

COMMODITY MARKET EXCHANGE SUPPORT PROGRAM

(ES/TC-94-04-435) (CR/TC-95-06-083)
(DR/TC-95-06-116) (NI/TC-94-07-166)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Bolsa de Productos Agropecuarios, S.A. (BOLPRO); Junta Empresarial Dominicana (JAD); Bolsa de Productos Agropecuarios de El Salvador, S.A. (BOLPROES); Bolsa de Productos Agropecuarios de Nicaragua, S.A. (BAGSA)

MIF FACILITY: Technical Cooperation - Facility I

OBJECTIVES: The Commodity Exchange support program seeks to provide a more efficient alternative marketing channel for basic commodities by assuring the long-term financial viability of the incipient Exchanges in Costa Rica, El Salvador, Nicaragua and the Dominican Republic. This is to be achieved through targeted assistance to the legal and operational structure of the Exchanges, to the underlying technical specifications of the commodities to the traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

DESCRIPTION: The program has six components as follows: Component I - Legal and Regulatory Framework, to include a) preparation of an action plan addressing outstanding legal and fiscal issues; b) development of proposed legal documentation; c) revision of internal regulations and procedures to promote long-term growth and sustainability. Component II - Procedures and Internal Organization, to support the Exchanges to revise, redefine and rewrite their internal regulations and procedures. Component III - Product Specifications, to develop two model contracts for trading at each of the four Exchanges to promote price transparency, market liquidity and Exchange viability. Component IV - Storage and Delivery System, to assist the Exchanges in developing a standardized system of warehouse inspection and certification. Component V - Dissemination of Price Information, to assist the Exchanges in developing a price reporting and disseminating system for products traded. Component VI - Exchange Promotion, to establish a promotion program for each of the four Exchanges to educate potential market users and to

attract business to the Exchange. The specific activities for each component described above have been tailored according to the needs of each specific Exchange.

FINANCING:

Modality: Grant

Recipient: US\$676,600 (29%)

Costa Rica US\$160,500

El Salvador US\$190,600

Nicaragua US\$165,500

Dominican Republic US\$160,000

MIF: US\$1,677,760 (71%)

Costa Rica US\$322,700

El Salvador US\$685,530

Nicaragua US\$374,740

Dominican Republic US\$294,790

Total: US\$2,354,360

IMPLEMENTATION

Execution period: 18 months

SCHEDULE:

Time limit for disbursement: 24 months

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of October 24, 1995, classified this as a Category II operation

I. COUNTRY ELIGIBILITY

- 1.1 Costa Rica, El Salvador, Nicaragua and the Dominican Republic were declared eligible for all forms of MIF financing by the Donors Committee. Costa Rica on December 3, 1993; El Salvador on December 3, 1993; Nicaragua on June 7, 1994; and Dominican Republic on September 12, 1994.

II. THE PROJECT

Background

- 2.1 Business groups in several countries of Central America and the Caribbean recently established commodity exchanges to provide centralized marketing outlets for agricultural products. These are all local cash mercantile exchanges for physical commodities. The Bolsa de Productos Agropecuarios de Costa Rica (BOLPRO) was established in 1992 followed by the Bolsa de Productos Agropecuarios de Nicaragua (BAGSA) in 1993, and the Bolsa de Productos Agropecuarios de El Salvador (BOLPROES) in 1994. The Junta Agroempresarial Dominicana (JAD) in the Dominican Republic is presently in the process of organizing the country's first commodity exchange.
- 2.2 As Governments increasingly withdraw from intervention in agricultural markets in the region, alternative institutions such as the cash commodity exchanges (**Bolsas Agropecuarias**) are needed to give producers and processors alternative marketing channels. The Exchanges offer the opportunity to minimize transaction costs by replacing unnecessary physical movement of commodities with paper or even electronic settlements. These more modern alternatives favor greater product standardization and increased volumes at a centralized marketplace, fewer intermediaries and therefore lower costs per unit traded. Moreover, an exchange open to the public is perhaps the best defense against a few dominant producers or processors controlling the industry. The execution of trades in a public forum and the dissemination of market information to the industry imparts transparency to the price discovery process within the industry.
- 2.3 The principal beneficiaries of these increases in efficiency and transparency in marketing and price discovery will be the producers and consumers of basic commodities in the four countries. Currently, many small producers do not know the prices at which commodities are trading in the capital or provincial cities when they sell to rural assemblers. Anecdotal evidence indicates that these commodity assemblers sometimes exploit the lack of price information amongst producers to turnover commodities for gains as much as two or even three-fold the purchase price. Simultaneously, increased volumes and competition in the Exchanges will tend to

assure consumers of the most efficient price determination system available for these staple items.

- 2.4 The original design of the Exchanges needs to be adjusted. None of above mentioned Bolsas Agropecuarias has yet established itself as a market in which standardized lots of a few basic commodities are traded. They remain instead a hybrid between wholesale markets and classic commodity exchanges. Currently a diverse array of products are bought and sold according to quantity and quality specifications which vary with each transaction. A true commodity exchange matches buyers and sellers of pre-established amounts, qualities and delivery points of products, thus fostering greater efficiency in marketing and price discovery.
- 2.5 The establishment of formal "spot" (or cash) markets paves the way to the development of deferred or "forward" contracts in which standardized contracts are entered into for delivery at a specified future date, thus offering producers and buyers with a new risk-management instrument. Increased usage and familiarity with forward contracts, will soon lead to a demand for futures and options trading mechanisms. Hence, the subsequent step will likely be the emergence of regional commodity futures and options exchanges. For example the establishment of well founded cash contracts for coffee in Costa Rica, El Salvador and Nicaragua might well lead to the establishment of the first futures market contract in the region, benefitting not only the exchange but all of those who would be able to reduce their risk through hedging their coffee price risks.
- 2.6 The dilemma which the Exchanges must confront during the early stages of exchanges is that the substantial benefits of switching to formal commodity markets are realized by the participants only after a significant volume is being traded. Typically, established traders of agricultural products initially find that they can procure or sell their products through traditional channels with equal or lower costs than through an exchange. This is usually related to the fact that traders must pay commissions to the Exchange (one half percent of the value of the transaction usually) and that frequently traders in the largely informal marketing system can avoid some portion of the taxes which they cannot avoid when sales and purchase transaction amounts and values are formally recorded. These disincentives can only be overcome once the volume transacted on the exchanges increases substantially. First of all the Exchange can only offer significant savings in transaction costs day in and day out when the aggregate volume of homogeneous lots increases substantially. Secondly, the development of forward contracts requires a highly liquid cash market. The emergence of a solid market for forward contracts is crucial to the long-term sustainability of the Exchange.
- 2.7 The financial viability of the Exchanges is precarious until they can attract a substantially increased volume of commodities traded. The share of the current domestic market which must be captured to reach the break-even point appears feasible using even conservative

