

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**BOLIVIA**

**MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS  
COMPETITIVENESS**

**(BO-M1039 AND B0-T1123)**

**DONORS MEMORANDUM**

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## **ABBREVIATIONS**

AWP	Annual work plan
CUNA	CUNA Association
ICR	Italian Trust Fund for Regional Competitiveness
LEDU	Local economic development unit
MDP	Municipal Development Plan
MSEs	Micro and small enterprises
PSR	Project Status Report

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**EXECUTIVE SUMMARY**

<b>Beneficiary/ Executing agency:</b>	CUNA Association	
<b>Beneficiaries:</b>	Roughly 400 micro and small enterprises (MSEs) and 50 producer and services associations (encompassing some 2,000 families) from the agriculture, tourism-handicrafts, and manufacturing sectors in the small Andean municipios of Achocalla, Viacha, Tiwanaku, Taraco, and Guaqui in the Department of La Paz.	
<b>Financing:</b>	MIF (nonreimbursable)	US\$ 550,000
	Italian Trust Fund for Regional Competitiveness (ICR)	US\$ 550,000 <sup>1</sup>
	CUNA contribution	<u>US\$ 580,000</u>
	Total	US\$1,680,000
<b>Project objectives:</b>	The project's general objective is to contribute to the economic development of five municipios in the Department of La Paz. Its specific objective is to improve the competitiveness of MSEs and producer and service associations in the municipios of Achocalla, Viacha, Tiwanaku, Taraco and Guaqui, where local municipal governments work closely with one another and with the private sector to promote the enhancement of Andean culture.	
<b>Execution and disbursement timetable:</b>	Execution period: 42 months Disbursement period: 48 months	
<b>Special contractual clauses:</b>	As conditions precedent to the first disbursement, the following must be presented, to the Bank's satisfaction: (i) the project execution plan; (ii) evidence that the project Operating Regulations are in effect; (iii) evidence that the Project Coordinator has been selected; and (iv) evidence of the commitment of the municipios to participate in the project.	

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<sup>1</sup> The contribution made by the MIF and the ICR includes US\$25,000 for activities in the "Promoting Local Competitiveness" project cluster, and US\$5,500 for MIF impact evaluation system activities (see budget table following paragraph 3.1). The resources will be disbursed and credited to the respective accounts of the Bank, without the need for the beneficiary to submit a disbursement request.

**Environmental  
and social  
review:**

This operation obtained a "C" rating from ESR 29-09 of 24 July 2009, with no observations being made.

**Exceptions to  
Bank policy:**

There will be no exceptions to the Bank's policies.

**Coordination  
with other  
donors:**

No other donors were identified developing similar projects, with which execution of this project could be coordinated.

## I. BACKGROUND AND JUSTIFICATION

### A. Geographic setting

- 1.1 The municipios of Guaqui, Taraco, Tiwanaku, Achocalla, and Viacha are situated in the provinces of Ingavi and Murillo,<sup>2</sup> in the Department of La Paz. Three of them are in the Lake Titicaca area. These municipios have a population of over 136,000 inhabitants,<sup>3</sup> mostly of Aymara origin, of whom 46% have only basic education. As the region lies at an altitude of over 3,800 meters above sea level (m.a.s.l.) except for the valleys of Achocalla, the climate is cold. The scant electric power and water supply further aggravates the harsh living conditions in the remote communities of these municipios.<sup>4</sup>

### B. Local productive trends

- 1.2 The main **agricultural activity** is **livestock breeding**, particularly dairy cattle, which has gradually become the leading activity of the regional economy. Up to 80% of all milk production is sold on the market, with 50% being sent to processing companies<sup>5</sup> such as PIL Andina, ILPAZ, and DELIZIA and others in the city of El Alto.<sup>6</sup> The competitiveness of livestock breeding in the zone is impaired by a number of endemic problems such as fascioliasis, poor milking conditions, farming and breeding on a small scale, in which average milk production (8 L/day-cow, for 200 days per year) and annual meat production are well below the national average.
- 1.3 The main **agricultural** activities involve annual cereals (barley and oats) and perennial crops (alfalfa). Other products such as potatoes, beans, quinoa, and oca, are also cultivated in the area, mainly from a family food security perspective; and a small percentage of production is sold or bartered for other essential goods or products. Some districts also grow vegetables in greenhouses, some of which is sold in the La Paz market. Agriculture is thus beginning to develop almost exclusively on a subsistence basis, and it has been unable to evolve into a secure source of monetary income for the local population.
- 1.4 **Fishing** provides another economic activity for the lakeside communities of the municipios of Tiwanaku, Taraco and Guaqui, for endemic and introduced species (karachi, ispi, mauri, pejerrey, and trout). Fishing activities are small-scale, with

