. 30.000 como fondo de contra partida, lo cual será ampliado con el aporte de empresarios privados.
 2. **CONSTRUCCION DE UN PABELLON DE EXPOSICIONES** en la Feria Exposición, - para exhibir los productos de la Industria y el Comercio afiliados a la Cámara, en exposiciones nacionales e internacionales.
 3. Gestionar la **LICITACION DE LAS ADUANAS DEL PAIS**, para ser administradas por empresas privadas especializadas, nacionales y/o internacionales, como única alternativa viable para reprimir al contrabando que afecta la industria y el comercio legalmente establecidos y mejorar los ingresos fiscales al Estado.
 4. **LEY DE INVERSIONES.**- Gestionar ante el Gobierno Central la existencia de una Ley de Inversiones que ofrezca ante todo "seguridad" al Capital Nacional y Extranjero que se invierte en Bolivia, además de definir las condiciones generales en los cuales la inversión privada deberá desarrollarse.
 5. **FOMENTO A LAS EXPORTACIONES.**- Gestionaremos la existencia de una política de fomento a las exportaciones, por ser este sector merecedor de un conjunto de acciones de apoyo y cooperación por parte del Gobierno, para conseguir un efectivo crecimiento.
 6. **TRANSFERENCIA DE LA ADMINISTRACION DEL PARQUE INDUSTRIAL.**- Actualmente aproximadamente el 80% de la 1ra. fase de este Proyecto realizado por CORDECRUZ, pertenece a las industrias privadas, motivo por el cual se gestionará su transferencia a nuestra Institución.
 7. **REALIZACION DE CURSOS Y SEMINARIOS** en forma permanente, en diferentes temas de interés del sector privado y la comunidad universitaria.



8. **EZLOSETADO DE LA AV. BRASIL**, actual vía de acceso al Parque Industrial Liviano donde se encuentran asentadas 18 industrias, la Aduana Distrital, Almacenes Aduaneros, Empresa de Ferrocarriles, Empresa Nacional de Electrificación, además de barrios populosos.

Este proyecto cuenta con el apoyo del Fondo Social de Emergencia y la Alcaldía Municipal, y los propios empresarios asentados en la zona que darán su cuota correspondiente para la construcción de la obra.

9. **CREACION DE UNA BIBLIOTECA** sobre temas de interés del empresario privado, como ser proyectos, literatura de la libre empresa, temas de integración, estadísticas, etc.

10. **CONFORMACION DE UN CUERPO DE BOBBEROS** cuya administración tenga participación del sector privado, para atender un necesario servicio a las industrias y el comercio local y a la comunidad en general, y que el Estado hoy lo presta en forma ineficiente.

11. Creación de un **CENTRO DE INFORMACION** con la agencia de "Noticias Reuter", en forma conjunta con empresas e instituciones interesadas, a fin de contar con un servicio diariamente actualizado de precios internacionales de nuestros productos, cotizaciones, etc.

12. Creación de una **ZONA FRANCA INDUSTRIAL Y COMERCIAL** en Puerto Suárez, frontera con Brasil, a fin de desarrollar una zona que cuenta con todos los medios de transporte, y un mercado potencial como lo es Brasil en la actualidad.

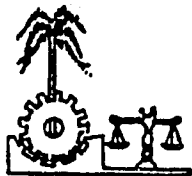
13. **FORTALECIMIENTO DE LA UNIVERSIDAD PRIVADA DE SANTA CRUZ Y EL INSTITUTO DE FORMACION DE MANO DE OBRA-FORO**, ambos administrados por nuestra Institución, y con marcada responsabilidad en la formación de profesionales y técnicos medios necesarios para mejorar el desempeño del sector privado y la comunidad en general.

Ambos organismos se financian con aportes del sector privado y los estudiantes beneficiados, y presentan necesidades de infraestructura.

14. Realización del **PROYECTO DE COCHES Y VAGONES PRIVADOS**, el cual está siendo elaborado por expertos de ALADI, para posteriormente negociar ante el Gobierno su puesta en marcha.

c) La asistencia que USAID podrá brindarnos, bajo el alcance del Proyecto Fortalecimiento de Mercados Financieros, se reduce a dos temas de singular importancia:

1. Conformación del PRODEM en Santa Cruz, para lo cual requerimos el apoyo económico que nos permita crear esa organización, sin fines de lucro, que llevará un acentuado vacío de financiamiento en un sector de elevado significado social.




2. En la formación y capacitación de recursos humanos debe contemplarse la Universidad Privada de Santa Cruz, como instrumento ejecutor de ese programa, por contar con recursos humanos adecuados para ese fin, y con la cooperación de USAID, podrá ofrecer también infraestructura física.

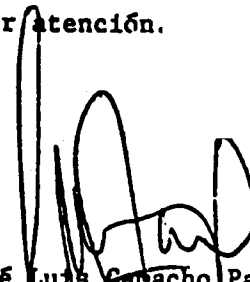
Nuestra Cámara no ha recibido ninguna donación por parte de USAID, ni de otro organismo internacional.

d) Para la puesta en marcha del PRODEM contamos con \$us. 30.000 en el presupuesto de la presente gestión, monto que será ampliado con el aporte de empresarios privados; y para las actividades de capacitación, además de contar con la Universidad Privada de Santa Cruz-UPSA, ofrecemos nuestra infraestructura y un presupuesto anual de \$us. 5.000.- para cursos y seminarios.

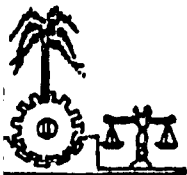
Esperamos haberles explicado por lo menos parcialmente, y obviando muchos temas de interés, las actividades que nuestra Institución se ha propuesto efectuar durante la presente gestión, y aquellas que creemos se ajustan al programa de cooperación de USAID; y quedamos a vuestra disposición para ampliarles la información que consideren de interés.

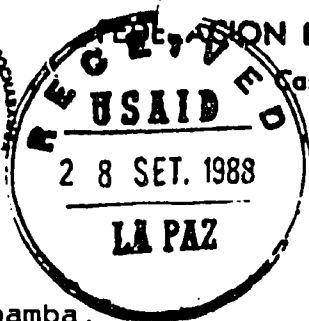
Con este especial motivo, saludámosle con la mayor atención.


Ing. Agustín López Kakuda
GERENTE GENERAL


Dr. José Luis Ganacho Parada
PRESIDENTE

ABO/pto.
Adj. Organigrama de la Institución.





FEDERACION DE EMPRESARIOS PRIVADOS DE COCHABAMBA

Casilla de Correo 1807 - Teléfono 46544

Cochabamba - Bolivia

PS

Cite Nº 370/88

Cochabamba,
26 de septiembre de 1988

Señor
Reese Moyers
Director para el Sector Privado de USAID
La Paz.

