

PROGRAM FOR DECENTRALIZATION OF THE NATIONAL PUBLIC INVESTMENT SYSTEM AND
PREINVESTMENT FINANCING (SNIPPRE)

(BO-0107)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Bolivia

EXECUTING AGENCY: The Public Investment and External Financing Administration [Subsecretaría de Inversión Pública y Financiamiento Externo] (SIPFE), a branch of the Ministry of Finance.

AMOUNT AND SOURCE: IDB: US\$7.0 million (FSO)
Local counterpart funding: US\$2.2 million
Total: US\$9.2 million

FINANCIAL TERMS AND CONDITIONS: Amortization period: 40 years
Grace period: 10 years
Disbursement period: 4 years
Interest rate: 1% during the grace period and 2% thereafter
Inspection and supervision: 1%
Credit fee: 0.5%

OBJECTIVES: The goal of the program is to rationalize public investment and improve preinvestment management as part of the Bolivian government's administrative and financial decentralization. The purpose of the operation is to introduce the national public investment system [Sistema Nacional de Inversión Pública] (SNIP) into departmental and municipal governments and to finance preinvestment studies conducted at those levels and by the national secretariats.

DESCRIPTION: To achieve these objectives, the program has two components: (i) introduction of the SNIP into the nine departments into which the country is divided and around 11 of its principal municipal governments, including all departmental capitals; and (ii) financing of preinvestment and consulting services for studies at the eligible institutions that either already have the SNIP instruments or are introducing them at the present time.

ENVIRONMENTAL CLASSIFICATION: The Environment Committee, at its meeting of July 2, 1996, classified this as a Category II operation. Acting on this Committee's recommendations, steps

were taken to ensure that the SNIP's environmental guidelines are taken into account when the system is introduced into the departments and municipalities. The project team also confirmed that the environmental guidelines were applied in the studies done under the multisector preinvestment program.

BENEFITS:

One of the premises of the reform process that the Bank is supporting in Bolivia is decentralization of the Executive Branch, as this will do much to consolidate democracy. In this context, systems to rationalize investments are critical if the decentralized entities are to deliver their services more efficiently and to a larger clientele.

The program is justified because its objectives, if accomplished, will yield a very high economic return. A process will be set in motion whose purpose is to rationalize 70% of public investment. At the present time, most agencies now executing those investments lack sufficient adequately trained human resources and proper programming systems.

RISKS:

Institutional risk. While the program is in progress, institutional changes might take place of the kind that have been detrimental to similar projects in the past. In the operation proposed here, this risk is minimized because the SNIP's new legal framework and the additional activities planned will keep the functions intact, regardless of what the lead agency is, although its present position within the organizational structure allows it to exercise a greater degree of control.

The risk that the SNIP guidelines will not be applied, which was one of the SIPFE's main problems in the past, will be reduced with this program because measures are being taken to tailor the SNIP guidelines to the institutions that must apply them.

There is a political risk involved in leaving the question of how much assistance the smaller municipal governments will receive to the discretion of the departmental governments. It will be avoided by requiring ratification of the departmental action programs [programas de acción de prefecturas] (PAPs) and subsidiary agreements, which will also ensure that these instruments remain intact, irrespective of changes in government at the departmental level.

**THE BANK'S
COUNTRY STRATEGY:**

The proposed operation is consistent with the Bank's country strategy and builds upon other Bank programs to support decentralization. Specifically, this operation will finance activities identified as priorities for consolidating decentralization of the State as part of the structural reform process.

The program's strategy is to clear up the problems that the SNIP has been having because of: (i) relatively complex guidelines; and (ii) institutionally weak agencies executing the investments at the decentralized level. Incentives are proposed to encourage projects that are a part of comprehensive solutions to improve the quality of the investment and institute ways to fit national plans together with the decentralized entities that make investment decisions.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

The conditions precedent to the first disbursement will be: (i) a Ministry of Finance resolution approving the program's Operating Regulations (paragraph 3.7); and (ii) the executing agency's selection of four consultants to provide assistance for the program's first 36 months and appointment of suitable technical personnel for program coordination and general supervision (paragraph 3.6).

As a condition precedent to the disbursement of the financing for the preinvestment component, the executing agency and at least one beneficiary entity will be required to sign a subsidiary participation agreement for preinvestment studies, which will have the competent authority's ratification or approval (paragraph 3.17).

PROCUREMENT:

Goods and services will be procured in accordance with Bank policies, standards and procedures.

International competitive bidding will be required for all purchases of goods valued above US\$250,000 and for all consulting and other service contracts valued above US\$200,000.

**PROGRAM
CLASSIFICATION:**

The program involves modernization of the State and cannot be classified as a poverty-targeted investment as defined in the document of the Eighth Replenishment (AB-1704).

**EXCEPTIONS TO
BANK POLICY:**

No exceptions to Bank policy are anticipated.

I. BACKGROUND

A. Frame of reference

1. The reform process

- 1.1 In the last 10 years, Bolivia has worked toward establishing the basic conditions necessary for faster economic growth. The structural reforms program instituted back in 1985 succeeded in restoring macroeconomic stability and induced moderate economic growth. The amendments to the Constitution and the new laws approved in 1994 set in motion a "second generation of reforms" that are structural in nature. With them, the government plans to modernize and improve the efficiency of the State bureaucracy and transfer responsibility for public services to local governments.
- 1.2 Under the Civic Participation Act [Ley de Participación Popular] (LPP) of April 1994, and the Administrative Decentralization Act [Ley de Descentralización Administrativa] (LDA) of July 1995, functions are decentralized to the municipal and departmental governments and mechanisms established for coordination between them. Implementation of these laws has set in motion a complex process of administrative change; with revenue sharing, substantial amounts of public funds are being remitted to departmental and municipal agencies, as the Government of Bolivia has endowed them with the authority and responsibility for designing and carrying out economic and social development plans within their respective jurisdictions and for preparing and prioritizing the corresponding public investment projects. The sole requirement, which is that these projects be done in accordance with the guidelines of the National Public Investment System [Sistema Nacional de Inversión
- The LPP divides the country into 311 municipalities and extends their areas of responsibility to maintaining and expanding infrastructure in the sectors of health, education, sports, culture and support for agricultural production. The LDA widens the authority of the departmental governments to regional planning and execution of investments in highway construction and maintenance, rural electrification, irrigation infrastructure and production support, technical-scientific research and extension, the environment, tourism development, social welfare, municipal strengthening and others related to local government, promoting civic participation and channeling the needs of the indigenous, small farmers' and neighborhood organizations and municipal governments. Under the LDA, the departmental governments manage human resources in the health and education sectors and manage social welfare, sports, culture, tourism, agriculture and highway agencies that are not under municipal jurisdiction.

Pública] (SNIP), 1/ has run into some stumbling blocks, as will be explained, that have to be removed to make it workable.