assumption (See Annex III: Cash Flow Analysis. For example, typically ten percent of all coffee produced in these four countries remains in the domestic market. If the Exchanges can succeed in attracting even one quarter of that domestic market volume (i.e. 2.5% of the total production), this alone would generate enough commission income to cover operating costs. Feasible scenarios for break-even have been identified for each country, but in each case they hinge upon the success of Exchange in competing to secure a greater share of the market volume and assuring that the basic structure and operations are sound. Within this context the proposed MIF assistance is critical in enabling the Exchanges to reach their break-even and financial sustainability in the medium-term.

Objectives

- 2.8 The Commodity Exchange Support Program seeks to provide a more efficient alternative marketing channel for basic commodities by assuring the long-term financial viability of the incipient Exchanges in Costa Rica, El Salvador, Nicaragua and the Dominican Republic. This is to be achieved through targeted assistance to the legal and operational structure of the exchanges, to the underlying technical specifications of the commodities to be traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

Activities

- 2.9 The program was designed to provide technical assistance in six key areas for the four exchanges. For the purpose of this project each technical area has been defined as a component (Annex I presents the summary of the project). The description presented below includes the frame of reference and objectives for each component followed by a description of activities that will be financed by the MIF and a paragraph on the specifics of each Exchange. The components are: I) Legal and Regulatory Framework; II) Procedures and Internal Organization; III) Product Specifications; IV) Storage and Delivery System; V) Dissemination of Price Information; and VI) Exchange Promotion.

A. Component I: Legal and Regulatory Framework

Frame of reference

- 2.10 The legal and regulatory framework of the Exchanges should be adequate to the economic reality of each country in general and to the type of necessary products or instruments so that the private commercial activity can develop efficiently, with the greatest degree of freedom and security possible.
- 2.11 The legislation of some of these countries, particularly in Costa Rica and El Salvador, present an overly interventionist legal framework which is hindering the performance of their Exchanges.

On the other hand, in the case of Nicaragua the oversight is adequate without incumbering commerce unduly. In the Dominican Republic, it seems, there are no major legal restrictions for a development similar to that of Nicaragua.

Component objectives

- 2.12 The purpose of Component I is to provide legal and technical assistance to the Exchanges of Costa Rica, Nicaragua, El Salvador and the Dominican Republic to develop, in coordination with Government authorities, the adequate legal framework for the development of the commodity exchanges of these countries.

Component activities

- 2.13 The technical assistance would consist of the recruitment of legal advisers and fiscal experts to:
- a. Prepare, for the Exchange's Board of Directors, in collaboration with their legal counsel and other local advisers, a provisional plan of action to address outstanding legal and fiscal issues impinging upon the long-term growth of the Exchange;
 - b. Develop proposed legal documentation, including draft legislation if necessary, for modification of Exchange regulatory framework including any changes in fiscal procedures such as those regarding withholding (retenciones); and
 - c. Coordinate the preparation of a final plan to be submitted to the respective government's authorities.

Component activities per exchange

- 2.14 Addressing these legal and regulatory issues will require expertise of an attorney for an estimated one and-a-half professional-months in Costa Rica, El Salvador and Nicaragua and for one professional-month in Dominican Republic. The assistance of a fiscal expert will be required for one and-a-half professional-months in Costa Rica, El Salvador and Nicaragua and for one professional-month in the Dominican Republic.

B. Component II: Procedures and Internal Organization

Frame of reference

- 2.15 Cash agricultural markets in developing economies are generally based on informal and personal arrangements where each party knows the other business well. It is very difficult to get producers and commercial agro-businesses to abandon these long-standing arrangements in favor of conducting trades with strangers in a formal and impersonal setting. Because of this, emerging commodity exchanges have to establish a reputation for fair play and

transparent trading. Exchange regulations and procedures are important tools for the commodity exchange to achieve this reputation.

- 2.16 Each of the existing exchanges has developed internal regulations that, in general, lay the basis for adequate safeguards. There are, however, a number of critical adjustments which would significantly enhance the security and integrity of the exchanges while, at the same time, simplifying and improving the attractiveness and access of shareholders, buyers, sellers and intermediaries to the Exchanges.
- 2.17 The Exchanges vary from having started operations three years ago in the case of BOLPRO in Costa Rica (September 1992), BAGSA in Nicaragua (May 1995), BOLPROES in El Salvador (June 1995), to not having begun operations in the case of JAD in the Dominican Republic. For the most part, they are still refining their procedures.

Component objectives

- 2.18 The specific objectives of this component is to assist the Exchanges to revise, redefine and rewrite their internal regulations and procedures, as necessary, within the existing general legal framework to promote long-term growth and sustainability.

Component activities

- 2.19 To achieve the objectives, the same legal advisers recruited for component I will support the Exchanges to review and revise as necessary the following:
- a. Shareholders' requirements, lifting unnecessary restrictions for potential members to become associated to the exchange;
 - b. Brokers' qualifications: technical, financial, conflict of interest guidelines, etc.;
 - c. Brokers' and third parties guarantees to ensure contract's accomplishment;
 - d. Exchange and brokerage commissions, fees, annual or monthly dues, etc.;
 - e. Documents, forms and procedures (Exchange, brokers, buyers, sellers);and
 - f. Review of clearing and settlement practices, and clearinghouse functions.
- 2.20 The Technical assistance would also provide the financial resources to purchase and installation of hardware and software for the

purpose of registering trades, clearing & settlement, auditing, accounting and the dissemination of price and volume information, as well as the information systems experts required for its design and implementation.

Component activities per exchange

- 2.21 The review and revision of these key operational and organization problem areas will require expertise of an attorney or commodity exchange specialist for one and-a-half professional-months in Costa Rica and El Salvador and one professional-month in Nicaragua and Dominican Republic. A computer systems and software specialist will be needed for three months in El Salvador, two months in Nicaragua and one month in the Dominican Republic. Financial resources are required to purchase hardware and software for all the exchanges, however, as additional resources are required in El Salvador, part of its financing would be provided as counterpart contribution by BOLPROES.