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Action tkn PS-12-074

De nuestra especial consideración

Nos dirigimos a usted, distinguido señor Moyers, para formalizar con esta nota, la solicitud de la Federación de Empresarios Privados de Cochabamba de asistencia de esa prestigiada Institución en el Programa de Fortalecimiento de nuestra Entidad.

Adjuntamos a la presente un resumen del historial de la Entidad como Institución en Cochabamba y, al propio tiempo el documento base de los requerimientos de tal asistencia.

Nos ponemos a disposición de usted, distinguido señor Moyers, para poder formular aclaraciones y absolver cualesquiera dudas que pudieran surgir del análisis de nuestra solicitud.

Con este motivo, nos es grato ofrecerle las seguridades de nuestra especial consideración,


Lic. Juan Carlos Orsini Puente
PRIMER VICEPRESIDENTE


Lic. José E. Rivera Eterovic
SECRETARIO EJECUTIVO

11/10
22

68

ANNEX C

ASSOCIATIONS AFFILIATED TO C.E.P.B.

1. Asociación Automotriz Boliviana
2. Asociación de Bancos e Instituciones Financieras
3. Asociación Boliviana de Agencias de Viaje y Turismo
4. Asociación Boliviana de Aseguradores
5. Asociación Nacional de Empresas Consultoras
6. Asociación Nacional de Mineros Medianos
7. Cámara Agropecuaria de La Paz
8. Cámara Boliviana de la Construcción
9. Cámara Boliviana de Hotelería
10. Cámara Nacional de Comercio
11. Cámara Nacional de Despachantes Profesionales de Aduana
12. Cámara Nacional de Exportadores
13. Cámara Nacional de Industrias
14. Cámara Nacional de Minería
15. Federación Boliviana de Mujeres de Negocios y Profesionales
16. Federación de Empresarios Privados de Chuquisaca
17. Federación de Empresarios Privados de Cochabamba
18. Federación de Empresarios Privados de Oruro
19. Federación de Empresarios Privados de Santa Cruz
20. Federación de Empresarios Privados de Tarija
21. Federación de Empresarios Privados del Beni

PROJECT AUTHORIZATION

Name of Country: Bolivia
Name of Project: Strengthening Financial Markets
Number of Project: 511-0598

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Strengthening Financial Markets Project for Bolivia, involving planned obligations of not to exceed Six Million Two Hundred Thousand United States Dollars (US\$6,200,000) in grant funds (the "Grant") over a four-year period from the date of authorization, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in financial foreign exchange and local currency costs for the Project. The planned life of the Project is four years from the date of initial obligation.

2. The Project ("Project") consists of technical assistance and training to improve the effectiveness of Bolivia's private sector financial institutions and to increase private sector participation in financial sector policy formulation.

3. The Project Agreement(s), which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Goods and Services (Grant)

Commodities financed by A.I.D. under the Grant shall have their source and origin in Bolivia or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Bolivia or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing and in accordance with the waiver included below. Ocean shipping financed by A.I.D. under the Grant shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

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b. Contracting Approvals

The following contracting actions are also approved:

i) A justification for less than full and open competition to contract services from the U.S. Federal Deposit Insurance Corporation (FDIC).

ii) Approval to sign Cooperative Agreements with the Instituto para el Desarrollo de Empresarios y Administradores (IDEA) and The Asociacion de Bancos y Instituciones Financieras de Bolivia (ASOBAN) without competition to implement two components of the Project.

iii) A nationality waiver allowing USAID/Bolivia to include Code 941 country contractors in the competitive contracting process for the provision of technical services to help establish the Financial Training Center and to strengthen the service capability of ASOBAN.

Approved /s/Dwight Ink

Disapproved _____

Date:

AA/LAC
DEC 7 1988

1987

PROJECT AUTHORIZATION AMENDMENT


Name of Country: Bolivia
Name of Project: Strengthening Financial Markets
Number of Project: 511-0598


1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Strengthening Financial Markets Project for Bolivia was authorized on December 1, 1987 by the Assistant Administration/LAC in the amount of \$6,200,000 in grant funds. That authorization is hereby amended as follows:

- a. The life-of-project funding is reduced by \$1,200,000, from \$6,200,000 to \$5,000,000.
- b. One of the project components (Improvement of Financial Sector Regulation under which the Project was to assist in establishing a Bolivian Deposit Insurance Fund) is eliminated from the project.

Except as amended above, the Project Authorization remains in full force and effect.

Date: April 29, 1988


G. Reginald van Raalte
Director, USAID/Bolivia


PD&I:AMDiaz:mmy

CLEARANCES:

PD&I:ELKadunc (in draft)
PS:DJessee (in draft)
DP:AAFunicello (in draft)
CONT:JRDavison (in draft)
HHR:CMillikan (in draft) 4/21/88
RLA:ADNewton (in draft)
ADD: MIA 4/28/88

15961

PROJECT AMENDMENT

Goal: Economic Growth

Objective: To improve the effectiveness of Bolivia's private sector financial institutions, and to increase private sector participation in financial sector policy analysis.

PROJECT TITLE: Strengthening Financial Markets

PROJECT NUMBER: 511-0598

PROJECT FUNDING: (\$000) Authorized: \$5,000
Additional: \$1,200
LOP: \$6,200

FUNCTIONAL ACCOUNT: Selected Development Activities (SDA)

A. Relationship to AID Country Strategy/Objectives:

The proposed amendment conforms with USAID/Bolivia's program emphasis on economic recovery, employment creation, and long-term growth through support for the private sector. It will address serious constraints being faced by the private sector and support the GOB's economic recovery program.

B. Relationship to Host Country and Other Donors:

The amendment will be in full conformance with Bolivian priorities. There is general recognition within the Bolivian private sector and by the Paz Estenssoro Government that market-based, private-sector-led recovery cannot occur in a timely fashion without a better functioning financial sector. Additionally, the GOB sees the strengthening of the private sector as one of the highest priorities in contributing to economic reactivation. The program is also consistent with other donor activities, especially the World Bank's initiative in implementing a private enterprise development project.

C. Conformance with Agency and Bureau Policies:

The amendment will also be in full conformance with AID policy directives, specifically those contained in the AID Policy Paper on Private Enterprise Development and Financial Markets Development. The Amendment components will be high visibility and high impact programs which will support the LAC objective of strengthening the private sector.

D. Project Description:

The purpose of the Amendment will be to increase private sector participation in policy formulation affecting private sector development,

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and to improve the effectiveness of Bolivia's private sector associations.

The originally authorized project had three components: improvement of financial sector regulations through the creation of a deposit insurance fund, improvement of private sector intermediate credit institutions (ICI) operations, and improvement of financial sector policy research and analysis. However, during the last round of negotiations of the Project Agreement, in January 1988, the GOB decided to postpone the implementation of the Bolivian deposit insurance fund (BDIF) project component, which was to support the mobilization of deposits and the rehabilitation of ailing banks. The Central Bank has developed other mechanisms to deal with the rehabilitation of ailing banks, and, therefore, USAID will focus its resources and efforts on the remaining two components of the project, which support financial strengthening activities in the private sector.