- 1.3 Irreversible measures were introduced with the decentralization process, followed by others to adapt the human resources, structures, systems and procedures to the new situation created by the reform. This process has pointed up the institutional weakness of the departmental governments and most of the municipal governments, which are ill-equipped to take on the responsibilities that the central government has delegated to them. This, combined with the complexity of the system, has made it difficult for the decentralized institutions to comply with the legal mandate to apply the SNIP when preparing their investment plans, with the result that a significant portion of public investment at that level is made without the rationality and consistency needed to ensure an efficient selection and prioritization of projects and programs.

2. Characteristics and application of the SNIP

PUBLIC INVESTMENT STRATEGY

- 1.4 The SNIP, which was first developed and introduced back in 1987 with Bank assistance, is a combination of regulations, instruments and procedures that all public agencies must use when preparing, evaluating, prioritizing, financing and carrying out the investment options that, under the national development plans, are the best alternatives from the economic and social standpoints. 2/ The system's policy-making body is the Ministry of Finance, through its Public Investment and External Financing Administration [Subsecretaría de Inversión

The Bolivian government's investment strategy basically relies on the private sector for productive and commercial activities, including housing and tourism. Public investment, which will average US\$550 million in 1995-97, focuses on the social sectors and infrastructure, with the result that their share of total public investment rose from 60% in 1993 to 85% by 1997, keeping pace with the decentralization of public investment.

By 1997, the transportation sector (mainly the export corridors) is expected to account for 35% of the public investment program and the social sectors, 50%. Of that 50%, 20% will go to education and health care and 30% to sanitation and urban infrastructure.

Another objective of the strategy is to make public investment more efficient through better selection, evaluation and execution of projects and by making them part of the budget programming process. To ensure that the projects are carried out on time, the government will program sufficient counterpart funding for the investment and the attendant associated expenditures.

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- 1/ Bolivia's national public investment system was instituted under Law 1,178, the Law on Fiscal Administration and Control Systems [Ley de Sistemas de Administración Fiscal y Control] (SAFCO), enacted in June 1990. There is also a specific legal framework that requires all State agencies to comply with the provisions of the SNIP.
- 2/ A detailed description of the SNIP can be found in the program's technical files.

Pública y Financiamiento Externo] (SIPFE), which promotes the development and implementation of the regulations and instruments.

- 1.5 Prior to the decentralization process, the nine regional development corporations in charge of planning economic development and the public investment program for their respective departments, and the central government ministries were all part of the SNIP. But now that the development corporations have been dismantled and that the LDA - giving departmental governments jurisdiction over major sectors - and the LPP - financially strengthening the municipal governments - have been enacted, the SNIP instruments have had to be introduced at the departmental and local agency level. 3/

3. The challenges posed by decentralized public investment

- 1.6 From the standpoint of the public investment process, the current decentralization model necessitates a restructuring of the investment program that now includes the investment initiatives of the 311 municipalities, nine departmental governments and the national secretariats in the economic and social area. Decentralized

TABLE I-1
PUBLIC INVESTMENT, BY AMOUNT AND NUMBER OF
PROJECTS
(US\$ millions)

Institutional level	1993		1996	
	No.	US\$	No.	US\$
Central	290	355	1,244	172
Departmental	430	109	571	181
Municipal	1,689	17	15,120	205
T O T A L	2,400	481	16,935	558

Source: Investment Information System, SIPFE

public investment has become increasingly important under the reform process instituted in 1994. By 1996, it accounted for 65% of the programming and will account for 70% by 1997. The national government will be responsible for only 30% of total investment, the inverse of what it was before the decentralization process was introduced. Table I-1 compares the number of projects and volume of investment resources at each level before and after the reform.

- 1.7 The massive transfer of investment resources to the decentralized administrations, combined with the increased activity of the social investment funds, has brought about unusual growth in the number of projects, as the above table shows. The average investment per

3/ Under the State reforms of June 18 of this year, the basic regulations of the National Public Investment System (SNIP) were approved through RS 216,768, which stipulates that all public sector agencies shall follow SNIP procedures.

project dropped from US\$200,000 in 1993 to US\$33,000 in 1996. ^{4/} The increasing number of smaller investment projects has underscored the need to build up the following areas of departmental and municipal government: (i) proficiency in the regulations, instruments and methods best suited to identifying, selecting, prioritizing, evaluating and carrying out investment projects and ensuring efficient allocation of resources; and (ii) management of preinvestment to make it socioeconomically efficient and ensure that the investments carried out produce adequate returns and are sufficiently viable.

- 1.8 From the standpoint of the SNIP, because investments will be handled differently now, the system will have to adopt a regulatory framework and instruments suited to the characteristics of the decentralized level to ensure that public investment is informed by principles of: (i) socioeconomic efficiency; (ii) compatibility of investment projects with national, regional or local development plans; (iii) accountability for results; (iv) rational decision-making; (v) mutual complementarity among the various levels of government; (vi) operational sustainability of the investment projects; and (vii) regulatory centralization and functional decentralization.
- 1.9 To streamline the public investment process and make it more efficient, the Bolivian government has requested financing from the Bank to carry out preinvestment strengthening activities at the departmental and municipal levels and to decentralize the SNIP under a program for decentralization of the SNIP and preinvestment financing (SNIPPRE).

B. The Bank's participation and experience

1. The Bank's participation

- 1.10 The proposed operation is consistent with the Bank's strategy for Bolivia. Specifically, it would finance activities singled out as priorities for promoting modernization of the State, as part of the structural reform process.

THE BANK'S STRATEGY

The Bank's strategy in Bolivia is to help the government eliminate the obstacles to the country's economic and social development through projects and programs aimed at: promoting sustained development while supporting structural reforms, stimulating investment and increased productivity; supporting State reform and decentralization; and improving social conditions and preserving and restoring the environment.

- 1.11 The Bank's participation in the program will contribute

^{4/} In the case of local governments, this trend was partly a function of municipal officials' brief stay in office, which was corrected when the Constitution was amended in 1993 to stipulate that as of 1995 municipal terms would be five years rather than two.

to adapting the public investment system to conform to the government's administrative and financial decentralization and establishing mechanisms to articulate national investment plans with the decentralized agencies. The national authorities have made the proposed operation a top priority because of the impact it is expected to have on rationalizing 70% of public investments, which is why it has been assigned priority use of the scant concessional resources available.