C. Component III: Product Specifications

Frame of Reference

- 2.22 The exchange's product consists of the contract specifications designed for the products traded. Hence, appropriate product specification is the essential core component of a successful exchange. Contract standardization for measures of quality and quantity promotes price transparency in the cash and forward market. This allows both buyers and sellers to know exactly what product is being traded and facilitates determination of the value of the product being exchanged.
- 2.23 Effective standardization is fundamental to an efficient pricing system. Buyers will largely dictate these standards by the price differentials they are willing to pay for different classes of the product. Once the standardization system is established, the producer must be induced to produce a product which is acceptable to buyers. In turn, a greater number of buyers will want to trade on an exchange if they are assured of receiving a specific good with a given weight and quality. More importantly, the standardization process allows traders to better determine the actual value of the product being marketed.
- 2.24 At the three existing Exchanges, BOLPRO, BOLPROES, and BAGSA and the proposed Exchange in Dominican Republic, no specific products have been selected for trading. BOLPRO in Costa Rica has 50 products listed for trading ranging from coffee and beans to bell peppers and garlic. BOLPROES in El Salvador and BAGSA in Nicaragua have a multitude of products listed for trading, including grains, coffee, cashews, powdered milk, and packaging sacks.

- 2.25 These exchanges are operating as wholesale markets for physical products rather than carefully selecting products for trading that potentially would attract a large number of buyers and sellers, and which are storable over a reasonable length of time, can be standardized, and are subject to price volatility. Selection of a limited number of products that generate significant exchange volume will promote market liquidity and exchange viability.
- 2.26 Rigorous contract standardization has not been developed at any of the Exchanges. For certain products, such as corn, beans, rice and coffee, quality characteristics are provided in Exchange documents. These quality characteristics, however, are based on initial grading systems established in each of the individual countries. At BOLPRO, quality characteristics are given for twelve products, at BOLPROES for four products, at BAGSA for eight products, and in Dominican Republic a grading system exists for three products. The Exchanges primarily use the quality characteristics to describe the sale lots. Specific grades are not always assigned to the sale lots, so the buyer does not always have a clear idea of the actual product being offered for sale.
- 2.27 Currently, forward contracts are not traded at these Exchanges, with the exception of BOLPRO in Costa Rica which has traded a few products for delivery 30 days from the date of the transactions. In order to ensure actual fulfillment of the forward contract, the Exchanges must set minimum margin requirements or other form of guarantee of contract performance. The Exchanges have not yet set minimum margins. Margins must be a component of the contract and responsive to changes in price volatility of the product.

Component Objectives

- 2.28 The specific objective of this component is to develop two model contracts for trading at each of the four Exchanges to promote price transparency, market liquidity and Exchange viability.

Component Activities

- 2.29 To achieve these objectives, MIF resources will be used to hire one short-term consultant with a combination of expertise on agronomy and agricultural economics. This consultant will implement a grading system for the selected commodities and the design of model contracts.
- 2.30 The technical assistance will consist of the following:
- a. development and implementation of a grading system for the products to be exchange-traded;
 - b. selection of two products for designing model contracts;
 - c. designation of an exchange contract that reflects the most commonly used commercial unit and the value of the total

contract, given its weight. (The trading unit should be a value which attracts the largest number of buyers and sellers, but not be so small as to make transaction costs too high or be so large as to eliminate potential market participants);

- d. designation of a par grade or average grade, for each of the products with premiums and discounts established for superior and inferior grades and delivery points;
- e. determination of minimum margin requirements for each of the products given their respective price volatilities.

Component activities per exchange

- 2.31 The consultant will be recruited for two months for all the countries except Dominican Republic where only a month-and-a-half of work will be required.

D. Component IV: Storage and Delivery System

Frame of Reference

- 2.32 An efficient, economic and reliable delivery system assures the buyer that he will receive the product represented in the contract and the seller a timely means of payment. This is critical for any exchange-traded product and will create confidence for all potential participants in the market. The delivery system must entail a standardized grading system with an entity that can certify a product's grade, laboratory facilities which can analyze product sample, and storage facilities which can maintain product quality.
- 2.33 The beginnings of a storage and delivery system exist in Costa Rica and El Salvador. Nicaragua and Dominican Republic do not have a tradition of warehousing products and issuing grade certificates. In all four countries, existing warehouse capacity is adequate for the potential volume of products to be marketed through each of the Exchanges. The quality of the warehouses varies significantly and producers are unwilling to store products in some warehouses. In addition, producers often do not have trust in the warehousing system and fear for the safety of their stored goods. Currently, Exchanges have not designated a full range of approved delivery facilities.
- 2.34 Issuance of product certificates entails designation of entities approved for this activity with laboratory equipment capable of undertaking the appropriate analysis. In Costa Rica, BOLPRO has given this authority to the Consejo Nacional de la Produccion (CNP) for the grains. CNP was formerly responsible for marketing agricultural products and has significant warehouse capacity. CNP issues an inspection certification with detailed information on quality characteristics, but no specific grade is indicated. They

maintain their own laboratory facilities for undertaking analyses. No similar entity has responsibility for issuing coffee certificates.

- 2.35 In El Salvador, grains and coffee can be stored in government (Banco de Fomento Agropecuario or Instituto Regulador de Abastecimientos) warehouses or private (millers, roasters, wholesalers, or retailers) warehouses for delivery at BOLPROES. The Exchange has authorized three different entities to issue certificates. Although each entity uses the same quality standards, the certificates differ and grades are not always indicated. Each entity operates their own laboratory facilities. Warehouses for delivery of exchange-traded products and entities responsible for issuing grading certificates have not been designated in neither Nicaragua nor Dominican Republic. In Nicaragua, laboratory equipment for analyzing products is not yet available to BAGSA. In Dominican Republic, JAD does have a well-equipped laboratory for analyzing products.
- 2.36 Bonded warehouses do not exist in any of the four countries. This significantly reduces the producer's inclination to store products in an off-farm storage facility.

Component Objectives

- 2.37 The specific objective of this component will be to assist the Exchanges in developing a standardized system of warehouse inspection and certification with the potential to become the accepted norm in the marketing of all agricultural products. This will support the integrity of trading and the delivery system instituted by the Exchanges.