Implementation of the private sector components in the approved Project Paper will proceed immediately. However, the Mission proposes to amend the project to add components that would provide support for policy formulation capability in the private sector and organizational support to strengthen selected private sector associations.

(i) Policy Reform Technical Assistance: This assistance under the proposed amendment will complement that already approved for the private financial sector under the project, and it is consistent with the Mission's strategy to assist in long-term development of the private sector. The purpose is to develop a capacity within the formal private sector to analyze and formulate national economic policies in the areas of investment, export promotion, and small business development. One of the principal constraints to investment and exports is lack of confidence in the national policy framework. Therefore, broader participation by the private sector in the formulation of economic policies should have a very positive impact on the business climate.

The private sector remains cautious with regard to the GOB's economic policies, resulting in a slower than anticipated economic recovery. A primary reason for this reaction on the part of private investors is the very limited role formal private sector organizations have played in the formulation of new policies and regulations governing economic activity. This component of the project would provide the Confederation of Private Entrepreneurs (CEPB) with a grant of about \$500,000 over a two year period in support of policy analysis, formulation and communications. Funds would be directed toward the creation of a policy analysis unit at CEPB, the preparation and distribution of policy analyses, the establishment of a data bank on the economy, and a carefully structured series of meetings with high level public/private participation to address the constraints to local and foreign investments in Bolivia.

(ii) Private Sector Association Technical Assistance: The policy reform technical assistance described above would be complemented by the second component under the proposed amendment, private sector organizational support, to strengthen the capability of selected private

sector associations to improve the quality and scope of services to current and prospective members and to professionalize their operations. It is in our best interests to encourage private firms and private sector organizations to assume their appropriate roles in order to contribute more efficient and complete services to private sector producers. The private sector organizational component will expedite the development of support activities expected to have a significant impact on private sector growth.

Final design of this component would include a survey and diagnostic of the most active private sector associations to select those most qualified to receive technical assistance. Implementation of this program would then include technical assistance and training to improve the organizational capabilities in such areas as organizational development and administration, production, and marketing systems, information systems concerning new technologies and techniques, credit use and availability, as well as technical assistance in the key areas of identifying operating constraints to productive activity and to carrying out activities to promote investment and to increase employment. Short-term training would also be available for private sector leaders and administrative/technical personnel from the associations. A two year grant of about \$700,000 is envisioned to implement this activity.

Implementing Agency: A direct technical assistance contract will be signed to provide assistance to selected private sector associations in the above two areas. It is anticipated that the CEPB will act as the coordinating intermediary for these interventions.

E. Mission Management:

A USDH employee in the Private Sector Office will assume overall responsibility for project monitoring. This officer will supervise a personal services contractor (PSC), who will in turn coordinate the activities under the project.

F. Amendment Approval:

USAID/Bolivia requests Bureau concurrence with Mission Director delegation of authority to approve and authorize the project amendment.

G. Potential Issues:

No potential issues of political sensitivity or other high risk problems are foreseen.

H. AID/W TDY Support for Project Amendment Development:

None needed.

I. Estimated Amendment Approval:

June 1, 1988.

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ANNEX F

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FILE: PRM

LOC: 217 517
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CN: 24296
CHRG: AID
DIST: AIDE

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R 140907Z JUN 88
FM SECSTATE WASHDC
TO RUEHLP/AMEMBASSY LA PAZ 5687
INFO RUEHOT/AMEMBASSY QUITO 0669
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ACTION TKN

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AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: REVIEW OF USAID/BOLIVIA'S FY 1989/1990 ACTION PLAN

AM 6/14

1. THE REVIEW OF BOLIVIA'S FY 89/90 ACTION PLAN WAS CHAIRED BY DAA/LAC MALCOLM BUTLER ON MAY 10, 1988. MISSION DIRECTOR RAY VAN RAALTE, PROGRAM OFFICER TONY FUNICELLO, AND PROJECT DEVELOPMENT OFFICER ED KADUNC REPRESENTED THE MISSION. RESULTS OF THE REVIEW AND ACTIONS AGREED UPON WITH THE MISSION ARE SUMMARIZED BELOW:

IT WAS DECIDED THAT THE MISSION WILL BE GUIDED, IN PREPARING THE FY 1990 ABS BY THE FOLLOWING AID PLANNING LEVELS FOR FY 1989 AND FY 1990.

	FY 89	FY 90
ARDN		
POP	10,780	10,080
HE	100	500
CSF	202	950
	4,250	3,900
EHRD		
SDA	2,280	2,770
AIDS	4,458	4,600
	200	200
DA TOTAL	22,270	23,000
ESF		
P.L. 480 III	25,000	30,000
P.L. 480 II	17,000	20,000
	12,696	15,692

USAID/BOLIVIA
 Received
 14 JUN 1988
 From
 LA PAZ
 U.S. Office

(DA, ESF, AND P.L. 480 LEVELS FOR FY 1990 ARE AAPLS RECENTLY APPROVED BY A/AID.)

2. SUMMARY OF PROJECT DECISIONS:

THE MISSION IS AUTHORIZED TO REVIEW AND APPROVE THE FOLLOWING PROJECTS DURING FY 88:

-- AIDS PREVENTION AND CONTROL

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-- PVO MANAGEMENT SUPPORT

THE MISSION IS ALSO AUTHORIZED TO PROCEED WITH THE DEVELOPMENT OF A PID FOR THE FY 89 AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT. THE MISSION WILL SUBMIT THE PID TO AID/W FOR REVIEW. THE MISSION WILL SUBMIT A STRATEGY SUPPLEMENT ON INCREASING AGRICULTURAL PRODUCTION FOR AID/W REVIEW AND APPROVAL BEFORE COMPLETING THE PID.

3. SUMMARY OF PROJECT AMENDMENTS:

AID/W GAVE PROGRAM CONCURRENCE FOR THE MISSION AND AUTHORIZED THE FOLLOWING PROJECT AMENDMENTS FOR REVIEW AND

- PRIVATE SECTOR LOW COST SHELTER
- ORT CHILD GROWTH MONITORING (CRS/CARITAS)
- SELF-FINANCING PRIMARY HEALTH CARE

THE STRENGTHENING FINANCIAL MARKETS AMENDMENT WAS APPROVED FOR FY 1989 RATHER THAN FY 1988. IN THE PP AMENDMENT, THE MISSION IS REQUESTED TO MAKE CLEAR HOW THE TWO ADDITIONAL COMPONENTS POLICY REFORM TECHNICAL ASSISTANCE AND PRIVATE SECTOR ASSOCIATION TECHNICAL ASSISTANCE -- FIT INTO THE PROJECT PURPOSE.

4. STABILIZE FINANCIAL STRUCTURES, OBJECTIVE NO. 3

ISSUE: MACROECONOMIC POLICY DIALOGUE. IS THE MISSION

ENGAGED IN APPROPRIATE MACROECONOMIC DIALOGUE WITH THE GOB?