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<sup>2</sup> These five municipios are linked by two main access routes, the La Paz-Viacha highway and the international highway linking La Paz and Desaguadero.

<sup>3</sup> Data from the 2001 Census.

<sup>4</sup> According to municipal data for the 2004, only about 35% of the population have access to piped water, and 30% have electric power.

<sup>5</sup> About 20% of producer families sell directly to consumers (in the cities of La Paz and El Alto), while the remaining 30% of output is processed into cheeses or delivered to a private producer in the zone, which manufactures varieties of cheese (PDLA, 2007).

<sup>6</sup> The City of El Alto is less than 70 km from the capitals of the municipios being targeted by the project. With a population of 989,851 inhabitants (INE, 2008), El Alto and the city of La Paz are important markets for local production.



precarious and inadequate handling and transport, which generates losses and low sales revenue.

- 1.5 Given the archaeological and cultural heritage in the municipios of Tiwanaku, Taraco and Achocalla, the zone has also created an income source from **tourism**, which offers many opportunities for microenterprise. The pre-Columbian Andean cultures that developed in this region have left significant traces of their presence, including the archaeological complex of Tiwanaku,<sup>7</sup> which includes the underground temple [*Templete*], the Temple of Kalasasaya and the Gate of the Sun; the Ponce monolith and the Pumapunku pyramid; as well as the rock museum and archaeological ceramics. Taraco contains the remains of the Chiripa culture<sup>8</sup> in the ruins of Pucará and Wallpani; and the municipio of Achocalla has "chullpar" monuments<sup>9</sup> at Wipaca.
- 1.6 There are also a number of colonial monuments that can be included in tourism circuits, including the Church of Tiwanaku and the old Port of Guaqui on the edge of Lake Titicaca,<sup>10</sup> where the Navy currently maintains a multipurpose vessel to provide tourism services, and an old train that runs from Viacha to the port. In addition, there is a varied stock of cultural assets that can be exploited for tourism, such as music, dance, customs, and gastronomy.
- 1.7 **Manufacturing and processing** play a major role in generating income in the municipios of Viacha and Achocalla, but garment-making (leather, synthetic material and camelid hair) suffers from disadvantages owing to limited design capacity, low levels of technical training, and the use of obsolete technologies that hamper access to competitive markets. Linked to tourism, handicrafts focus on cultural themes; but production is on a small scale and of poor quality, which makes the resulting products unattractive for tourists.

### C. Local potential and challenges

- 1.8 Although there are major constraints on local development in the municipios, particularly on production and services, there is also considerable potential to be

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<sup>7</sup> The Tiwanaku culture is considered one of the most important of pre-Columbian period, because over a period of almost three millennia it achieved significant advances in science, art, architecture, and crop farming. In chronological terms, the Tiwanaku culture probably existed between 1,500 BC and 1,200 AD.

<sup>8</sup> The Chiripa culture, or simply Chiripa, is one of the oldest cultures of the Andean region, and the remains are visible on the Taraco peninsula, which juts into Lake Titicaca on the Bolivian side. This culture flourished between 591-116 B.C. and 31 A.D. According to this chronology, the Chiripa culture's most important phase was contemporary with the first epoch of Tiwanaku.

<sup>9</sup> A "chullpa" is a funeral monument—an ancient tower-shaped tomb (generally circular) that was built originally for a noble or noble family, in which bodies were placed in fetal position along with some of their belongings (rope, utensils).