2. The Bank's experience

a. Bank action in support of decentralization

- 1.12 The Bank is supporting the national government's efforts to implement State administrative and financial decentralization through other activities as well. The following operations bear mentioning: (i) technical cooperation for provincial boundaries mapping (ATN/CI-4982-BO), whose objective is to map the municipalities so as to determine their population and thus assign the tax-sharing revenues required under the Civic Participation Act; (ii) the Social Investment Fund (FIS) program (950/SF-BO), whose activities include strengthening municipalities in the operation and maintenance of investments; (iii) the national governance program (976/SF-BO), which creates the basic technical departments needed to operate a departmental government's administrative structure, and provides support to the Civic Participation Secretariat in its efforts to train the municipalities and local grassroots organizations [organizaciones territoriales de base]; and (iv) the technical cooperation loan for a social management support program (982/SF-BO), which will set up a permanent system to provide training in the administration of social services at departmental and local government levels.

b. Projects related to the SNIP and preinvestment

- 1.13 To date, there are two Bank-supported operations in progress that have to do with the SNIP and preinvestment: the program to support the National Public Investment System (880/SF-BO), and the multisector preinvestment program (888/SF-BO), both approved in 1992. There is also a line of credit from the Project Preparation Facility (PPF 007/BO).

(i) Program to support the national public investment system (880/SF-BO)

- 1.14 The objective of this program is to help consolidate and decentralize the SNIP at the central government level. The total amount of financing is US\$2.5 million for a US\$2.7-million program to be carried out over a four-year period. The program was approved on July 29, 1992, the agreement was signed on October 26, 1992, and the loan was declared eligible for disbursement on

March 23, 1993. As of now, 74% of the financing has been disbursed and 100% committed.

- 1.15 As of August 1996, the following had been accomplished: decentralized entities in existence prior to the reform (secretariats, regional development corporations, and State-owned enterprises) were better prepared technically to identify, put together, evaluate, carry out and monitor public investment programs; the investment information system [sistema de información sobre inversiones] (SISIN) was introduced into all central and regional public institutions; the system's legal and procedural framework governing its decentralized operations was established; 280 civil servants were trained in the decentralized operation and application of the SISIN and of the project management system [sistema de gerencia de proyectos] (SGP), and the basic investment code was approved.
- NATIONAL PUBLIC INVESTMENT SYSTEM PROGRAM (880/SF-BO). Completion of the following activities was planned by the time the program ends in late 1996: (i) approval and enactment of the basic SNIP guidelines; (ii) completion, approval and publication of the regulations governing the system's operation, management of external financing, cofinancing and preinvestment procedures; (iii) development of the strategy for introducing the SNIP; (iv) introduction of the SNIP's guidelines, instruments and procedures, through technical assistance in: (a) the application of methods and manuals for project preparation and evaluation; (b) management of financing; and (c) project management.
- 1.16 However, changes in the legal and institutional framework have diminished the importance of fulfilling the program's objectives, as the number of decentralized entities that will have to be introduced to the system has increased. The foregoing notwithstanding, by strengthening the technical capacity of the former regional development corporations, whose institutional memory and part of whose staff the departmental governments have inherited, the program has laid the foundation for the LDA's application, while endowing the departmental institutions with some technical capacity in the area of preinvestment and investment, which will make it easier for departmental governments to apply the SNIP and will help spread the system to the smaller municipalities.
- 1.17 The evaluation of the interinstitutional arrangement planned for the program, which includes not just the project's executing agency but the specialized UNDP/PAHO agency in charge of technical and administrative guidance as well, points out that in practice these functions were combined and carried out by the Office of the Director of Public Investment (DIP). The DIP has shown that it has the technical capacity to carry out the project, having acquired the experience needed to coordinate the proposed operation directly.

(ii) Multisector preinvestment program (888/SF-BO)

- 1.18 The purpose of this program is to finance general and specific pre-investment studies. The Bank's financing is US\$6.4 million, out of a total of US\$8 million, and is earmarked for 18 preidentified and prioritized studies, to be carried out over a period of four years. The program was approved on March 11, 1992, and the loan contract was signed on October 26, 1992. Disbursement eligibility was not declared until March 23, 1994.
- 1.19 During a time of profound change, with a new government coming in, there was little room to introduce changes in the list of identified projects. This situation suggested the need for a review of the priorities established two years earlier. During the November 1994 programming mission, the authorities and the Bank agreed to eliminate eight studies, reconfirmed the priority of 10 previously identified studies, and agreed to add another five, with the result that the program has gone smoothly since 1995. To date, 85% of the program's resources have been committed ^{5/} and 28.4% have been disbursed. Estimates are that 92% of the program's resources will be disbursed by the end of the first half of 1997, which would coincide with the eligibility of the operation proposed here.
- 1.20 Part of the financing for this program goes toward feasibility studies for three projects in the Bank's operations program with Bolivia for 1996-1998. The studies, which cost US\$3 million and involve investments that would total US\$282 million, are for: the Pailón-San José export corridor project (BO-0063), the Ventilla-Tarapaya highway (BO-0098), and the irrigation and drainage program (BO-0125).

(iii) PPF line of credit

- 1.21 The Bank approved this revolving line on April 21, 1993, for US\$6 million. To date, three individual operations totaling US\$2.3 million have been financed: one to prepare the housing sector reform program (940/SF-BO); one for the comprehensive care program for rural minors (963/SF-BO); and this operation (992/SF-BO). The latter would finance activities to strengthen the units in charge of executing the program proposed herein, to support them in fulfilling the conditions precedent for loan eligibility and ensure that the schedule for contracting out the preinvestment studies provided for in the program is met.

^{5/} Two studies are currently in the negotiation and signature phase. Their cost would result in the commitment of 100% of the program's resources.

C. Participation of other entities

- 1.22 Generally speaking, financing from international sources other than the Bank has gone toward preinvestment studies for specific, individual projects, and has hovered at around US\$6 million annually for the last five years, with counterpart funding of approximate US\$1.3 million per year, as shown in Table I-2, which is for the 1995 budget. The allocation of Bank resources in the budget for that period was US\$4.3 million, with local counterpart funding of US\$450,000.

Table I-2
External sources 1995
(in US\$ thousands)

Source	No.	Amount
ADC	2	288
Belgium	3	501
Canada	1	70
EEC	1	150
FDC	1	120
FONPLATA	2	816
GTZ	1	400
IBRD	2	173
IDB	8	4,352
ICA	1	830
KfW	3	2,345
Total	25	10,044

- 1.23 The variety of sources of preinvestment funding is indicative of the many pledges of assistance the Bolivian government has received. In general, these preinvestment funds are for specific projects and cannot be regarded as substitutes for preinvestment funds agreed upon in the Bank's programming with the country.

II. THE PROGRAM

A. Program objectives

- 2.1 The goal of the program is to rationalize public investment and improve preinvestment management, amid the administrative and financial decentralization of the Bolivian government. The purpose of the operation is to introduce the SNIP [National Public Investment System] into the departmental and municipal governments and, at the same time, finance preinvestment studies conducted at those levels and by the national secretariats.