DISCUSSION:

THE GOB HAS CONTINUED TO PURSUE ITS ECONOMIC STABILIZATION PROGRAM, BUT FISCAL DISCIPLINE HAS BEEN SLIPPING RECENTLY. ITS INTERNAL FINANCING OF THE FISCAL DEFICIT AT FIVE PERCENT OF GDP IN FY 1987 WAS THE HIGHEST OF ANY LAC COUNTRY. RESERVES ARE BEING DRAWN DOWN AND THE BALANCE-OF-PAYMENTS DEFICIT IS PROJECTED TO INCREASE TO DOLS 325 MILLION IN FY 1988.

-- THE MISSION'S STRATEGY HAS BEEN TO USE ITS ESF ASSISTANCE TO SUPPORT THE GOB'S MACRO-ECONOMIC PROGRAM WORKED OUT WITH THE IMF AND IBRD. THE GOB'S POLICY FRAMEWORK HAS BEEN ONE OF THE BEST IN THE LAC REGION, AND THE MISSION HAS GENERALLY BEEN SATISFIED WITH GOB TARGETS WORKED OUT THROUGH IMF NEGOTIATIONS. FURTHER, THE MISSION ITSELF HAS HAD LIMITED POLICY DIALOGUE LEVERAGE IN RECENT YEARS BECAUSE OF RELATIVELY LOW ESF LEVELS. LAC/W NOTED THAT IF THE HIGHER PLANNED ESF

SUFFICIENT ENGINEERING CAPABILITY TO MANAGE THE PROPOSED AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT PARTICULARLY IN LIGHT OF THE INFRASTRUCTURE ELEMENTS OF THE PROJECT.

-- ALTHOUGH THE NPD FOR THE AGRICULTURE MARKETING/PRODUCTIVITY PROJECT DID NOT DISCUSS THE PROJECT'S ACTIVITIES IN TECHNOLOGY, IT WAS AGREED THAT THE MISSION WOULD CONSIDER INCLUDING THIS AS AN ELEMENT OF THE PROJECT.

-- THE MISSION WILL SUBMIT TO AID/W BY JUNE 30 A SUPPLEMENT TO THE AGRICULTURAL SECTOR STRATEGY, AS AGREED DURING THE CDSS REVIEW, WHICH WILL PROVIDE A CONTEXT FOR THE DEVELOPMENT AND REVIEW OF THE NEW AGRICULTURAL PROJECT.

6. PROMOTE EXPORTS, OBJECTIVE NO. 5

CLARIFICATION:

IT WAS AGREED THAT THE MISSION WOULD NOT USE EXPORTS OF SOYBEANS (OR OTHER U.S. EXPORT-SENSITIVE CROPS) AS A.I.D. PERFORMANCE INDICATORS IN FUTURE ACTION PLANS. ALTHOUGH THE CURRENT ACTIVITY RELATED TO SOYBEANS IS BEING UNDERTAKEN WITH LOCAL CURRENCY, IS VERY SMALL, AND IS IN ACCORD WITH PD-15, SENSITIVITIES PERTAINING TO SOYBEANS ARE STRONG. MISSION REPRESENTATIVES MET WITH S AND T STAFF DURING PROGRAM WEEK TO ASSURE THAT ONGOING AND PLANNED ACTIVITIES RELATED TO SOYBEANS ARE ACCEPTABLE, AND THE MISSION WILL FOLLOW UP WITH A MEMORANDUM TO THE LAC BUREAU ON THIS ISSUE.

7. REDUCE INFANT AND CHILD MORTALITY, OBJECTIVE NO. 10

CLARIFICATION:

ORT CHILD GROWTH MONITORING: THERE WAS SOME CONCERN

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LEVELS PLANNED FOR FY 1989/1990 ARE AVAILABLE AND P.L. 480 NEGOTIATIONS COMPLEMENTED THE ESF POLICY DIALOGUE, THE MISSION WOULD HAVE CONSIDERABLY MORE LEVERAGE.

-- THE MISSION HAS IN PAST YEARS SOUGHT SECTORAL POLICY IMPROVEMENTS IN ASSOCIATION WITH A.I.D. PROJECT FINANCING FOR EXPORT PROMOTION, STRENGTHENING THE PRIVATE SECTOR, ETC.

DECISIONS:

IT WAS AGREED THAT THE MISSION SHOULD STAY ACTIVELY INVOLVED IN MACROECONOMIC POLICY DIALOGUE WITH APPROPRIATE CONDITIONALITY, TO PREVENT DETERIORATION OF THE GOB'S STABILIZATION PROGRAM.

IF MACROECONOMIC STABILITY IS ADEQUATELY ADDRESSED BY THE IMF/IBRD AGREEMENTS, THE MISSION SHOULD FOCUS ITS ESF POLICY DIALOGUE ON SECTORAL ECONOMIC POLICIES, E.G. FINANCIAL SECTOR REFORMS, INVESTMENT LAWS, EXPORT PROMOTION, WHICH WILL ENHANCE PROSPECTS FOR SUCCESS OF A.I.D.'S COUNTRY PROGRAM..

5. INCREASE AGRICULTURAL PRODUCTION, OBJECTIVE NO. 1

TSSUE: ARDN MORTGAGE. SHOULD THE MISSION MAKE SIGNIFICANT CHANGES IN ITS PLANNED AGRICULTURAL PROJECT PORTFOLIO TO ASSURE THAT THE ARDN MORTGAGE IS HELD TO A REASONABLE LEVEL?

DISCUSSION:

THE ACTION PLAN PROPOSES A NEW FY 1989 DOLS 25 MILLION AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT WHICH INCLUDES DOLS 17 MILLION FOR INFRASTRUCTURE AND COMMODITIES.

-- IF THE AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT IS INITIATED IN FY 1989 AT THE PROPOSED DOLS 25 MILLION LEVEL, THE ARDN MORTGAGE WOULD BE OVER DOLS 47 MILLION AT THE END OF FY 1989.

DECISIONS:

IT WAS AGREED THAT THE MISSION WOULD PROCEED WITH DEVELOPMENT OF THE AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT, BUT THAT THE PID WOULD BE REVIEWED IN AID/W DUE TO THE LARGE POTENTIAL MORTGAGE AND THE BROAD SCOPE OF THE PROJECT.

THE MISSION SHOULD CONSIDER DESIGNING THE PROJECT IN PHASES TO MINIMIZE THE RISKS OF A HIGH MORTGAGE. IT WAS NOTED THAT THE AGRICULTURAL MARKETING/PRODUCTIVITY PROJECT IS THE ONLY MAJOR NEW PROJECT IN THE FIVE-YEAR CDSS PERIOD AND THEREFORE FUNDING FOR IT WOULD PROBABLY BE AVAILABLE.