<sup>10</sup> Lake Titicaca is the world's highest navigable lake situated at an altitude of 3,800 m.a.s.l. It covers an area of more than 8,562 km<sup>2</sup>, of which 4,772 km<sup>2</sup> are in Peru and 3,790 km<sup>2</sup> are in Bolivia, and it is more than 283 m. deep in some parts. Its proximity to high mountains and its extremely clear waters make for an exceptional landscape.

exploited through productive partnerships between the municipios, associations, and small businesses, and also with public-private partnerships that work to improve productive and business systems. Technologies are also being introduced to raise productivity and strengthen technical-commercial capacity to enhance business competitiveness in the region.

- 1.9 Andean agricultural production technologies such as *Sukakollos*<sup>11</sup> would make it possible to overcome natural constraints and increase agricultural productivity and producer incomes, while also setting up demonstration plots as local tourist attractions.
- 1.10 There is considerable potential for tourism in the region given the large number of archaeological sites representing pre-Columbian cultures. An example of this potential is Tiwanaku<sup>12</sup> where tourism provides income for 5% of the population (there are no related services such as restaurants, shops, hotels). Each year, the area welcomes as many as 30,000 visitors, each of whom spends an average of US\$60 per day (which could easily be increased with more and better services). Exploiting this potential more effectively requires a greater promotion effort, supported by common local marketing and a supply of quality tourism services.
- 1.11 Another key factor is the opportunity for joint ventures with the public sector, which is permitted in municipal communities under Bolivian legislation. Law No. 2.028 on the Municipalities states that municipal governments can enter into agreements to participate in joint actions to develop their local areas and resolve common problems, by designing plans and projects of common interest. Under this framework, the target municipios of this project set up locally organized groups of municipalities [*mancomunidades*]<sup>13</sup> in the dairy farming zone and municipios of Lake Titicaca. Nonetheless, these have not really taken root, and there is still room to strengthen collaboration between the municipios in supporting productive development among their populations, and initiatives to exploit their historical and cultural heritage more effectively for tourism development.

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<sup>11</sup> As an alternative for improving agricultural productivity and raising producer incomes, consisting of ridges of land surrounded by canals flooded with water to provide natural fertility and a heat regulating effect for the crops sown on their surfaces. In 2005, the United Nations Development Programme (UNDP) systemized good practices and lessons learned from various Bolivian and international organizations that implemented this Andean technology, as part of local irrigation management and disaster preparedness in the Andean region. The chief characteristics of the *Sukakollos* technique are identified as follows: accumulating solar energy, raising agricultural land temperatures, moderating night-time temperatures, reducing the risk of soil saturation, diminishing the effects of drought, counteracting frost, generating natural fertilizers, permits natural pest control, allows crop growing for a longer part of the year, avoids soil erosion, produces higher yields, improves soils, and results in lower production costs, all in harmony with nature.

<sup>12</sup> Declared by UNESCO as a World Heritage Site.

<sup>13</sup> A free association of municipios, within the national legal framework, creating an entity to which the municipios delegate functions or competencies to provide services to all of its members. These associations do not require the members to have a common border, but a shared objective. They have their own legal status and a budgetary allocation.

#### **D. Rationale and additionality**

- 1.12 The present project seeks to support job creation and raise income levels, particularly for young people, and thus reduce migration to the cities of La Paz and El Alto. Accordingly, the project will exploit the potentials and productive aptitudes of the target municipios and their proximity to two large markets (the cities of La Paz and El Alto) for products from this region.
- 1.13 The project will promote joint ventures between municipal governments and the private sector as a viable alternative for productive development, exploiting the benefits of collaborative work. In this respect, the project is consistent with the guidelines of the MIF local competitiveness cluster,<sup>14</sup> since competitiveness depends on strengthening links with the rest of the value chain, the assets available in the local area, and the presence of public goods (infrastructure and social capital).
- 1.14 MIF support, together with shared learning that makes it possible to generate local development and competitiveness in rural areas, will help build intermunicipal and public-private partnerships to supply products with a local identity, as elements needed to make the initiative sustainable and expandable. At the same time, MIF participation will bring experience and good practices gleaned from other initiatives in the region, which will be useful in implementing this project.