Component Activities

- 2.38 To achieve the project objectives, MIF resources will be used to hire a short-term commodity storage specialist and a local storage specialist with technical expertise in the area of storage facilities.
- 2.39 The technical assistance will consist of the following:
- a. designation of approved warehouse facilities for delivery of exchange-traded products where standards ensure maintenance of the quality of the stored product;
 - b. design of a standardized certificate for grading exchange-traded products;
 - c. designation of approved entities for issuing grading certificates;
 - d. authorization of a neutral body to oversee the entities issuing certificates;

- e. development of a system for bonding warehouses holding exchange-traded products (This will assure the seller that he will not incur a loss if his goods should be damaged resulting from mismanagement of the warehouse by its owner, or if the owner should liquidate any goods from the warehouse without the approval of the owner of the goods);
- f. equipping a laboratory in Nicaragua for grading BAGSA-traded products.

Component activities per exchange

- 2.40 The commodity storage specialist will be recruited for six weeks for all the countries. The local storage specialist will be hired for six weeks in Nicaragua and four weeks in the Dominican Republic. In Nicaragua, additional funds will be provided to equip a laboratory (for this additional funds a special counterpart will be required).

E. Component V: Dissemination of Price Information

Frame of Reference

- 2.41 Potential users of exchange-traded commodities must have timely price and volume information. This affords the public access to the quantities of products being marketed and current prices which will provide useful information to both users and non-users of the market. Smaller producers not using the Exchange should have access to price information to allow them to obtain better prices for their products marketed off the exchange. Potential exchange users will have an idea of the degree of market liquidity and current and deferred product prices. In addition, knowledge of commodity prices traded on other Exchanges, e.g., Costa Rica, Nicaragua, Honduras, Mexico, etc., as well as international cash and futures markets will make domestic market producers more knowledgeable sellers.
- 2.42 Presently there is little reporting of domestic, regional or international agricultural prices in local newspapers or on radio stations in Costa Rica, El Salvador or Nicaragua. Dominican Republic is the exception, with domestic cash prices and international futures prices being reported in two local newspapers, and local agricultural prices being reported on the radio. Costa Rica's national newspaper does report prices of products traded at BOLPRO. Price reporting and dissemination is basically non-existent with the exception of Dominican Republic.

Component Objectives

- 2.43 The specific objective of this component will be to assist the Exchanges in developing a price reporting and disseminating system

for products traded on the Exchanges so that both market users and non-users can make more informed marketing decisions.

Component Activities

- 2.44 To achieve these objectives, MIF resources will be used to hire one short-term consultant who will be an agricultural marketing specialist with training in exchange and market communications.
- 2.45 The technical assistance will consist of the following:
 - a. Development of a computerized system which records prices and volumes of the Exchange's transactions daily. This system might report the daily high, low and closing prices as well as the quantity of contracts traded on a product by product basis. At a minimum, there should be a capability to fax daily records of market activity to the media.
 - b. Establishment of a regional price reporting system amongst the Central American Exchanges which reports prices of commonly traded products.
 - c. Design of a price dissemination network to reach producers, transporters, warehouse owners, millers, processors, wholesalers, retailers, importers and exporters. Eventually prices disseminated should include domestic, regional and international prices.

Component Activities per exchange.

- 2.46 This consultancy will entail one month of work in Costa Rica, El Salvador and Nicaragua. Given the price surveillance system currently operated by JAD in Dominican Republic, the consultancy in this country will only entail two weeks.

F. Component VI: Exchange Promotion

Frame of Reference

- 2.47 The best designed Exchange-contract will not be successful if it is not aggressively marketed to potential users. The public must be made aware of the economic benefits to be derived from its use. Hence, it is important to launch a significant promotional effort to attract customers for the newly developed product. This will then increase the likelihood of adequate market liquidity and more competitive prices.
- 2.48 Participants will be attracted to exchange-traded contracts if they can see the advantages over their current marketing procedures. An extensive training program that reaches a wide array of potential clients is essential. The campaign should be

focused on three groups. Firstly, commercial participants on both the buying and selling sides should be introduced to the concepts and advantages of exchange-traded commodities. Secondly, broker/dealers and traders must be attracted to the market to ensure market liquidity. Thirdly, banks and other credit institutions should be introduced to the higher level of safety and perhaps guarantees provided by exchange-traded commodities so that credit is more readily available to the market participants.

- 2.49 Currently, no promotional materials are available for any of the Exchanges. Hence, training materials will have to be developed, workshops conducted, price and market information widely disseminated, Exchange publications explaining the markets prepared, and visits to potential market users made on a continual basis by Exchange staff.

Component Objectives

- 2.50 The specific objectives of this component are to establish a marketing program for each of the four Exchanges to educate potential market users and ultimately attract business to the Exchange.

Component Activities

- 2.51 To achieve these component objectives, MIF resources will be used to employ one local assistant coordinator in each of the four countries, to hire a short-term consultant who is a marketing specialist with expertise in the marketing of exchange-traded products, to prepare workshop materials, to conduct workshops, to develop and publish hard copies of marketing materials, and to disseminate Exchange trading information through newspapers, radios and a monthly Exchange newsletter.
- 2.52 The technical assistance will consist of the following:
- a. Identify and attract new market users by the Marketing Coordinator through on-going field visits to producers, market intermediaries, warehouse owners, processors, exporters, importers, wholesalers and retailers.
 - b. Develop and publish training materials which illustrate the advantages of marketing products through the Exchange, an introduction to the risk transfer mechanism provided by forwards, the procedures utilized in Exchange transactions, the guarantees offered by the Exchange, the sources available for obtaining market information, a list of broker/dealers available for market users, and general market information.
 - c. Conduct training workshops for commercial users of the market in two phases. The first phase should occur six months into the project, and the second phase should occur 12 months into the project. Each series will entail a 2-day seminar in five

different locations in each country for a total of 10 days of seminars per series, or 20 days total per country.

- d. Conduct five training workshops of a single day duration for broker/dealers.
- e. Conduct five training workshops of a single day duration for credit institutions.
- f. Disseminate and subsidize, if necessary, Exchange trading information through newspapers and radio stations. This should include expenses incurred in obtaining price information through international price sources.

G. Cost and financing

- 2.53 The total cost of the program would be US\$2,354,360 and would be 71% financed by the MIF through a grant and 29% financed with counterpart resources. The total counterparts funding would cover salaries and wages for counterpart personnel, hardware, software, laboratory equipment, and administrative expenses. The project budget is presented and the detailed budget for each exchange is presented as Annex II.