THE MISSION WILL LOOK CAREFULLY AT WHETHER IT HAS

OVER INCREASING THE LOP OF THIS PROJECT BY DOLS 400,000 DUE TO ITS PROBLEMATIC HISTORY. HOWEVER, THE FEBRUARY 1988 EVALUATION WORKSHOP SUGGESTED A NUMBER OF MODIFICATIONS WHICH WILL BE REFLECTED IN AN AMENDED OPG. THE MISSION MAY PROCEED TO AMEND THE PROJECT AS REQUESTED.

8. LOCAL CURRENCY

ISSUE: LOCAL CURRENCY MANAGEMENT. ARE ADEQUATE MANAGEMENT MECHANISMS IN PLACE TO ASSURE SOUND FINANCIAL MANAGEMENT OF ESF-GENERATED LOCAL CURRENCY?

DISCUSSION:

ESF LOCAL CURRENCY IS USED PRIMARILY AS COUNTERPART FINANCING FOR A.I.D. PROJECTS AND MDB-FINANCED PROJECTS. P.L. 480 TITLE III LOCAL CURRENCIES, HOWEVER, FINANCE A BROAD ARRAY OF DISCRETE PROJECT ACTIVITIES.

THE ACTION PLAN DESCRIBES MISSION EFFORTS TO IMPROVE THE MANAGEMENT CAPABILITY OF THE P.L. 480 SECRETARIAT THROUGH IMPROVEMENTS IN ITS ACCOUNTING SYSTEM, RESTRUCTURING OF THE ORGANIZATION, AND CONSOLIDATING THE NUMBER OF PROJECTS FOR WHICH THE SECRETARIAT IS RESPONSIBLE.

IN FY 1988, THE SECRETARIAT WILL ASSUME THE ADDITIONAL RESPONSIBILITY OF MANAGING THE ESF-GENERATED LOCAL CURRENCY, BUT THIS MAY BE ONLY A TEMPORARY ARRANGEMENT. THE MINISTRY OF PLANNING HAS EXPRESSED SOME INTEREST IN MANAGING ESF LOCAL CURRENCY BEGINNING IN FY 1989.

AID/W NOTED THAT THE ACTION PLAN DID NOT ADEQUATELY SHOW HOW LOCAL CURRENCIES WOULD BE PROGRAMMED AMONG A.I.D. OBJECTIVES AND PROJECTS DURING THE FY 1989-1990 PERIOD, AS THE ACTION PLAN GUIDANCE HAD REQUESTED.

DECISION:

THE MISSION WILL CONTINUE ITS EFFORTS TO STRENGTHEN THE ADMINISTRATION AND FINANCIAL MANAGEMENT CAPABILITIES OF THE SECRETARIAT OR ANY OTHER ENTITY WHICH ASSUMES RESPONSIBILITY FOR ESF LOCAL CURRENCIES AND WILL ASSURE THAT ADEQUATE MANAGEMENT SYSTEMS ARE IN PLACE FOR SOUND FINANCIAL MANAGEMENT OF ALL LOCAL CURRENCIES.

IN NEXT YEAR'S ACTION PLAN, THE MISSION WILL PROVIDE QUOTE MORE SPECIFICITY WITH REGARD TO USE OF JOINTLY PROGRAMMED, GOVERNMENT-OWNED LOCAL CURRENCY TO ACHIEVE PERFORMANCE UNDER SELECTED OBJECTIVES UNQUOTE PER ATTACHMENT I, PAGE II-3 OF MB NO.5.

9. OPERATING EXPENSES

ISSUE: GIVEN THE TIGHT OE SITUATION EXPECTED NEXT YEAR COULD THE MISSION SEEK AN INCREASE IN OE TRUST FUNDS IN THE NEXT ES AGREEMENT, ABOVE THE CURRENT 10 PERCENT LEVEL?

DISCUSSION:

-- BOLIVIA'S OE, IN RELATION TO THE DOLLAR LEVEL OF ASSISTANCE DELIVERED, IS HIGHER THAN THE LAC BUREAU NORM. THIS HAS BEEN THE TREND AND IS EXPECTED TO CONTINUE.

THE PROBLEM IN FY 1988 AND FY 1989 IS EXACERBATED BY THE LEGAL REQUIREMENT TO FUND SEVERANCE PAY FOR FSN EMPLOYEES. THIS ADDED COST OF DOLS 740,000 BUDGETED IN FY 1988 FOR SEVERANCE PAY IS EQUIVALENT TO 25 PERCENT OF THE MISSION'S OVERSEAS OPERATING COSTS IN FY 87. IN FY 89 WHEN ADDITIONAL SEVERANCE PAYMENTS WILL BE PAID TO FSNS, THE COST WILL BE DOL 350,000.

THE MISSION WILL ALSO HAVE TO ABSORB INTO THE OE BUDGET FUNDING FOR P.L. 480 POSITIONS COVERED BY PD AND S FUNDS IN 1987 WHICH ARE NOT LEGITIMATE PROGRAM COSTS AND THEREFORE CANNOT BE PAID FROM PD AND S OR COMMODITY MONETIZATION.

DECISION:

THE MISSION WILL MAINTAIN THROUGH THE ACTION PLAN PERIOD THE DIRECT BIRE CEILING LEVELS FOR FY 1988 WHICH WERE APPROVED BY AID/# IN 1987.

IF NECESSARY, USAID/B WILL SEEK TO NEGOTIATE AN EXPANDED TRUST FUND WITH THE GOB. THE MISSION NOTED THAT IF IT RECEIVES DOLS 25 MILLION ESF IN FY 89 AS IT HAS REQUESTED, A 10 PERCENT TRUST FUND LEVEL WOULD PROBABLY BE SUFFICIENT.

AID/W WILL SEEK SUPPLEMENTAL OE TO COVER EXTRAORDINARY OPERATING EXPENSES IN THE BOLIVIA MISSION SUCH AS SEVERANCE PAYMENTS AND THE COST OF P.L. 480-RELATED POSITIONS.

THE LAC BUREAU WILL PROVIDE ADDITIONAL GUIDANCE BY JUNE 3 ON ELIGIBLE USES OF PD AND S FUNDS OR P.L. 480 MONETIZATION TO COVER THE COSTS OF FOOD AID MONITORS.

FOR DP:AAF/^{FOR} Gloria Gomez

10. HIGH SDA LEVELS

ISSUE: SHOULD THE ACTION PLAN'S PROPOSED LEVEL OF SDA FUNDING BE REVISED TO CONFORM MORE CLOSELY WITH THE EXPECTED AVAILABILITY OF FUNDS IN FY 1989 AND FY 1990?