## **II. PROJECT OBJECTIVE AND DESCRIPTION**

#### **A. Objectives**

- 2.1 The project's general objective is to contribute to the economic development of five small municipios in the Department of La Paz. Its specific objective is to improve the competitiveness of MSEs and producer and service associations in Achocalla, Viacha, Tiwanaku, Taraco and Guaqui, whose municipal governments operate jointly and collaborate with the private sector to promote the value of Andean culture.
- 2.2 This project will be implemented through four components: (i) integration of municipios in joint development actions; (ii) enhancement of the cultural assets to promote tourism and agricultural productivity; (iii) capacity building and formation of MSE networks and producer associations; and (iv) results monitoring and dissemination.

#### **B. Project description**

**Component 1: Integration of municipios in joint development actions (MIF: US\$43,000; ICR: US\$43,000; Counterpart: US\$40,000)**

- 2.3 The aim of this component is to enhance linkages and coordination between the different municipios to encourage the growth of productive initiatives and local

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<sup>14</sup> The action plan for the projects to promote local competitiveness are available in the MIF files.

services, securing links and consolidating interests between public agents and actors with common objectives, thereby making it possible to channel investments and make efficient use of resources for local development.

2.4 The component will support the following:

- a. Formation of municipal consortia to promote local development, through the following activities: (i) awareness-raising between municipal governments and the local population on the advantages of integration; (ii) intermunicipal consensus building forums; (iii) preparation and dissemination of participatory sector plans for each municipio; (iv) formalization of municipal consortia by product and service; and (v) training for municipal authorities and staff on the operating rules of municipal consortia.
- b. Municipal strengthening to promote local economic development. Actions will be taken to: (i) help municipal governments to adapt and/or set up local economic development units (LEDUs); this involves incorporating the LEDU into the municipio's organizational structure, with a budgetary allocation for its operation, municipal resolutions to recognize them and the assignment of municipal staff; (ii) train technical personnel in productive and economic development planning; and (iii) support the LEDUs in promoting economic activities and participatory planning by the different stakeholders.
- c. Inclusion of local economic activities and business network promotion in municipal development plans (MDPs) and annual work plans (AWPs). To this end, support will be provided to design projects that foster the development of productive activities in the networks and chains set up under the project.

**Component 2: Enhancement of cultural assets (MIF: US\$64,450; ICR: US\$64,450; Counterpart: US\$66,500)**

2.5 The aim of this component is to recover expressions of Andean culture and technology to promote tourism and agricultural productivity. To accomplish this aim, the following strategies will be employed:

- a. Reintroduction of Andean crop technology, with the aim of improving productive yields and coping with climate change. The agricultural use of *sukakollos* will be promoted<sup>15</sup> in at least four municipios; and partnerships will be strengthened among specialized local promoter-technicians (*Yapuchiris*), to replicate this agricultural practice. The production and processing of Andean cereal crops will also be promoted, and channels will be set up to market and promote agricultural products obtained from the *sukakollos*. *Sukakollos* demonstration plots will be incorporated into local tourist circuits.
- b. Recovery of intangible and tangible expressions of pre-Hispanic and colonial culture, to promote tourism, cultural and economic activities in the region. To

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<sup>15</sup> *Sukakollos* are ridges of land flooded with water to provide natural fertility and a heat regulating effect for the crops sown on their surfaces.

that end, support will be provided for: (i) an inventory of cultural expressions (traditions, customs, food, handicrafts, folklore, and music); (ii) a diagnostic of the potential of cultural activities; (iii) definition of cultural identity in tourist attractions and in local products, helping MSEs to incorporate cultural dimensions into their businesses; (iv) coordination and management of efforts to recover and restore local cultural heritage; (v) preparation of material to promote local cultural identity; and (vi) expansion of tourist circuits and related services.