B. Program description

- 2.2 To achieve those objectives, the program consists of two components: (i) decentralization of the SNIP, and (ii) preinvestment financing. 6/

1. Decentralization of the SNIP (US\$2.6 million)

- 2.3 This component consists of a set of clearly-defined activities to help get the SNIP procedures and guidelines introduced among decentralized public agencies, to enable such agencies to rationalize their investment spending and to ensure that the spending is consistent with regional and national development plans. 7/
- 2.4 The technical cooperation, training activities and equipment needed to implement the SNIP guidelines in the nine departmental governments and the 11 largest municipalities will be set forth in specific action plans suited to the needs and institutional development of each entity that will be part of the system. In this way, action plans will be financed to introduce the SNIP at the municipal level (PAMs) and at the departmental level (PAPs).
- 2.5 The PAPs and the PAMs might include the following activities: (i) an institutional diagnostic study emphasizing the investment planning and programming systems; (ii) technical assistance needed to help introduce the SNIP and apply its guidelines and procedures and to facilitate project evaluation; (iii) the equipment and consulting services needed to introduce the SISIN [investment information system] and/or make existing systems compatible, which will also include training for local staff on operating the system; (iv) for those in charge of programming, prioritizing and monitoring investments, training in the methodology for preparing, evaluating, and administering investment projects; (v) for those in

6/ Annex II-1 contains the program's logical framework.

7/ The terms of reference for this component are available in the program's technical files.

charge of carrying out investments, training in goods and services procurement procedures; (vi) assistance required to strengthen the departmental units that must introduce the SNIP into smaller municipalities; and (vii) financing needed for preinvestment studies and studies to identify priority projects. 8/

- 2.6 In carrying out the action plans, the beneficiary entities will learn to identify, prioritize, program, evaluate and execute their investment projects. Indirectly, this component will help get the SNIP introduced into the smaller municipalities by strengthening the programming and civic participation units in the departmental governments, which would be responsible for bringing the SNIP to those municipalities within their jurisdiction that are not receiving assistance from the program directly.
- 2.7 This component will also finance the assistance that the SIPFE [Public Investment and External Financing Administration] needs to tailor the SNIP guidelines, instruments and procedures to fit the characteristics and institutional maturity of the organizations that will be added to the system, in order to make introduction of the SNIP at the decentralized level possible and strengthen the SISIN, so that the SIPFE can provide more and better services to public institutions.
- 2.8 The program would fund the following activities:
 - a. Development of methods for evaluating fine-tuned profiles for six investment sectors and basic profiles for four sectors.
 - b. Determination of cost/efficiency parameters for small projects in basic sanitation, urban development, electric power distribution, roads, bridges and irrigation, and the methodology and database to update those parameters continually.
 - c. Expansion of the investment project information network by updating and/or installing data processing programs and equipment needed for the SNIP's decentralized operation, making it possible to provide technical support in project preparation and evaluation while giving the decentralized entities direct access to the SISIN's expanded databases.
 - d. Training of SIPFE staff to build up their technical expertise in managing, coordinating and overseeing fulfillment of the SNIP guidelines; the training will be provided through internships in other countries of the region and through workshop seminars in which international experts participate.

8/ The terms of reference and minimum content required for the PAPs and PAMs and a completed PAP and PAM can be found in the program's technical files.

- e. Technical assistance, training and the equipment needed for preparing and carrying out the PAPs and PAMs, which include long-term advisory services to introduce the SNIP, short-term consulting services to improve sector investment programming, update and/or expand the information systems facilities and communication system, and training on various levels.
- 2.9 The purpose of these activities is to clear up the most glaring problems encountered thus far in attempts to introduce the SNIP, such as the fact that the majority of the decentralized entities are not institutionally developed and the SNIP guidelines are relatively complex, making it difficult to get the system permanently assimilated at that level.
2. Preinvestment financing (US\$5.64 million)
- 2.10 Through this component, the program will finance preinvestment studies and consulting services to run studies at the eligible institutions where the SNIP instruments are either in use or being introduced. Because of this conditionality, the preinvestment resources become an added incentive for putting the investment plan together and making it compatible with the national plans and strategies.
- a. Scope of the component
- 2.11 The studies to be financed may be: (i) **general in nature**, focusing on sector analyses, comprehensive studies, master plans, environmental studies, studies of natural resources and others that make it easier to prepare policies, develop plans and identify and prioritize projects; (ii) **specific in nature**, which would include prefeasibility studies, feasibility studies and final designs; or (iii) **supplemental in nature**, for complex projects whose feasibility analyses or final designs are already completed, and intended to delve into such matters as the engineering, environmental concerns, institutional matters, management and others, all needed for a final investment decision.
- 2.12 These studies may be national, departmental or local and are to be carried out at the respective level of government, in accordance with the areas of jurisdiction that the laws in force assign to the national secretariats, departments and municipalities.
- 2.13 To organize the public investment programs of municipal and departmental governments, the program includes incentives for conducting general studies at those levels. The departmental and municipal governments will receive up to 80% of nonreimbursable financing from Bank resources. For their part, when specific studies are involved, the departmental and municipal entities will be required to put up at least 30% of the preinvestment amount. Also, the minimum financing per study has been set at US\$50,000, to

discourage the use of program resources on projects of little consequence, especially since the national investment funds have preinvestment resources available for small projects.

- 2.14 To get around the lack of qualified human resources in some departmental and municipal governments, which would otherwise prevent them from entering the program immediately, the resources from this component will also be used to finance short, selected consulting services contracts to prepare the studies' profiles and terms of reference and for supervision services to monitor and control the performance of the prefeasibility studies.

b. Identified studies

- 2.15 The DIP has a list of national and departmental studies that the program might finance, although only the national studies are part of the SNIP and have profiles and terms of reference prepared, both of which are required for a project to be included in the program. Given the program's objectives, its regulations should allow some latitude for including preinvestment studies, so as to enable departmental and local entities to use the SNIP instruments to rationalize their investment plans, prioritize their projects and qualify for preinvestment study financing once their PAPs or PAMs have been prepared and carried out. This kind of flexibility is one of the lessons learned from execution of loan SF/880-B0.

3. Support for program execution (US\$364,000)

- 2.16 The DIP, the program's designated technical coordination unit, will need the assistance of a long-term individual consultant to perform the additional work that the program will involve, especially in its first two years. Accordingly, the support that the Office of the Director, the preinvestment and SNIP departments, and the administration and management control unit will require has been included.

C. Scale of the program

- 2.17 The scale of the SNIP decentralization component factors in the activities that will be carried out for execution of the PAPs in the country's nine departments and the PAMs in a set of 11 municipalities with populations of over 50,000. To test the coherence of the method used to prepare the PAPs and the PAMs and calculate the cost of their preparation and execution, the DIP has put together a sample with the action plans for the departmental governments of La Paz and Chuquisaca and the Municipality of Tarija. Those costs, which average US\$100,000, were extrapolated and applied to the estimated total number of decentralized institutions that the program would cover to obtain the amount for this activity. As for the activities related to the SNIP guidelines and expansion of the SISIN database, the scale was based on their terms of reference. Training for SIPFE personnel and

dissemination of the SNIP was scaled on the basis of the program agreed upon with the authorities.