DISCUSSION:

THE ACTION PLAN ALLOCATES AN AVERAGE OF DOLS 6.1 MILLION ANNUALLY FOR SDA ACTIVITIES IN FY 1989/1990 WHICH IS ABOUT 27 PERCENT OF THE MISSION'S DA BUDGET. THE IAC BUREAU SDA ACCOUNT IS EXPECTED TO BE ABOUT 17-18 PERCENT OF DA. WITH INCREASED CONGRESSIONAL INTEREST IN FEMALE/CHILD SURVIVAL AND BASIC EDUCATION, WE EXPECT THE SDA ACCOUNT TO BE CONSTRAINED FOR THE NEXT SEVERAL YEARS.

DECISION:

-- THE MISSION WILL REVISE THE PROPOSED LEVEL OF SDA FUNDING IN ITS ABS TO CONFORM MORE CLOSELY WITH THE EXPECTED AVAILABILITY OF FUNDS. SDA SHOULD NOT EXCEED 20 PERCENT OF DA FOR THE FY 1989/1990 PERIOD. (SEE THE REVISED FUNCTIONAL ACCOUNT LEVELS IN PARAGRAPH 1. WHICH SHOW THE REDUCED SDA LEVELS AND CORRESPONDING INCREASE IN THE ARDN ACCOUNT.)

11. PD AND S LEVELS

ISSUE: ARE THE MISSION'S HIGH LEVELS OF PD AND S IN FY 1988 AND FY 1989 JUSTIFIED?

DISCUSSION:

-- PD AND S IS INCREASING FROM DOLS 1.53 MILLION IN FY 1987 TO DOLS 2.14 MILLION IN FY 1988. THIS REPRESENTS MORE THAN 9 PERCENT OF THE MISSION'S TOTAL DA BUDGET IN FY 1988 COMPARED A BUREAU AVERAGE OF 4 PERCENT. A DECREASE IS PROPOSED FOR FY 89 TO DOLS 1.65 MILLION. THIS STILL REPRESENTS 7.4 PERCENT OF THE DA BUDGET. AT THE SAME TIME, RECENT IAC BUREAU GUIDANCE HAS REDUCED THE NUMBER OF ACTIVITIES TO BE ACCOMPLISHED WITH PD AND S FUNDS.

DECISION:

THE MISSION WILL SUBMIT A BRIEF REPORT TO AID/W BY JUNE 2 WHICH DESCRIBES THE MISSION'S PLANNED USES OF PD AND S IN FY 1988.

-- FOR FUTURE YEARS, THE MISSION SHOULD TRY TO REDUCE ITS PLANNED USE OF PD AND S FUNDS TO BRING THE RATIO OF PD AND S TOTAL OBLIGATIONS MORE IN LINE WITH THE BUREAU AVERAGE.

12. F.L. 420 TITLE III AGREEMENT

ISSUE: WHAT ACTION IS NEEDED BY THE MISSION AND GOB TO OBTAIN FCC AUTHORIZATION TO SIGN THE LOIS 20 MILLION TITLE III

82+

AGREEMENT?

DISCUSSION:

THE PROPOSED FY 1988 TITLE III PROGRAM HAS BEEN APPROVED BY THE LCC. HOWEVER, EXECUTION OF THE AGREEMENT DEPENDS UPON SATISFACTORY GOB RESOLUTION OF DOLS 1.9 MILLION IN ARREARAGES. MISSION REPRESENTATIVES STATED THAT THE GOB WOULD PREFER TO INCLUDE THESE ARREARAGES IN A DEBT RESCHEDULING MEETING IN JULY. NORMALLY, THE DCC REQUIRES AT LEAST PARTIAL PAYMENT UP FRONT AND AGREEMENT ON A DEFERRED PAYMENT SCHEDULE FOR THE BALANCE. ONE OTHER POSSIBILITY SUGGESTED WAS TO OBTAIN DCC APPROVAL TO USE LOCAL CURRENCY USE OFFSETS AGAINST THIS EARLY ARREARAGE SINCE BOLIVIA IS AN RIDC.

DECISION:

THE LAC BUREAU AND FVA WILL CONTINUE TO SEEK DCC SUPPORT FOR INCLUDING P.L. 482 ARREARAGES IN THE DEBT RESCHEDULING.

12. EVALUATION

BACKGROUND:

THE BOLIVIA MISSION IS PLANNING SIX EVALUATIONS IN FY 1989 AND FIVE IN FY 1990. HOWEVER, THE REASONS GIVEN -- IN MOST CASES FINAL EVALUATION OR MID-TERM EVALUATION -- FOR CARRYING OUT MOST OF THE EVALUATIONS DO NOT BY THEMSELVES JUSTIFY THE EVALUATIONS. IN A FEW CASES THE NARRATIVE UNDER THE OBJECTIVE SECTION OF THE ACTION PLAN DOES EXPAND ON THE ISSUES TO BE COVERED.

BUREAU GUIDANCE:

THE MISSION WILL REVIEW ITS FY 1989 AND FY 1990 EVALUATION SCHEDULE TO ENSURE THAT IN ALL CASES THERE ARE SPECIFIC ISSUES TO BE ADDRESSED IN EACH EVALUATION.

14. WOMEN IN DEVELOPMENT

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BACKGROUND:

THE BOLIVIA MISSION INCLUDED A USEFUL WID PRESENTATION IN ITS ACTION PLAN. THE PROGRAM APPEARS TO BE MAKING SIGNIFICANT PROGRESS IN SOME SECTORS (PRIVATE SECTOR, EDUCATION/TRAINING) AND LESS PROGRESS IN OTHERS (AGRICULTURE), WHERE THE MISSION SUGGESTS THAT QUOTE BECAUSE OF WOMEN'S CENTRAL ROLE IN BOLIVIAN AGRICULTURE, THEY WILL BENEFIT FROM THE PRIVATE AGRICULTURAL ORGANIZATIONS PROJECT ENDQUOTE. RESEARCH HAS SHOWN THAT UNLESS WOMEN ARE SPECIFICALLY TARGETED IN A PROJECT, THEY WILL NOT NECESSARILY BENEFIT.

BUREAU GUIDANCE:

TO ENSURE THAT WOMEN WILL BENEFIT FROM THE MISSION'S AGRICULTURE PROGRAM, IT IS IMPORTANT THAT PROJECTS BE DESIGNED AND IMPLEMENTED WITH SPECIFIC INDICATORS TO GAUGE WOMEN'S BENEFITS. THE MISSION MAY WISE TO REQUEST ASSISTANCE IN THIS AREA FROM PPC/WID (AT NO COST TO THE MISSION), WHICH HAS A CONTRACT WITH THE INTERNATIONAL CENTER FOR RESEARCH ON WOMEN ASSIST MISSIONS IN DEVELOPING THE METHODOLOGIES AND PROCEDURE TO ENSURE WOMEN ARE EFFECTIVELY DESIGNED INTO PROJECTS.

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ANNEX G

Section 611 (E) Determination

CERTIFICATION PURSUANT TO SECTION 611 (E) OF THE
FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

I, G. Reginald van Raalte, as Mission Director of the Agency for International Development Mission to Bolivia, having taken into account, among other things, the maintenance and utilization of projects previously financed by USAID/Bolivia, do hereby certify that in my judgement the Government of Bolivia and the participating Bolivian private sector entities have the financial capacity and human resources capability to effectively utilize and maintain the proposed Strengthening Financial Markets Grant Project, as amended.