**Component 3: Capacity building and network formation (MIF: US\$340,000; ICR: US\$340,000; Counterpart: US\$430,600)**

- 2.6 This component will support activities to improve factors of competitiveness among MSEs and producer and service associations, as well as the formation of networks to gain access to larger markets in the agricultural, tourism-handicraft, and manufacturing sectors. The component will support the following strategies:
- a. Formation of networks and/or production and marketing chains to achieve competitive market positioning and set up businesses, through the following activities: (i) awareness-raising among MSEs and associations on network and chain issues; (ii) survey of business opportunities and demand for products and services; (iii) studies and research to identify market niches for each strategic product; (iv) definition and formation of networks and productive and service chain relations; (v) determination of production costs; (vi) training and assistance in seeking market opportunities; (vii) preparation of participatory business plans; (viii) optimization of the logistics of product storage and transportation; (ix) formalization of the networks and chain relations created; (x) support for marketing strategies; (xi) production of packaging and promotion material; (xii) product marketing events; (xiii) support and training for negotiating contracts; and (xiv) events to exchange experiences between producers and service providers.
  - b. Improvement of productive, administrative, business-management, and marketing capacity among MSEs and producer associations, to make a greater contribution to the chains and networks created. These activities involve: (i) training and support on productive, administrative and marketing issues; (ii) training in customer service, gastronomy, and good practices; (iii) preparation of business plans; (iv) support for implementing business plans and follow-up; (v) support for preparing promotion and dissemination materials; and (vi) promotion of links between the productive sector and universities, technical institutes, and technological centers for knowledge and technology transfer.
  - c. Support for procurement of goods and services by the municipios to facilitate local provision of goods and services. Support and training will be provided to: (i) networks and associations in submitting bids to supply goods and

services to government entities under national legislation; and (ii) the municipios in preparing bidding documents and contracts.

- 2.7 To complement these activities, two productive investment funds will be set up: (i) a fund for working or investment capital for MSEs and associations or networks, financed out of the counterpart funding; and (ii) a fund maintained with MIF resources for projects for public-private initiatives that have a clear local development impact, with public financing insofar as is possible. The network formation, training, and technical support actions for the participating MSEs will generate recommendations to improve competitiveness in the local area. Many of these recommendations are expected to involve small-scale investments to set up new marketing chains, develop local brands, promote tourist routes, and improve the quality of the products and services offered. The two funds seek to complement the technical assistance work by financing specific small-scale investments of this type.<sup>16</sup> Details of the objectives and basic requirements for using these funds are contained in the Operating Regulations.

**Component 4: Monitoring, lessons learned, and dissemination of outcomes (MIF: US\$22,500; ICR: US\$22,500; Counterpart: US\$3,420)**

- 2.8 This component seeks to disseminate the project outcomes in small municipios. The outcomes and lessons learned from project execution will be used to develop a model establishing conditions for replicating and adapting the experience to other sectors or local settings. The following activities will be financed: (i) design and implementation of a monitoring system; (ii) systemization of the project methodology and experiences; (iii) participation in dissemination events; and (iii) publication and dissemination of the documents produced.
- 2.9 **Expected outcomes.** The following results are expected from the project: (i) formation and consolidation of five networks in the agricultural, tourism-handicraft, and manufacturing sectors, with contracts for selling products and/or services; (ii) a 25% increase in the revenue of MSEs and producer and service associations; (iii) five municipal governments undertake joint development actions in the three priority sectors; and (iv) each of the municipal governments include at least one project to support the consolidated networks and chains in their MDPs and AWP.

### **III. COST AND FINANCING**

- 3.1 The total cost of the project will be US\$1.68 million, of which US\$550,000 (33%) will be provided by the MIF and US\$550,000 (33%) by the ICR, both of which will be nonreimbursable. The counterpart funding will be provided by the executing agency (US\$580,000) at least 50% of which will be in cash.

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<sup>16</sup> The funds will finance activities that are eligible under the Bank's technical cooperation policies.