- 2.18 The scale of the studies component was determined using the sample of national studies to be carried out at the start of the program, whose cost represents 35% of the resources allocated for this component. Since half those resources would initially be earmarked for national projects, the program could finance one or two additional studies at that level. As for preinvestment financing for decentralized entities, the list of requirements totaling US\$17 million for approximately 150 projects will be evaluated once the SNIP guidelines are introduced; in the meantime, the view is that at least one study per institution should be carried out, each costing an average of US\$100,000. An additional amount will be required for the smaller municipalities, which in all may need 18 studies costing an average of US\$50,000 each.
- 2.19 To get the program started, the terms of reference for the two national studies, which will be sponsored by government secretariats that use the SNIP standards, have been identified and analyzed: the feasibility and final design studies for the Santa Bárbara-Bella Vista highway project, at US\$1.5 million, and the evaluation and study on modernization of the national decentralized animal health system program, at US\$500,000. ^{9/}

D. Cost and financing

- 2.20 The program's total estimated cost is the equivalent of US\$9.2 million. The Bank financing would be the equivalent of US\$7 million (76%), from the Fund for Special Operations. The local counterpart funding, which would come from the National General Treasury [Tesoro General de la Nación] (TGN) and from the departmental and municipal governments, would make up the balance of US\$2.2 million (24%). The following is a table of the program's costs and financing:

^{9/} The terms of reference for these studies are available in the program's technical files.

PROGRAM COST AND FINANCING
(In US\$ thousands)

INVESTMENT CATEGORY	IDB LOAN	LOCAL CONTRIBUTION		TOTAL	%
		TGN	DEPART. & MUNICIPAL.		
1. Decentralization of the SNIP	1,532	114	554	2,200	23.9
2. Preinvestment financing	4,400	506	740	5,646	61.4
3. Support for program execution	123	41	-	164	1.8
4. Borrowing costs	70	210	-	280	3.0
- Interest	-	140	-	140	
- Inspection and supervision	70	-	-	70	
- Credit fee	-	70	-	70	
5. PPF reimbursement	600	-	-	600	6.5
6. Contingencies	275	35	-	310	3.4
TOTAL	7,000	906	1,294	9,200	100
% financing/program	76.0	24.0		100.0	

- 2.21 The program's resources will be used to hire consulting services, procure data processing and communications equipment, and cover logistical support expenses and the PPF reimbursement. To carry out the program's activities in approximately 25 participating entities, an estimated 44 consulting firms and 65 individual consultants will be contracted for 212 man/months per year, and equipment valued at US\$280,000 will be purchased.

III. PROGRAM EXECUTION

A. The borrower and executing agency

- 3.1 The borrower will be the Government of Bolivia and the executing agency the Public Investment and External Financing Administration (SIPFE), an arm of the Ministry of Finance. The Office of the Director of Public Investment (DIP) will provide technical support.

B. Institutional framework

- 3.2 The program's institutional framework is made up of the SIPFE and its technical units: the Office of the Director of Public Investment (DIP) and Dissemination, Administration and Management Control Systems (UACG); the national secretariats of the central government; and departmental and municipal governments.
- 3.3 The institutional and operational analysis of the SIPFE shows that it has the capacity and experience to carry out the program. The SIPFE has been executing loans 880/SF-BO and 888/SF-BO (see chapter I), and has succeeded in overcoming considerable problems with both. Nevertheless, because of the additional workload that the adjustment to decentralization will temporarily entail, its structure needs to be reinforced during that period by contracting occasional consulting services to provide technical and administrative assistance to support this program's activities.

C. Modalities of execution

- 3.4 The proposed mechanism suggests different modalities for each program component. Under the SNIP decentralization component, the activities planned to complement and disseminate the SNIP guidelines and instruments are the SIPFE's responsibility; consulting firms and individual consultants will be hired and equipment purchased for this purpose. Under the same component, the SNIP's introduction at the departmental and local levels by way of the technical assistance and training activities and equipment procurement that are part of the PAPs and PAMs, will be a concerted effort among the SIPFE, the departments and the municipalities, and will be done through similar types of contracts.
- 3.5 The studies planned under the preinvestment financing component are being delegated to the national secretariats, departmental governments, and municipal governments, to have consulting teams prepare general or specific studies based on the terms of reference developed either by the interested institutions themselves or by individual consultants hired for that purpose using program resources. Individual consultants may also be hired to supervise execution of the studies.

- 3.6 Also, providing support for program execution will be the exclusive responsibility of the SIPFE, which may have to hire individual consultants on long-term contracts to build up areas in which it does not have the staff to monitor and supervise the activities planned under the two components. Selection of these consultants will be a condition precedent to the first disbursement of loan proceeds.

D. Execution by component

1. Guidelines for execution

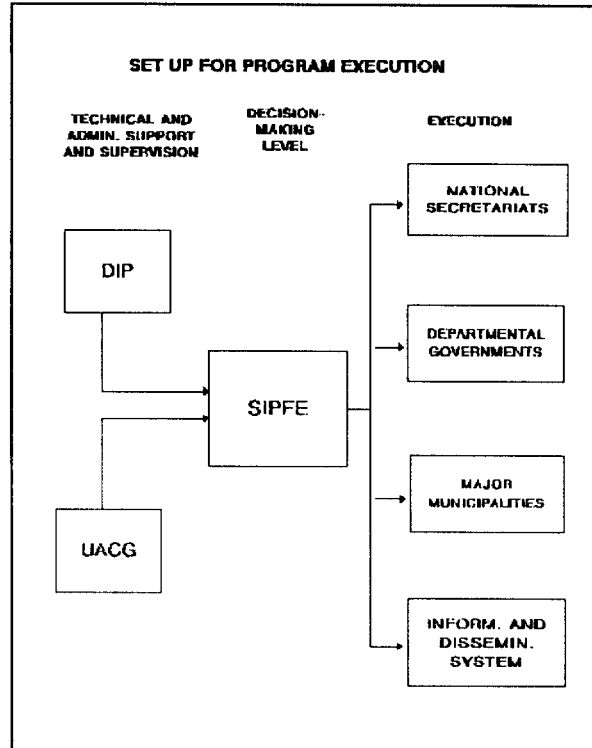
- 3.7 The relationship between the SIPFE and the program's beneficiary agencies will be stipulated in subsidiary participation agreements.

The SIPFE will transfer the program's resources, on a nonreimbursable basis, to those agencies executing action plans and preinvestment studies. Program execution will conform to the guidelines set forth in the clauses of the loan contract and the operating regulations of the SNIPPRE, whose approval, via a Finance Ministry resolution, will be a condition precedent to first disbursement of the loan proceeds.

- 3.8 These regulations will include: the institutional eligibility criteria; eligible activities; selection requirements and terms and conditions of financing for action plans and preinvestment studies; makeup and use of the resources; procedures for selecting and contracting the consulting services; financing limits; disbursements; monitoring of operations; and all the details that are part of the basic rules governing the program. The regulations are to be coupled with model subsidiary agreements, standard bidding documents for goods and consulting services and manuals for preparing action plans.