PROJECT BUDGET (US\$)

Component	Costa Rica	El Salvador	Nicarag.	Dominic. Republic	Total Costs		
					MIF	Local	Total
Leg. Reg. Framework	50,6	50,7	56,7	34,3	192,4	0	192,4
Procedures	46,3	90,4	56,0	46,1	238,9	31,0	269,9
Product Specification	33,4	33,5	37,1	27,3	131,3	0	131,3
Warehouse System	19,1	19,2	42,9	23,0	104,2	5,0	109,2
Price Information	25,0	25,0	26,9	17,9	94,8	40,0	134,8
Exchange Promotion	58,3	58,4	61,1	59,2	236,9	67,0	303,9
General Support	60,0	346,2	60,0	60,0	526,2	473,0	999,8
Contingencies	30,0	62,0	34,0	27,0	153,0	60,0	213,0
TOTAL	322,7	685,5	374,7	294,8	1,677,8	676,6	2,354,4

H. Management and Execution

- 2.54 The Exchanges (BOLPRO, BOLPROES, BAGSA or JAD) will each serve as the Executing Agency for the assistance to be provided, and to ensure synergy and coordination of program implementation in the four countries, program execution will be assured by an International Coordinator whose responsibilities are described in paragraph 2.54 below. Each one of the four Exchanges will allocate a senior staff member to serve as the principal counterpart (Project Coordinator). In addition MIF resources will finance the

recruitment of a full-time local consultant (Assistant Coordinator). The Project Coordinator will allocate at least 25% of his or her time to the project for the twenty-four month period of the MIF support program. This individual and the Assistant Coordinator funded by the MIF will serve the pivotal organizational role between the local Board, management, the MIF, the IDB Country Office and the public, overseeing all MIF project assistance to the Exchange. The Project Coordinator will also be supported on an as-needed basis by the Exchange's local legal counsel whose time will also be provided as part of the Exchange's counterpart contribution to the program.

- 2.55 The International Coordinator will be a senior international advisor with a demonstrated capacity to have set up a successful mercantile exchange, preferably in Latin America, and a capacity to oversee all six technical areas of the program. The central responsibilities of the position include the oversight of all technical assistance including the elaboration or review of all terms of reference and support to the Local Coordinator in the selection, timing and evaluation of the work of project consultants. The responsibilities of the position include undertaking all logistical arrangements to contract the local and international consultants foreseen in project. The International Coordinator will be based in El Salvador as this is the most favorable transportation hub to travel to the four countries. Moreover BOLPROES is anticipated to require a somewhat larger portion of the total time of the Coordinator. The time of the International Coordinator is expected to be divided roughly as follows: BOLPROES, 30%; BOLPRO, 25%; BAGSA, 25%; and JAD, 20%. For contractual purposes all of the project resources for the International Coordinator will be included in the Technical Cooperation for El Salvador with explicit language that the time of this senior advisor will be divided between all of the Exchanges as required to achieve optimal execution of all four Technical Cooperations. The International Coordinator will be hired as an individual through a competitive international bid process.
- 2.56 The selection process for the International Coordinator will entail the Bank's Country Office in El Salvador placing an advertisement in an international professional publication (e.g. The Economist) with project resources. The selection committee will be composed of the President or President's designated representative from each of the Exchanges and the project team leader. The Assistant Coordinator will be recruited locally for 18 months to support the local Project Coordinator on activities related to project execution and will be responsible for the promotion activities of component VI. promotion activities of component VI.

I. Disbursements

- 2.57 The technical cooperation funds will be utilized in accordance with Bank procedures. Prior to the first disbursement, the executing agencies will submit, to the Bank's satisfaction, evidence that:

(a) the International Consultant has been recruited; (b) the corresponding Project Coordinator has been nominated; (c) a detailed work plan and final schedule of project execution; and (d) all self-imposed restrictions be eliminated on the number of shareholders or brokers who will be allowed to participate in the Exchange.

J. Monitoring, follow-up and evaluation

- 2.58 In addition to the supervision by the respective Country Offices in Costa Rica, El Salvador, Nicaragua and the Dominican Republic, three six-month reviews will be conducted including the Coordinators and the participation of RE2/EN2 officials. The executing agencies must prepare and submit semiannual progress reports to the Bank. The reports must contain: a) summary of the activities executed during the concluded semester; b) grade of accomplishment of the objectives provided in the project; c) difficulties found during project execution and measures adopted to solve them; d) any proposals for changes or adjustments in the programs which the executing agencies feel should be submitted to the MIF, including changes in procurement schedules and items; and e) a recap of the activities schedules over the course of the upcoming six-month period. The executing agencies must also furnish the Bank with a copy of the final reports presented by consultants and of any and all relevant interim reports and other documents for an analysis of corresponding documentation.
- 2.59 The executing agencies must submit their final reports within six months of completion of the programs, recapping the various activities conducted, applications of MIF and local counterpart funds, the results, decisions taken as a result of the program and expected outcomes from these decisions. Furthermore, the Technical Cooperation Agreement will establish the obligation of the executing agencies to present program financial statements examined by independent auditors approved by the Bank in accordance with acceptable standards.

K. Feasibility and risks

- 2.60 The long-term financial viability of BOLPRO, BOLPROES, BAGSA and the incipient Dominican exchange is currently in jeopardy. The attached financial analysis (Annex 3: Cash Flow Analysis) clearly illustrates that they must increase their income through increased volume traded if they are to become self-sustaining. The program of assistance is designed precisely to address this fundamental financial vulnerability.
- 2.61 The Exchange Promotion component specifically targets capturing the market share required to sustain indefinitely the operational costs of each of these boards of trade. The break-even analysis shows that they can cover their costs entirely by 1997 (Costa Rica, Nicaragua, Dominican Republic) or 1998 (El Salvador) provided they succeed in trading a substantially increased volume of key

commodities. These projections have been based on a case-by-case analysis using conservative assumptions of the realistic prospects for trade in selected commodities. Nevertheless, failure to realize these gains would prevent any given exchange to continue functioning. Key factors which could contribute to such a failure include any self-imposed measures which tend to restrict participation or fiscal policies which significantly penalize traders moving their transactions from the informal sector to the Exchanges.

III. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

A. General project eligibility criteria

- 3.1 The technical cooperation projects, designed for the purpose of supporting the efforts towards the establishment and developing of commodity exchanges are fully compatible with the MIF's general objective, which seeks to strengthen investment and expansion of the private sector as a basis for accelerating economic growth and the social development of the country.