<b>Expenditures</b>	<b>MIF</b>	<b>ICR</b>	<b>ASOC. CUNA</b>	<b>TOTAL</b>	<b>%</b>
1. Integration of municipios in development actions	43,000	43,000	40,000	126,000	7.5%
2. Enhancement of cultural assets	64,450	64,450	66,500	195,400	11.6%
3. Capacity building and network formation	340,000	340,000	430,600	1,110,600	66.1%
4. Outcomes dissemination and systemization	22,500	22,500	3,420	48,420	2.9%
Operating expenses	46,000	46,000	39,480	131,480	7.8%
Audits	5,000	5,000		10,000	0.6%
Project evaluations	7,500	7,500		15,000	0.9%
Contingencies	6,300	6,300		12,600	0.8%
<b>Subtotal</b>	<b>534,750</b>	<b>534,750</b>	<b>580,000</b>	<b>1,649,500</b>	<b>98%</b>
"Promoting local competitiveness" cluster	12,500	12,500		25,000	1.5%
Impact assessment	2,750	2,750		5,500	0.3%
<b>TOTAL</b>	<b>550,000</b>	<b>550,000</b>	<b>580,000</b>	<b>1,680,000</b>	<b>100%</b>
	65.5%		34.5%		

3.2 **Sustainability.** The project's actions and interventions will draw sustainability from various areas. Firstly, the project encourages the integration of public and private entities, around key economic sectors, in the belief that this will generate greater competitiveness and produce higher incomes for the local stakeholders. Secondly, it will promote public investment to support productive undertakings in the participating municipios, thereby guaranteeing better conditions for local production. The project's actions also seek to overcome bottlenecks and obstacles among MSEs and associations through specific interventions to strengthen the respective productive chains. This should also result in higher income and thus greater sustainability of their productive activities and individual services. Lastly, sustainability is also supported by the fact that the project will provide financial support for working capital and investment to underpin productive expansion and growth.

3.3 At least one year before project completion, a sustainability workshop will be held with representatives from MIF, the executing agency, and individuals to be agreed upon, to evaluate the progress made and to identify measures and actions that ensure the continuity of project actions after the financing has been disbursed.

#### **IV. IMPLEMENTATION ARRANGEMENTS**

4.1 The project will be implemented by the CUNA Association, a nonprofit nongovernmental organization founded in 1998, that promotes comprehensive development in the most disadvantaged parts of Bolivia, particularly in rural and poor urban areas, to help improve living conditions for children and their families. The CUNA Association runs a number of work centers that are strategically located so that their teams are available to assist with the projects they are supporting. The association has over 10 years' work experience in the zone, where it has implemented projects in the health, education, infrastructure, environment, and

local development sectors, involving more than 300 communities in eight municipios in the Department of La Paz, benefiting over 5,000 families and 75,000 children. In particular, key work has been done on the organizational and productive development of community groups, with a view to increasing income levels among rural families.

- 4.2 The project will be implemented by the CUNA Association's Project Technical Division, where an executing unit will be set up. The members of this unit will be: the Project Coordinator and an administrative-accounting assistant (financed by the contribution), and the CUNA Association's Local Development Officer, who will coordinate local development, and its Planning Specialist, who will coordinate networks and chains. Specialist consultants will be hired to assist with local development and with productive, business and administrative development. Support will also be provided by the CUNA Association's technical and administrative team. The terms of reference for those responsible for execution are contained in the Operating Regulations.
- 4.3 **Disbursement by results.** Under the risk and performance-driven project management modality, disbursements are conditional on fulfillment of the milestones agreed with the executing agency. Nonetheless, fulfillment of the milestones does not release the executing agency from responsibility for achieving the project targets as specified in the logical framework.
- 4.4 An advance of up to 10% of the financing will be extended to the executing agency, once the conditions previously established in the executive summary have been met. Subsequent disbursements will be made upon presentation of evidence of fulfillment of the subsequent milestones, in amounts calculated on the basis of expenditure needs until the next milestone is attained. The Bank may recognize as a charge against the financing, expenses of up to US\$50,000 equivalent, incurred from the date the operation was declared eligible (23 July 2009) until the date of approval, to finance preliminary project activities, provided Bank procedures have been fulfilled.
- 4.5 **Procurement.** The executing agency will be responsible for procurement of goods and services and consulting services envisaged for the project, in accordance with the Bank's procurement policies (GN-2349-7 and GN-2350-7 as amended), the MIF procurement guidelines, and the procurement plan. Prior to the procurement process, the executing agency will submit the project procurement plan to the Bank for consideration, and subsequently the plan will be reviewed and updated semiannually. As the executing agency has received a "low institutional risk" rating, procurement will be reviewed ex post annually. The mode and frequency of the reviews (ex post and annually in this case) may be modified by the MIF on the basis of reviews performed during project execution.