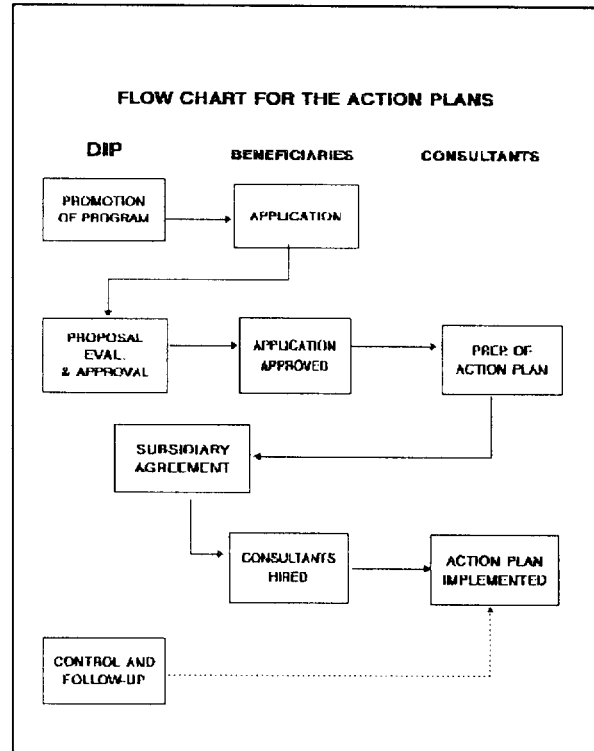
2. Execution of the SNIP decentralization component

- 3.9 The PAP and PAM process would begin with promotional work by the DIP among the potential beneficiaries, which would file applications for assistance that the SIPFE would then approve. The DIP would then take steps to hire the consulting services to prepare the corresponding action plan. Once the PAPs or PAMs have the SIPFE's approval, a subsidiary agreement would be concluded setting



forth the terms and conditions under which the plan would be carried out.

- 3.10 Under the DIP's supervision, the beneficiary would contract for the necessary goods and services, in accordance with Bank policy, and would introduce SNIP guidelines and instruments within its organization. To ensure the operation's sustainability, the program would assist the departmental and municipal governments with individual consultants who, if necessary, would gradually become part of those institutions' permanent staff over a period of three years.



- 3.11 To get the SNIP introduced into the smaller municipalities that do not have direct access to the program, as part of the PAP, training would be provided to staff from the departmental secretariats of civic participation that are responsible for strengthening such entities. Each departmental government can thus bring the SNIP guidelines to the smaller municipalities within its jurisdiction.
- 3.12 While this operation is being processed and with the help of the PPF-financed consulting services, the DIP will launch one PAP and one PAM as a pilot experiment, after carefully reviewing the diagnostic study and proposals for the departmental government of La Paz and the municipal government of Tarija. Based on this exercise, the approach will be fine-tuned for additions and/or adjustments needed to introduce the SNIP guidelines and instruments to introduce the system at the decentralized level, and the manual on preparing the PAPs and PAMs.

3. Execution of the preinvestment financing component

- 3.13 National studies will be identified by the corresponding central government secretariats. Departmental and local studies, on the other hand, will be identified by departmental or municipal governments and affiliated institutions.
- 3.14 Studies that are part of a PAM or a PAP and those whose applicant agency applies the SNIP standards will be considered eligible for

preinvestment financing. In that event, the application should include a letter of inquiry addressed to the SIPFE.

- 3.15 Small municipalities may receive preinvestment resources only by including their study requirements in the PAP of their respective department.
- 3.16 Both the letter of inquiry and the PAPs and PAMs will include the information that the SIPFE needs to ascertain whether the study in question is a national priority and whether – in the case of a study at the decentralized level – its priority has been ranked by the respective municipal or departmental council, or by the pertinent ministry – in the case of a national study. If the study is one from a small municipality that does not have access to the program, the corresponding departmental government will file the priority rating it was given by the respective municipal council.
- 3.17 Once the profiles and terms of reference have been prepared, the beneficiary and the SIPFE will conclude a subsidiary agreement that conforms to the established model and that stipulates each party's rights and duties vis-à-vis the performance of the study. The conclusion of at least one subsidiary agreement of this kind will be a condition precedent to disbursement of the component's resources.

4. Procurement of goods and services

- 3.18 To expedite the contracting of consulting services, every year the SIPFE will announce an international call for proposals to preselect consulting firms with the idea of putting together a roster discriminated by type of service, area of specialization and price range. The executing agencies would be required to draw from that roster when putting together the short lists of firms that will be invited to submit proposals for each study or set of studies in a jurisdiction. Likewise, the SIPFE will have a list of individual consultants that interested beneficiaries may consult when they need to contract personnel of that type.
- 3.19 Using the standard bidding documents, the approved terms of reference and the short list put together, the beneficiaries will then call for proposals and select the firm that will be in charge of the study. The DIP will see to it that the established procedures are observed.
- 3.20 Goods will be procured according to the stipulations set forth in Annex B of the loan contract. International competitive bidding will be mandatory for purchases over the US\$250,000 threshold. Purchases involving lesser amounts will be done in accordance with domestic law. The figures in Table III-1, expressed in dollar equivalents at the current exchange rate, show the threshold for each modality and are compatible with Bank procedures. The consulting services will be contracted according to the procedures

set out in Annex C of the loan contract, including the annual preselection of consulting firms. International calls for offers will be mandatory for contracts over the US\$200,000 threshold. Annex III-1 contains the procurement plan initially anticipated for the program.

Table III-1
Modalities for the procurement of goods
(in US\$ thousands)

Modality	Ceiling
Direct purchase	4.0
Invitation to bid	118.0
Local competitive bidding	+ 118.0

E. Disbursements

1. Period of execution and disbursements

- 3.21 The period required to carry out the program and disburse the loan proceeds would be four years from the effective date of the loan contract between Bolivia and the Bank. Most of the resources for the SNIP decentralization component would be disbursed by the second year, with the periods for the preinvestment component running concurrently.

2. Advance of funds

- 3.22 Once the program is declared eligible for disbursement and the signatures of SIPFE executives who will manage the special accounts and will be authorized to request disbursements are on record, the Bank will advance a sum equivalent to 10% of the loan. The first disbursement would go toward the expenses financed by the PPF used for this operation.

F. Evaluation and control

1. Supervision

- 3.23 The SIPFE will oversee execution of the SNIP decentralization component and, to that end, will institute a system of periodic reports to monitor the progress of the activities related to complementing guidelines and instruments, information and dissemination systems and training of executing agency staff. For monitoring execution of the PAPs and PAMs, beneficiaries will file the required quarterly reports; each plan will specify the events, which the DIP is to verify on site.
- 3.24 The studies under the preinvestment component will be supervised by the beneficiaries' own staff or by consultants hired for that purpose. Should an institution demonstrate that it is short of funds, such consultants may be paid out of program funds. At the end of each study, the beneficiary and the DIP will examine the reports and air their views within a 30-day period. The consultants in charge are to incorporate the changes or respond to the pertinent observations prior to the final payment.