Reginald van Raalte

G. Reginald van Raalte

Director

USAID/Bolivia

Date: 23 June 1985

913L

ENVIRONMENTAL DETERMINATION

Project Location: Bolivia
Project Title: Strengthening Financial Markets project
Project Number: 511-0598

Project Description: The goal of the Project is to improve the performance of the financial sector in Bolivia. The overall purpose of the project is to improve the effectiveness of Bolivia's private sector institutions, especially the financial institutions, and increase private sector participation in policy formulation. The currently authorized project has two components (with a Life of Project funding of \$5.0 Million): 1. Strengthening of Private Sector Financial Institutions, and 2. Strengthening Sector Participation in Policy Reform. The Project Amendment incorporates a third component: Strengthening Private Sector Associations, which has a Life of Project funding of \$1.2 Million.

The Project will finance technical assistance, research, seminars, training, commodities and related institutional support to improve the effectiveness of Bolivia's private sector institutions, especially those in the financial area, and increase private sector participation in financial sector policy formulation.

Statement of Categorical Exclusion: It is the opinion of USAID/Bolivia that the Project Amendment does not require an Initial Environmental Examination, because its activities are within the class of actions described in Section 216.2 paragraph (c) (1) (i) and 216.2 (c) (2) (i) of 22 CFR part 216 on "Categorical Exclusions", which read as follows:

"Section 216.2 (C) (1) (i)"

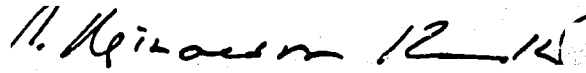
"The action does not have an effect on the natural or physical environment", and

"Section 216.2 (C) (2) (i)"

"Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)."

Concurrence of Mission Director

I have reviewed the above statement and concur in the determination that the Project Amendment does not require an Initial Environmental Examination.


G. Reginald van Raalte
Mission Director

Date: February 24, 1989

ENVIRONMENTAL THRESHOLD DECISION

Project Location: Bolivia
Project Title: Strengthening Financial Markets Project
Project Number: 511-0598
Funding: \$6,200,000
Life of Project: FY 1988 - FY 1993
IEE Prepared by: Angel M. Diaz
USAID/La Paz
Recommended Threshold Decision: Categorical Exclusion
Bureau Threshold Decision: Concur with Recommendation
Comments:
Copy to: G. Reginald van Raalte,
Director USAID/La Paz
Copy to:
Copy to: Howard Clark, REMS
Copy to: Mark Silverman, LAC/DR
Copy to: IEE File

Environmental Officer
Bureau for Latin America
and the Caribbean

(APPROVED IN STATE 067205 OF MARCH 3, 1989)

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ENVIRONMENTAL DETERMINATION

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E.O. 12356: N/A

TAGS:

SUBJECT: ENVIRONMENTAL DETERMINATION - STRENGTHENING
FINANCIAL MARKETS PROJECT PAPER AMENDMENT (511-0598)

REMS/SA, H. CLARK

REF: LA PAZ 2549

1. LAC DEPUTY ENVIRONMENTAL OFFICER APPROVED REQUEST
FOR CATEGORICAL EXCLUSION FOR SUBJECT PROJECT ON MARCH
2, 1989. IFF NUMBER IS LAC-IEE-89-29. COPY OF
DETERMINATION BEING POUCHED TO MISSION FOR INCLUSION IN
PROJECT FILES. BAKER

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ANNEX I

SUMMARY OF AMENDED PROJECT OUTPUTS AND INPUTS

1. Component I - Strengthening of Private Sector Financial Institutions

a. Outputs

- Financial Training Center

- Professional FTP staff established
- Courses designed - 25
- Presentations of courses - 59
(each course presented once, twice or three times)
- ICI officers trained - 1,275
- ASOBAN commitment established
- Financial self-sufficiency achieved

Securities Exchange and Commission

- Strategic plan for start up of exchange activities
- Recapitalization of exchange
- Tradable financial instruments developed
- Professional staff established
- Trading procedures established
- Base of operations established
- Trading initiated
- Financial self-sufficiency achieved
- Commission Operations Established
- Regulations established
- Professional staff established
- Monitoring procedures established
- Permanent and adequate budget established by government

ASOBAN Outputs

- Strategic plan for introduction of additional and improved services
- Central information system
- Check clearing system
- Economic analysis capability
- Legal analysis ability
- Personnel selection system
- Technical library

FTP established in IDEA
Financial self-sufficiency for services

b. Inputs (\$1,513,000)

Financial Training Center

Technical assistance \$ 569,000

*Tasks

- Provide leadership in establishing FTP
- Design courses
- Train instructors
- Develop FTP organization

*Personnel (51 person months (pm))

- Expatriate team leader (12 pm)
- Asst. to team leader (8 pm)
- Training specialist (24 pm)
- Short-term specialists (7 pm)

Course delivery costs \$ 864,000

Commodities \$ 80,000

*Teaching computers

*Other equipment

Securities Exchange & Commission (1,080,000)

Technical assistance \$ 855,000

*Tasks

Provide leadership in establishment of Exchange and start up of trade

Train staff

Develop trading instruments and procedures

Galvanize private sector support

*Personnel (47pm)

- Expatriate team leader (4pm)
- Asst. team leader (4pm)
- Expatriate financial markets expert (12pm)
- Expatriate (TCN) exchange expert (18pm)
- Short term specialists (9pm)

Training \$ 155,000

Commodities \$ 70,000

*Computer equipment

*Other equipment

ASOBAN Inputs (\$ 613,000)

- Technical assistance \$ 536,000

*Tasks

- Guide strategic planning
- Set up new services
- Assist in strengthening services

- Carry out on-going financial analysis
- Provide management advice
- Mobilize ASOBAN support for FTP

***Personnel (26pm)**

- Expatriate team leader (4pm)
- Asst. team leader (4pm)
- Expatriate financial markets expert (12pm)
- Short-term specialists (6pm)
- Training \$ 30,000
- Commodities \$ 47,000

***Computer equipment**

2. Component II - Strengthening Private Sector Participation in Policy Reform- Defining the Private Sector Policy Reform Agenda

a. Outputs

- Thoughtful and continually updated agenda
- Regular annual assemblies
- Regular major conferences
- Regular Congressional seminars
- Regular economic seminars
- Regular publication of conclusions of assemblies, conferences and seminars.
- Professional policy analysis group in CEPB
- Regular and frequent published policy analyses and recommendations
- Regular collaboration with other policy units, both government and private, e.g. ASOBAN, UDAPE, Central Bank, Catholic University, FEBOPI and the agricultural chambers.
- Communication plan
- Professional communications capability
- Occasional seminars designed for dissemination.
- Regular CEPB / government consultations on CEPB agenda items.
- Active and effective policy reform decision-making entity
- Technical group operating in support of entity

b. Inputs (1,206,000)