## V. MONITORING AND EVALUATION

- 5.1 **Project status reports.** The executing agency will present project status reports (PSRs) to the MIF, within 30 days after the end of each semiannual period, or as frequently and on such dates as the MIF should decide, with at least 60 days' advance notice to the executing agency. The PSRs, to be prepared in a format previously agreed with the MIF, will describe the progress of the project, achievement of milestones and the outcomes and their contribution to the project objectives, based on the logical framework indicators and other operational planning tools; they will also report any problems encountered during execution and potential solutions. Within 90 days after project completion, the executing agency must submit a final PSR to the MIF, describing outcomes, the sustainability plan, and the lessons learned.
- 5.2 **Financial monitoring.** The executing agency will set up and maintain proper financial accounting records, internal oversight, and project filing systems, in accordance with Bank/MIF accounting and audit standards and policies. As the executing agency received a low risk rating, the Bank will hire independent auditors to audit the project financial statements, which will be prepared by the executing agency within 30 days before the deadline for the last disbursement; and documentation in support of disbursements will be reviewed ex post on an annual basis. The use and frequency of the reviews may be changed by the MIF depending on the findings of reviews and/or institutional assessments performed during project execution.
- 5.3 **Evaluations.** Two evaluations will be carried out by independent consultants selected and hired by the Bank, and the cost will be charged to the operation. The midterm evaluation will be conducted when the program 50% of the financing has been disbursed, or at the project midpoint, whichever comes first; and the final evaluation will be conducted upon project completion. The terms of reference for these evaluations will be prepared by the Bank and approved by the executing agency. The midterm evaluation will consider: (i) the effectiveness of actions undertaken, and the extent to which programmed activities have been completed and targets met, and the evolution of the logical framework indicators; (ii) the performance of the consultants, instructors, and team involved in execution, in terms of efficiency and the quality of services provided to beneficiaries; (iii) beneficiary satisfaction with the services and solutions provided; and (iv) the steps taken to facilitate project sustainability. Should there be significant variations in the execution of activities, corrective measures will be recommended for the operation, with a focus on the lessons learned. The final evaluation will analyze outcomes achieved in relation to the baseline and logical framework objectives, and will examine: (i) the sustainability of the actions undertaken; (ii) the extent to which the project purpose and objectives have been achieved; (iii) the beneficiary group; (iv) the project's impact on support for local development; (v) products that generated greater value that can be replicated in other areas; and (vi) lessons learned in project execution.

- 5.4 At least three months before project completion, a closing workshop, to be attended by the executing agency, Bank staff, sector representatives, and any individuals approved by the Bank, will be held to jointly evaluate the outcomes, determine additional tasks to ensure the sustainability of the actions initiated under the project, and identify lessons learned.

## VI. PROGRAM BENEFITS AND RISKS

- 6.1 **Beneficiaries.** The direct beneficiaries of the project will be roughly 400 MSEs and 50 producer and services associations (approximately 2,000 families) engaged in agriculture, tourism-handicrafts, and manufacturing. Other beneficiaries of the project activities will include technical staff in the municipal governments of Tiwanaku, Guaqui, Taraco, Viacha and Achocalla in the Department of La Paz.
- 6.2 **Risks.** There are basically two risks associated with the project. First, there is a political risk, arising from future changes in the authorities and leadership, which could alter the conditions in which the project was designed and set in motion, since all the municipios and private sector actors involved have a major interest in participating and working in the productive economic sectors selected, as does the central government. Should this occur, the CUNA Association has demonstrated sufficient negotiating capacity and knowledge to be able to forge ties with the new political authorities and maintain their interest in the local and productive development process in these regions. Secondly, there is the climate-related and environmental risk, since some of the productive sectors rely heavily on the climate and environment of the zone, and an adverse affect could impair project execution and intervention times. Although this risk cannot be controlled, the project covers a variety of actions, sectors, zones, and microclimates, and could thus target component activities to sectors that have not been affected by the climate or the environment.