2. Program monitoring

- 3.25 **Reports.** The SIPFE will submit half-yearly and annual reports to the Bank concerning program execution, within the 90 days following the close of each six-month period and calendar year. The reports will cover, *inter alia*, the progress made in introducing the SNIP at the decentralized level, the status of the preinvestment studies in progress and the work program for the following year, with emphasis on monitoring the areas specifically named under the objectives heading of the program's logical framework (Annex II-1) and in the table on performance benchmarks. Every six months, the SIPFE will submit to the Bank a projection of the program's monthly cashflow for the next six months and a half-yearly cashflow for the life of the project, as well as the consulting services and procurements planned for those same periods.
- 3.26 **Annual review.** The Bank and the SIPFE will jointly review the annual reports within 30 days of their presentation. If as a result of the annual reviews and/or the review of the reports submitted, the Bank is unsatisfied with the status of the program, the executing agency will present, within the next 60 days, additional reports setting forth the measures it will take to correct the problems observed and to adjust the plan of execution.
- 3.27 **Interim evaluation.** Eighteen months after the program is declared eligible for disbursement or when 30% of its resources have been disbursed, whichever comes first, the SIPFE and the Bank will do a interim evaluation to: (i) gauge whether the program is accomplishing the objectives and goals of the PAPs and the PAMs approved thus far, based on the logical framework prepared for the program; (ii) evaluate the degree to which the SNIP guidelines and procedures and operating regulations are being applied and how well the SISIN is functioning, which would include an assessment of the efficiency of the services it provides to the beneficiaries; (iii) review the results of the evaluation of preinvestment studies already carried out and the status of those in progress; (iv) evaluate the possibility of preparing a subsequent phase of the program; and (v) introduce any adjustments needed.

3. Audit and control

- 3.28 The SIPFE will be required to maintain separate accounts for all expenditures made with program resources. The accounting classification of those expenditures will conform to the accounting format that the SIPFE and the Bank agree upon.
- 3.29 The SIPFE will prepare the program's financial statements at the end of each fiscal year. They will then be turned over to the external auditing service especially contracted for that purpose. The audit should include a review of the accounts of a random sample of beneficiaries. The financial statements and the

auditor's report must be submitted to the Bank within the first four months following the end of the fiscal year.

4. Ex post evaluation

- 3.30 The government authorities have decided against any ex post evaluation of the program, since in their judgment the annual evaluations will provide sufficient information on the anticipated effects.

IV. JUSTIFICATION, VIABILITY AND RISKS OF THE PROGRAM

A. Justification

- 4.1 One of the pillars of the reform process that the Bank is assisting in Bolivia is decentralization of the Executive Branch, because of the impact this will have on the consolidation of democracy. The adoption of systems by which to rationalize investment is one of the keys to enabling the decentralized entities to provide more efficient services to a wider clientele.
- 4.2 Use of the limited concessional resources available to the country for this program is justified because, if accomplished, the program's objectives will have far-reaching consequences, setting in motion a process whose goal is to rationalize 70% of public investment. Presently, the cost of public investment is high, with each institution running an average of 53 projects. Most of the agencies executing these projects do not have qualified human resources or proper programming systems.
- 4.3 The program's strategy is to remove the obstacles that have been impairing the introduction of the SNIP, which can be traced to: (i) the relative complexity of the guidelines; and (ii) the institutional weakness of the agencies executing the investment at the decentralized level. The program also proposes incentives to induce general studies and projects to be carried out that will be part of comprehensive solutions, thereby seeking to improve the quality of the investment.
- 4.4 By attacking the underlying causes of the inefficient execution of investments and offering incentives to prioritize them properly, the stage would be set for introducing the SNIP guidelines supporting the fulfillment of legal provisions, for executives at the decentralized level, who do not presently have the means needed to enforce them.

B. Viability and sustainability

- 4.5 The Government of Bolivia has made this program a top priority and the Ministry of Finance, which is responsible for preparing the general budget of the Nation and administers the funds in the national treasury, has approved the scale of the program. Having the beneficiaries prepare the PAPs and the PAMs and requiring that agreements be concluded for their execution ensures these institutions' involvement and their counterpart funding of the activities to introduce the SNIP and prepare the preinvestment studies. The fact that SNIP guidelines will be used to identify, prioritize and conduct these preinvestment studies is sufficient guarantee that the studies to be funded under the program will be properly selected.

- 4.6 Starting in 1997, the DIP's technical staff will become part of the country's civil service, the goal being to establish an administrative career and ensure job stability for a critical mass of government professionals. Thanks to this measure, the efforts being made to introduce the SNIP will continue and experienced personnel will be on hand to advise beneficiaries. The beneficiaries, for their part, are to commit resources and gradually take over payment of the salaries of the consultants hired to coordinate the action plans in each institution. This will allow the system and its procedures to remain intact well after the program has concluded.

C. Environmental viability

- 4.7 Various types of studies are planned under the program's preinvestment component, located in various regions of the country. They may result in investments involving environmental concerns. The Bank's Environment Committee, on July 2, 1996, classified this as a category II operation and recommended that training for the departmental and municipal governments in the SNIP's guidelines place special emphasis on environmental issues. 10/
- 4.8 To ensure its environmental viability, the program has been designed to include measures that will ensure that suitable environmental management and control mechanisms are available as the components are carried out:
1. In the preinvestment activities, all studies prepared with program resources will include the corresponding environmental impact assessment; this requirement will be part of the terms of reference for the studies.
 2. In the SNIP decentralization component, emphasis has been placed on ensuring that the environmental control and supervision measures currently being properly implemented by the national investment system are adopted and applied by the decentralized entities.

10/ The SNIP guidelines and project evaluation methods require an analysis of a project's environmental impact. In the case of projects at the feasibility or final design level, those guidelines require the inclusion of the environmental impact analysis, identification of problems and suggestions of measures and solutions to mitigate those problems. The provisions of the environment law, which are included in the SNIP's methodological procedures, stipulate that environmental opinions are to be obtained for any type of investment project involving construction and installations. Likewise, in the case of feasibility and final design projects, the terms of reference for contracting the various consulting services stipulate that an environmental statement is to be part of these studies.