- Technical assistance \$1,136,000

***Tasks**

- Develop process for defining agenda
- Define target decision-maker groups and other target groups for communications
- Assist in managing fora
- Define purpose and function of policy unit
- Support policy analysis

- Develop and implement communications plan
- Provide short term training personnel
- *Personnel (66 pm)
 - Expatriate team leader (4pm)
 - Asst. team leader (4pm)
 - Expatriate policy specialist (24pm)
 - Asst. policy specialist (24pm)
 - Short-term specialists (10pm)
- Training \$ 20,000
- Commodities \$ 50,000

3. Component III - Strengthening Private Sector Associations

a. Outputs (for each association)

- Statement of organizational goals, objectives, and policies
- Long-term action plan and annual work plans
- Financial planning and budgeting capability
- Definition of roles and relationships of board members, officers, committees, staff, and general membership
- Broader and larger membership
- Appropriate staff structure and operating procedures
- Ongoing staff development and training
- Management, financial, and general information systems
- Service delivery menu and plans
- Additional or improved services as appropriate
- Communications program and public relations capability

b. Inputs (\$1,169,000)

- Technical assistance \$1,099,000
- *Tasks with each association
 - Guide strategic planning
 - Assist with organizational development
 - Assist with membership development
- *Personnel (64 pm)
 - Expatriate team leader (4pm)
 - Asst. team leader (4pm)
 - Expatriate trade association specialist (24pm)
 - Asst. trade association specialist (24pm)
 - Short-term specialists (8pm)
- Training \$ 20,000
- Commodities (computer/office equipment) \$ 50,000

ANNEX

OBJECTIVE TREE FOR THE STRENGTHENING FINANCIAL MARKETS PROJECT

LEVEL ONE. MODERN INVESTMENT AND FINANCING PRACTICES AND ATTITUDES THROUGH THE BOLIVIAN PRIVATE SECTOR

INCREASED QUANTITY AND DIVERSITY OF BOLIVIAN INVESTMENT BY SECTOR AND BY MODE. Decreased capital flight. Widening beyond traditional sectors of mining and agriculture. Longer term loans. A variety of equity arrangements. Public/private sector cross-over. Employees stock ownership program. Democratization of capital.

ATTITUDINAL CHANGE PRIVATE AND PUBLIC SECTORS. Widened knowledge and acceptance of modes of financing and sources of capital other than loans. Improved public view of private sector. Micro and small entrepreneurs awareness of their role as private sector. Private financial sector awareness of business opportunities with Micro and small entrepreneurs.

LEVEL TWO. MODERN POLICIES AND PRACTICES, AND IMPROVED PERFORMANCE BY FINANCIAL AND PRIVATE SECTOR ORGANIZATIONS AND THE GOB INSTITUTIONS

IMPLEMENTATION OF GOB POLICY
Concrete evidence of change.
Approval/disapproval of policy based on papers analyzed by CEPB. Projects and plans altered on the basis of policy papers developed by CEPB.

STOCK EXCHANGE PERFORMANCE
Value of investment.
Flow of transactions.
Diversification by sector and mode: Stocks, bonds, joint ventures, foreign investments.
Broad-based diversified investors.

ICI PERFORMANCE
Savings deposits. Loan portfolios, transaction costs, interest rates.

PRIVATE SECTOR ASSOCIATIONS PERFORMANCE
Sales, profits, exports, diversification, employment.

POLICY ADOPTION AND DELIBERATION PRACTICES
Law, decrees on: Statism/privatization. Incentives for employment, investment, export, savings. Support to micro and small business sector. Resolution of contradiction, streamlining. Unified private sector with broad participation on policy discussions. GOB concern widened beyond mining, transport, etc.

INITIATION OF STOCK EXCHANGE PRACTICES
Regular trading and issuing of new instruments. Public/private cross sector offerings: Bonds, stocks, futures. Design financial instruments to attract retirement funds from non-rich groups. Increase the base of ownership of Bolivia's means of production.

IMPROVEMENT OF ICI PRACTICES
Improved loan analysis. Closer adherence to banking practices. Wider operations. Regular, accurate audits. Decrease dependence in loan appraisal on collaterals, increase dependence on the financial feasibility of the investment project.

BUSINESS PRACTICE OF PRIVATE SECTOR ASSOCIATION
Pioneer financing such as: stock, joint ventures, foreign investment. New products, markets, financing modes, technology, and management techniques.

LEVEL THREE. SATISFACTORY AND SELF-SUSTAINING DELIVERY OF SERVICES TO THE BOLIVIAN PRIVATE SECTOR BY THE CEPB, SECURITIES EXCHANGE, TRAINING PROGRAM, BANKS AND PRIVATE SECTOR ASSOCIATIONS

POLICY CENTER PRACTICES CEPB
 self-sustaining based on fees and dues. Wide use of reports. Reports judged of high quality by outsiders. Regular meetings with UDAPE and GOB reps. Contact with local associations. Publicity campaign on behalf of private sector.

SECURITIES EXCHANGE PRACTICES
 Set objectives. development plans. Seek resources.

FINANCIAL TRAINING PROGRAM PRACTICES
 Financial self-sustaining. Skill imparted to financial middle management. Number and nature of courses delivered. ICI officers trained. Pedagogical methods.

PRIVATE SECTOR ASSOCIATIONS PRACTICES
 Financial self-sustaining based on fees and dues. Policy position taken. Services for clients: T.A. to modernize technical training for labor. Access to transport, contact with foreign markets. financing. Widen the community of businessmen to include small and micro enterprises. Mission Micro and Small Enterprise Development Project will help to integrate this sector to formal associations.

LEVEL FOUR. INSTALLATION OF OPERATIONAL CAPACITY IN THE POLICY UNIT, TRAINING PROGRAM, SECURITIES EXCHANGE, BANKS AND PRIVATE SECTOR ASSOCIATIONS

POLICY CENTER CAPACITY
 Mechanism to resolve conflict. Assemblies, conferences. Research/analysis capability (CEPB). Information dissemination capability.

SECURITIES EXCHANGE CAPACITY
 Stock Exchange and Commission set up. Capital market developed. Tradeable financial instruments. Trading procedures. Professional staff.

FINANCIAL TRAINING PROGRAM CAPACITY
 Staff, curriculum, infrastructure.

PRIVATE SECTOR ASSOCIATION CAPACITY
 Strategic planning, goals, organization, procedures.

LEVEL FIVE. AID INVESTMENT

AID INVESTMENT IN THE POLICY UNIT (CEPB)

AID INVESTMENT IN THE SECURITIES EXCHANGE

AID INVESTMENT IN THE FINANCIAL TRAINING PROGRAM

AID INVESTMENT IN THE PRIVATE SECTOR ASSOCIATIONS