B. Technical Cooperation Facility project eligibility criteria

- 3.2 The proposals are compatible with Technical Cooperation Facility criteria for the provision of grant funds under Article 3, Section 2(e), of the Agreement establishing the Multilateral Investment Fund, which provides that stock exchanges or others may receive nonreimbursable funding to finance advisory services needed to strengthen the financial sector, such as advise on the creation and development of capital or commodity markets.

IV. COMPATIBILITY WITH THE BANK'S COUNTRY/REGIONAL PROGRAM

- 4.1 The Bank has clearly enunciated its support for interventions which increase efficiency within the agricultural marketing systems of the region, and particularly those which favor enhanced compatibility of grades and standards within the region as basis for increased regional economic integration. The September 1995 Regional Programming Paper for Central America highlights the MIF initiatives to support agricultural commodity exchanges as consistent with this strategy and specifically notes that it includes the Dominican Republic within this group.^{1/}

^{1/} See paragraph 2.45 of the Regional programming paper for Central America, GN-1893, dated September 11, 1995.

V. AVAILABILITY OF MIF RESOURCES

A. Financing mechanisms

- 5.1 The projects would be financed with grant funds in light of the following considerations: (a) the Donors Committee declared Costa Rica, El Salvador, Nicaragua and the Dominican Republic eligible for all forms of MIF financing on December 3, 1993, December 3, 1993, June 7, 1994, and September 12, 1994, respectively; (b) sections III of the countries' eligibility memorandums contain full particulars with respect to the countries' compliance with eligibility criteria for securing a country grant; and (c) the proposed projects should have a major catalytic effect on the stream of investments, as required by the provisions of Article 3, Section 5 (a), of the Agreement establishing the Multilateral Investment Fund, in that their objective is to provide more efficient agricultural marketing channels for commodities.

VI. EX-POST EVALUATION

- 6.1 The results of this technical cooperation will be evaluated by an independent consultant on the extent to which the objectives have been achieved. Given the similarities between the four Exchanges seeking MIF support in the region (BOLPRO, BOLPROES, BAGSA and JAD), the evaluation will ideally be conducted as part of a regional exercise thus serving the secondary purpose at considering the prospects for future harmonization between the Exchanges. An estimated \$50,000 will be required for the evaluation of all four Exchanges at the end of project execution.

PROJECT SUMMARY

MIF - TECHNICAL COOPERATION FACILITY COSTA RICA, DOMINICAN REPUBLIC, EL SALVADOR AND NICARAGUA COMMODITY MARKET EXCHANGE SUPPORT PROJECTS		
General objective: To provide more efficient agricultural marketing channels for basic commodities.		
Specific objectives: To support the institutional strengthening of the Commodity Exchanges of Costa Rica, Dominican Republic, El Salvador and Nicaragua.		
Components	Activities to be executed	Expected Achievements
Strengthen Legal and Regulatory Framework	Provide technical assistance to: establish legal basis of a cash commodity exchange; establish legal basis for margins, irrevocable letters of credit, and other elements of contract enforcement; strengthen oversight agencies (Comision Nacional de Valores) in terms of its responsibility with respect to commodity exchanges.	Legal foundation for commodity exchange and contract enforcement ready in 18 months.
Exchange Procedures and Internal Organization	Training and technical assistance for the: review and revision of internal legal and procedural requirements of Exchanges established as self-regulated organizations (SROs).	Legal basis of SROs established in 18 months.
Product Specifications	Technical assistance to: assist in the establishment of grading standards, measures and delivery points for exchange-traded cash commodities.	Grading standards. measures and delivery points established in 18 months.

ANNEX I

Storage and Delivery System	Technical assistance to enhance the system of warehouse receipts (<u>bonos de prenda</u>) and warehouse approval and inspection services.	Secure system of traded receipts and warehouses established in 18 months.
Dissemination of Exchange Price Information	Technical assistance to: develop a communications system for dissemination of exchange market information and disseminate through radio, television and newspaper networks.	Communications system developed and information being disseminated in 18 months.
Exchange Promotion	Technical assistance to: develop a promotional strategy aimed at increasing the utilization of producers, buyer groups and brokers and ultimately increasing total volume beyond that required to reach break-even.	Promotional program designed and campaign executed resulting in use significant increase in volume transacted in 18 months.

ANNEX II

COMMODITY MARKET EXCHANGE PROJECTS

COMMODITY MARKET EXCHANGE PROJECTS (US\$)

DESCRIPTION	Costa Rica		El Salvador		Nicaragua		Dominican Republic		TOTAL	
	SUBPROGRAMS	MIF	Interp.	MIF	Interp.	MIF	Interp.	FOMIN	LOCAL	
Legal and Regulatory Framework	50.600	0	50.780	0	56.720	0	34.280	0	192.380	0
Buyer or exchange specialist	18.000	0	18.000	0	18.000	0	12.000	0	66.000	0
Fiscal expert	18.000	0	18.000	0	18.000	0	12.000	0	66.000	0
Per diem expenses	12.600	0	12.780	0	18.720	0	8.280	0	52.380	0
Travel	2.000	0	2.000	0	2.000	0	2.000	0	8.000	0
Exchange Regulations and Procedures	46.300	0	90.390	31.000	56.060	0	46.140	0	238.890	31.000
Buyer or exchange specialist	18.000	0	18.000	0	12.000	0	12.000	0	60.000	0
Software specialist (local)	0	0	24.000	0	16.000		8.000	0	48.000	0
Per diem expenses	6.300	0	6.390	0	6.060	0	4.140	0	22.890	0
Travel	2.000	0	2.000	0	2.000	0	2.000	0	8.000	0
Hardware and Software	20.000	0	40.000	31.000	20.000	0	20.000	0	100.000	31.000
Product Specifications	33.400	0	33.520	0	37.120	0	27.280	0	131.320	0
Contract specification expert	24.000	0	24.000	0	24.000	0	18.000	0	90.000	0
Per diem expenses	8.400	0	8.520	0	12.120	0	8.280	0	37.320	0
Per tickets	1.000	0	1.000	0	1.000	0	1.000	0	4.000	0
Warehouse and Inspection System	19.100	0	19.190	0	42.890	5.000	23.010	0	104.190	5.000
Commodity storage specialist	12.000	0	12.000	0	12.000	0	12.000	0	48.000	0
Per diem expenses	6.300	0	6.390	0	9.090	0	6.210	0	27.990	0