D. Risks

- 4.9 The services that certain national entities now provide are being reevaluated, so that institutional changes are possible while the program is in progress. While in the past such changes proved to be disruptive to similar projects, that risk is minimized in the proposed operation because the SNIP's new legal framework and the additional activities planned together form a structure that preserves the unity of the functions, regardless of which organ is in charge, although its present position allows it to exercise a greater degree of control.
- 4.10 The risk that the guidelines will not be applied, which was one of the principal problems that the SIPFE encountered in the past, will be reduced under the proposed program because measures will be taken to adapt the guidelines to the characteristics of the institutions that must apply them.
- 4.11 The political risk involved in allowing the departmental governments to exercise their own judgment as to the assistance to provide to the smaller municipalities will be avoided by requiring ratification of the PAPs and subsidiary agreements, which will also ensure the sustainability of these instruments, regardless of any changes that might occur in the departmental governments. 11/

11/ The departmental councils are made up of one member of the municipal council from each jurisdiction in the department; they have the authority to censure the governor.

PROGRAM FOR DECENTRALIZATION OF THE SNIP AND PREINVESTMENT FINANCING (BO-0107)

LOGICAL FRAMEWORK

OBJECTIVES	TARGET	MEANS OF VERIFICATION	ASSUMPTION
<p>re public investment and investment management in of the administrative and centralization of the t of Bolivia.</p>	<p>The annual plans of operation (APOs) of the municipalities and the annual budgets of the departmental governments include priority investment spending resulting from duly processed projects.</p>	<p>Departmental and municipal investment programs are carried out in accordance with the SNIP guidelines.</p>	<p>The public sector gener savings and obtains the enable it to make the in</p>
<p>re the National Public System into the departmental al governments and finance estment studies and those of secretariats.</p>	<p>The beneficiary institutions have introduced the SNIP and prepared studies according to the SNIP methods and the departmental governments have the technical expertise needed to disseminate the SNIP to the smaller municipalities.</p>	<p>SIPFE monitoring reports and audit reports from the Office of the Comptroller General of the Republic. General and specific studies funded by the program.</p>	<p>The State's inspection a perform their functions a accountability of executi public sector.</p> <p>The program's incentive properly designed.</p>
<p>FE is equipped with the ds, regulations, instruments echanisms needed to alize the SNIP.</p>	<p>Development of methods for preparing and evaluating polished profiles for six sectors and basic profiles for four sectors.</p> <p>Establishment of cost/efficiency parameters for small projects involving six sectoral activities.</p> <p>Training of 10 SIPFE technical staff members in how to program and manage public investment.</p> <p>Training of 100 public sector technical staff members in how to prepare and evaluate projects.</p> <p>Dissemination of SNIP guidelines and regulations in nine departments, 311 municipalities and 10 national secretariats.</p>	<p>Documents prepared by the consultants Copies of the publications prepared</p> <p>Consultants' final reports. Copies of the preinvestment studies done.</p> <p>Reports on the training courses. Reports monitoring the work of the trained technical staff members. Technical assistance reports.</p> <p>Reports on the training courses with evaluation and attendance.</p> <p>Documents and publications received, along with a report on how they were used.</p>	<p>There is continuity with t trained at the central and decentralized levels.</p> <p>Training of technical per continues at the regional levels.</p> <p>The planning units are consolidated in the depe and municipal governme</p>

OBJECTIVES	TARGET	MEANS OF VERIFICATION	ASSUMPTION
<p>tion of the SNIP and its es at the decentralized level, Departmental and municipal ents; provision of the ry equipment.</p>	<p>Preparation of nine PAPs and 11 PAMs.</p> <p>Introduction of the SNIP in the nine departmental governments and 11 municipalities with populations over 50,000.</p> <p>Training of 200 technical staff from the departmental and municipal governments in how to prepare profiles, the SGP and the SISIN.</p> <p>Training of 50 specialists from national secretariats and investment funds in the techniques of preparing profiles, the SGP and the SISIN.</p>	<p>Consultants' reports with prepared action plans.</p> <p>DIP monitoring and quality control reports</p> <p>Seminars and courses held, with an evaluation and attendance.</p>	<p>The lead public-investm performs its functions to</p> <p>The information system operational and is easy access.</p>
<p>, sector, and local pre- ent studies financed by the cofinanced by the ental and municipal ents carried out.</p>	<p>Preparation of four to six national studies and 38 departmental and local studies.</p>	<p>Studies contracted out.</p>	<p>The SNIP guidelines are force.</p>

SNIPPRE PROGRAM'S TENTATIVE PROCUREMENT PLAN

(BO-0107)

THE PROGRAM'S MAIN CONSULTING SERVICES	FINANCING (US\$ thousands)		PROCEDURE	ESTIMATED TIME
	IDB	Local		
FIRST YEAR				
1. Preinvestment studies				
— Santa Barbara - Bella Vista	1,200	300	ICB	Quarter II
— Decentralized plant and livestock health program	400	100	ICB	Quarter II
2. Design of methods	183	46	ICB	Quarter III
3. Regional training	192	48	<u>1/</u>	Quarter IV
4. Data processing equipment	219	55	ICB	Quarter IV
5. Support for execution and introduction of the SNIP in the regions	712	389	<u>1/</u>	Quarters II and III
6. Development of the SISIN and adjustment of instruments	205	—	<u>1/</u>	Quarter II
7. Publications	86	20	<u>1/</u>	Quarter II
Subtotal	3,220	964		
SECOND YEAR				
1. Preinvestment studies	1,033	321	<u>1/</u>	Quarters I and II
2. Targeted technical assistance	101	4	<u>1/</u>	Quarters I and II
3. Regional training	192	48	<u>1/</u>	Quarters I and II
Subtotal	1,326	373		
THIRD YEAR				
1. Preinvestment studies	1,033	321	<u>1/</u>	Quarters I and II
2. Targeted technical assistance	100	3	<u>1/</u>	Quarters I and II
Subtotal	1,133	324		
FOURTH YEAR				
1. Preinvestment studies	730	246	<u>1/</u>	Quarter I
2. Targeted technical assistance	100	3	<u>1/</u>	Quarter I
Subtotal	830	249		
TOTAL	6,509	1,910		

1/ Depending on the cost of the study or activity to be financed.

PROCEDURE FOR SELECTING AND CONTRACTING CONSULTING SERVICES		
COST OF THE STUDIES	PROCEDURE	PUBLICATION
US\$200,000 or more	International competitive bidding (ICB)	<p><i>Development Business</i> (general notice of procurements and specific notices).</p> <p>Newspapers with a wide circulation in Bolivia.</p> <p>A system already approved by the Bank for registering prequalified consultants will be used (roster).</p>
Under US\$200,000	Standard Bank procedures	Widely circulated domestic newspapers.

PROPOSED RESOLUTION

BOLIVIA. LOAN /SF-BO TO THE REPUBLIC OF BOLIVIA
PROGRAM TO SUPPORT THE DECENTRALIZATION OF THE NATIONAL SYSTEM OF
PUBLIC INVESTMENT AND PRE-INVESTMENT

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Bolivia, as borrower, for the purpose of granting it a financing to cooperate in the execution of a program to support the decentralization of the national system of public investment and pre-investment. Such financing shall be for the amount of US\$7,000,000 or its equivalent in other currencies, except that of Bolivia, which are part of the Fund for Special Operations of the Bank. The financing shall be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.