COMMODITY MARKET EXCHANGE PROJECTS (US\$)										
DESCRIPTION	Costa Rica		El Salvador		Nicaragua		Dominican Republic		TOTAL	
SUBPROGRAMS	MIF	Cnterp.	MIF	Cnterp.	MIF	Cnterp.	MIF	Cnterp.	FOMIN	LOCAL
Air ticket	800	0	800	0	800	0	800	0	3.200	0
Local storage specialist	0	0	0	0	6.000	0	4.000	0	10.000	0
Laboratory equipment	0	0	0	0	15.000	5.000	0	0	15.000	5.000
Dissemination of Exchange Price Information	25.000	10.000	25.060	10.000	26.860	10.000	17.870	10.000	94.790	40.000
Price reporting system specialist	10.000	0	10.000	0	10.000	0	5.000	0	35.000	0
Per diem	4.200	0	4.260	0	6.060	0	2.070	0	16.590	0
Air ticket	800	0	800	0	800	0	800	0	3.200	0
Dissemination of Exchange trading information	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	40.000	40.000
Exchange Promotion	58.300	17.000	58.390	17.000	61.090	17.000	59.210	16.000	236.990	67.000
Marketing consultant	16.000	0	16.000	0	16.000	0	16.000	0	64.000	0
Per diem	6.300	0	6.390	0	9.090	0	6.210	0	27.990	0
Air tickets	1.000	0	1.000	0	1.000	0	1.000	0	4.000	0
Transport and Communication	12.000	0	12.000	0	12.000	0	12.000	0	48.000	0
Publication of marketing materials/workshop equipment	15.000	10.000	15.000	10.000	15.000	10.000	15.000	10.000	60.000	40.000
Travel expenses and conference room rental	5.000	5.000	5.000	5.000	5.000	5.000	6.000	4.000	21.000	19.000
Broker/dealer workshops	1.500	1.000	1.500	1.000	1.500	1.000	1.500	1.000	6.000	4.000
Credit institutions workshop	1.500	1.000	1.500	1.000	1.500	1.000	1.500	1.000	6.000	4.000
General support	60.000	118.500	346.200	117.600	60.000	118.500	60.000	119.000	526.200	473.600
International coordinator (4 countries)	0	0	178.200	0	0	0	0	0	178.200	0
Recruitment publication & processing	0	0	7.000	0	0	0	0	0	7.000	0

COMMODITY MARKET EXCHANGE PROJECTS (US\$)										
DESCRIPTION	Costa Rica		El Salvador		Nicaragua		Dominican Republic		TOTAL	
SUBPROGRAMS	MIF	Cnterp.	MIF	Cnterp.	MIF	Cnterp.	MIF	Cnterp.	FOMIN	LOCAL
Reallocation expenditures			15.000							
Per diem			36.000							
Project coordinator	0	72.000	0	72.000	0	72.000	0	72.000	0	288.000
Assistant coordinator	60.000	0	60.000	0	60.000	0	60.000	0	240.000	0
Legal support	0	10.000	0	10.000	0	10.000	0	10.000	0	40.000
Accounting and Administrative support	0	20.000	0	20.000	0	20.000	0	20.000	0	80.000
Evaluation & Monitoring (4 countries)	0	1.500	50.000	600	0	1.500	0	2.000	50.000	5.600
Office rentals	0	15.000		15.000	0	15.000	0	15.000	0	60.000
SUBTOTAL	292.700	145.500	623.530	175.600	340.740	150.500	267.790	145.000	1.524.760	616.600
Contingencies	30.000	15.000	62.000	15.000	34.000	15.000	27.000	15.000	153.000	60.000
TOTAL	322.700	160.500	685.530	190.600	374.740	165.500	294.790	160.000	1.677.760	676.600
Porcentaje participación	67	33	78	22	69	31	65	35	71	29

ose expenses which are to be shared by all 4 countries have been placed in the El Salvador budget to
 mplify the contracting of those items.)

COMMODITY MARKET EXCHANGE SUPPORT PROGRAM

COSTA RICA - (TC-95-06-083)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Bolsa de Productos Agropecuarios, S.A.

MIF FACILITY: Technical Cooperation - Facility I

OBJECTIVES: The Commodity Exchange support program seeks to assure the long-term financial viability of the incipient Exchange in Costa Rica. This is to be achieved through targeted assistance to the legal and operational structure of the Exchange, to the underlying technical specifications of the commodities to be traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

DESCRIPTION: The program has six components as follows: Component I - Legal and Regulatory Framework, to include a) preparation of an action plan addressing outstanding legal and fiscal issues; b) development of proposed legal documentation; c) revision of internal regulations and procedures to promote long-term growth and sustainability. Component II - Procedures and Internal Organization, to support the Exchange to revise, redefine and rewrite their internal regulations and procedures. Component III - Product Specifications, to develop two model contracts for trading at the Exchange to promote price transparency, market liquidity and Exchange viability. Component IV - Storage and Delivery System, to assist the Exchange in developing a standardized system of warehouse inspection and certification. Component V - Dissemination of Price Information, to assist the Exchange in developing a price reporting and disseminating system for products traded. Component VI - Exchange Promotion, to establish a promotion program for the Exchange to educate potential market users and to attract business to the Exchange.

FINANCING:	MIF (grant financing):	US\$ 322,700
	Recipient:	US\$ 160,500
	Total:	US\$ 483,200

IMPLEMENTATION	Execution period:	18 months
SCHEDULE:	Time limit for disbursement:	24 months

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Committee, at its meeting of October 24, 1995, classified this as a Category II operation

COMMODITY MARKET EXCHANGE SUPPORT PROGRAM

EL SALVADOR - (TC-94-04-435)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Bolsa de Productos Agropecuarios de El Salvador .

MIF FACILITY: Technical Cooperation - Facility I

OBJECTIVES: The Commodity Exchange support program seeks to assure the long-term financial viability of the incipient Exchange in El Salvador. This is to be achieved through targeted assistance to the legal and operational structure of the Exchange, to the underlying technical specifications of the commodities to be traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

DESCRIPTION: The program has six components as follows: Component I - Legal and Regulatory Framework, to include a) preparation of an action plan addressing outstanding legal and fiscal issues; b) development of proposed legal documentation; c) revision of internal regulations and procedures to promote long-term growth and sustainability. Component II - Procedures and Internal Organization, to support the Exchange to revise, redefine and rewrite their internal regulations and procedures. Component III - Product Specifications, to develop two model contracts for trading at the Exchange to promote price transparency, market liquidity and Exchange viability. Component IV - Storage and Delivery System, to assist the Exchange in developing a standardized system of warehouse inspection and certification. Component V - Dissemination of Price Information, to assist the Exchange in developing a price reporting and disseminating system for products traded. Component VI - Exchange Promotion, to establish a promotion program for the Exchange to educate potential market users and to attract business to the Exchange.

FINANCING:	MIF (grant financing):	US\$ 685,530
	Recipient:	US\$ 190,600
	Total:	US\$ 876,130

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IMPLEMENTATION	Execution period:	18 months
SCHEDULE:	Time limit for disbursement:	24 months
ENVIRONMENTAL CLASSIFICATION:	The Environmental Committee, at its meeting of October 24, 1995, classified this as a Category II operation	

COMMODITY MARKET EXCHANGE SUPPORT PROGRAM

NICARAGUA - (TC-94-07-166)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Bolsa de Productos Agropecuarios de Nicaragua.

MIF FACILITY: Technical Cooperation - Facility I

OBJECTIVES: The Commodity Exchange support program seeks to assure the long-term financial viability of the incipient Exchange in Nicaragua. This is to be achieved through targeted assistance to the legal and operational structure of the Exchange, to the underlying technical specifications of the commodities to be traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

DESCRIPTION: The program has six components as follows: Component I - Legal and Regulatory Framework, to include a) preparation of an action plan addressing outstanding legal and fiscal issues; b) development of proposed legal documentation; c) revision of internal regulations and procedures to promote long-term growth and sustainability. Component II - Procedures and Internal Organization, to support the Exchange to revise, redefine and rewrite their internal regulations and procedures. Component III - Product Specifications, to develop two model contracts for trading at the Exchange to promote price transparency, market liquidity and Exchange viability. Component IV - Storage and Delivery System, to assist the Exchange in developing a standardized system of warehouse inspection and certification. Component V - Dissemination of Price Information, to assist the Exchange in developing a price reporting and disseminating system for products traded. Component VI - Exchange Promotion, to establish a promotion program for the Exchange to educate potential market users and to attract business to the Exchange.

FINANCING:	MIF (grant financing):	US\$ 374,740
	Recipient:	US\$ 165,500
	Total:	US\$ 540,240

IMPLEMENTATION	Execution period:	18 months
SCHEDULE:	Time limit for disbursement:	24 months

ENVIRONMENTAL CLASSIFICATION: The Environmental Committee, at its meeting of

October 24, 1995, classified this as a Category II
operation

COMMODITY MARKET EXCHANGE SUPPORT PROGRAM

DOMINICAN REPUBLIC - (TC-95-06-116)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Junta Agroempresarial Dominicana

MIF FACILITY: Technical Cooperation - Facility I

OBJECTIVES: The Commodity Exchange support program seeks to assure the long-term financial viability of the incipient Exchange in the Dominican Republic. This is to be achieved through targeted assistance to the legal and operational structure of the Exchange, to the underlying technical specifications of the commodities to be traded and to the marketing effort required to capture significantly increased volume of selected products to be traded.

DESCRIPTION: The program has six components as follows: Component I - Legal and Regulatory Framework, to include a) preparation of an action plan addressing outstanding legal and fiscal issues; b) development of proposed legal documentation; c) revision of internal regulations and procedures to promote long-term growth and sustainability. Component II - Procedures and Internal Organization, to support the Exchange to revise, redefine and rewrite their internal regulations and procedures. Component III - Product Specifications, to develop two model contracts for trading at the Exchange to promote price transparency, market liquidity and Exchange viability. Component IV - Storage and Delivery System, to assist the Exchange in developing a standardized system of warehouse inspection and certification. Component V - Dissemination of Price Information, to assist the Exchange in developing a price reporting and disseminating system for products traded. Component VI - Exchange Promotion, to establish a promotion program for the Exchange to educate potential market users and to attract business to the Exchange.

FINANCING:	MIF (grant financing):	US\$ 294,790
	Recipient:	US\$ 160,000
	Total:	US\$ 454,790

IMPLEMENTATION	Execution period:	18 months
SCHEDULE:	Time limit for disbursement:	24 months

ENVIRONMENTAL The Environmental Committee, at its meeting of

Executive Summary

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CLASSIFICATION: October 24, 1995, classified this as a Category II operation

PROPOSED RESOLUTION

EL SALVADOR. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE AGRICULTURAL COMMODITY EXCHANGE SUPPORT PROJECT

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Bolsa de Productos Agropecuarios de El Salvador, S.A. (BOLPROES), of the República de El Salvador, and to adopt such other measures as may be pertinent for the execution of the Project Memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation for the Agricultural Commodity Exchange Support Project.

2. That up to the sum of US\$685,530, or the its equivalent in other currencies, is authorized for the purposes of this resolution, chargeable to the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

PROPOSED RESOLUTION

COSTA RICA. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE AGRICULTURAL COMMODITY EXCHANGE SUPPORT PROJECT

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Bolsa de Productos Agropecuarios, S.A. (BOLPRO), of the República de Costa Rica, and to adopt such other measures as may be pertinent for the execution of the Project Memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation for the Agricultural Commodity Exchange Support Project.

2. That up to the sum of US\$322,700, or its equivalent in other currencies, is authorized for the purposes of this resolution, chargeable to the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

PROPOSED RESOLUTION

REPUBLICA DOMINICANA. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE AGRICULTURAL COMMODITY EXCHANGE SUPPORT PROJECT

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Junta Agroempresarial Dominicana, Inc. (JAD) of the República Dominicana, and to adopt such other measures as may be pertinent for the execution of the Project Memorandum referred to in Document MIF/AT-_____ with respect to technical cooperation for the Agricultural Commodity Exchange Support Project.

2. That up to the sum of US\$294,790, or its equivalent in other currencies, is authorized for the purposes of this resolution, chargeable to the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

PROPOSED RESOLUTION

NICARAGUA.NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE AGRICULTURAL COMMODITY EXCHANGE SUPPORT PROJECT

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Bolsa de Productos Agropecuarios de Nicaragua S.A. (BAGSA), of the República de Nicaragua, and to adopt such other measures as may be pertinent for the execution of the Project Memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation for the Agricultural Commodity Exchange Support Project.

2. That up to the sum of US\$374,740, or its equivalent in other currencies, is authorized for the purposes of this resolution, chargeable to the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.