## VII. ENVIRONMENTAL AND SOCIAL ISSUES

- 7.1 The project will not have an adverse environmental impact, because: (i) the agricultural production being promoted is environmentally friendly and uses agroecological methodologies; (ii) the project provides training in the protection of the environment, culture and heritage; and (iii) it is not expected to extend the agricultural frontier but to make more appropriate and efficient use of land and water resources. Secondly, the social impact is one of the most important aspects of the project, since work will be carried out with poor rural communities in Bolivia, with a focus on productive support and local linkages. Classification “C”.

**MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS  
COMPETITIVENESS**

**BO-T1123**

**CERTIFICATION**

I hereby certify that this Technical Cooperation operation was approved for funding by the Italian Trust Fund for Regional Competitiveness (ICR), pursuant to the memorandum dated 27 July 2009, signed by Mr. Filippo Scammacca, Head of the Directorate General of Development Cooperation in the Ministry of Foreign Relations of Italy. I also certify that up to US\$550,000 has been set aside in the ICR to finance the activity described and budgeted for in the document. The funding reservation represented by this document is valid for nine calendar months from the date of its signing. If the project is not approved by the IDB within that period, the reserved funds shall be considered released, and a new certification will need to be signed to renew the previous reservation. The funds referred to in this certification may only be committed and disbursed by the Bank in US dollars. The same currency will be used to specify remuneration and payments to consultants, except for payments made to local consultants working in their own country, who will receive remuneration and payment in the currency of that country, as contracted. No monies from the Fund may be used to cover amounts in excess of that certified for implementing this Plan of Operations. Excess amounts could arise from commitments specified in contracts denominated in a currency other than that of the Fund, generating potential exchange rate differences on currency conversion, for which the Fund assumes no risk.

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Marguerite S. Berger  
Chief  
Grants and Cofinancing Management Unit  
VPC/GCM

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Date

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
<b>GOAL</b>			
To contribute to the economic development of five small municipios in the Department of La Paz.	Three years after the end of the project: <ul style="list-style-type: none"> <li>At least 80% of the intermunicipal and private partnerships remain in place. Producers and microentrepreneurs in networks maintain positive average income growth.</li> </ul>	<ul style="list-style-type: none"> <li>Project impact evaluation (subject to eligibility if done by the MIF)</li> <li>CUNA monitoring report</li> </ul>	<ul style="list-style-type: none"> <li>Political, economic, and social conditions in the country remain at least unchanged.</li> </ul>
<b>PURPOSE</b>			
To improve the competitiveness of MSEs and producer and services associations in Achocalla, Viacha, Tiwanaku, Taraco and Guaqui, where the respective municipal governments are acting jointly and in conjunction with the private sector, to promote the enhancement of Andean culture.	<ol style="list-style-type: none"> <li>Consolidated networks in the following sectors: agriculture, tourism-handicrafts, and manufacturing, with at least one contract for the sale of products and/or services (two networks by project midpoint and five networks by the end of the project).</li> <li>MSEs and producer and services associations with higher revenue (30% see revenue increase by 10% by project midpoint, and 80% by 25% by the end of the project).</li> <li>Productivity growth (sales/total costs) among MSEs and associations (by 5% in 30% of MSEs and associations by project midpoint, and by 10% in 60% of MSEs and associations by the end of the project).</li> <li>Municipal governments undertake joint development actions in the three priority sectors (three municipal governments undertake three actions by project midpoint, and five municipal governments undertake nine joint actions by the end of the project).</li> </ol>	<ul style="list-style-type: none"> <li>Minutes of network formation</li> <li>Legal status</li> <li>By-laws</li> <li>Organizational structures</li> <li>Minutes book</li> <li>Sales contracts</li> <li>Base level</li> <li>Final level</li> <li>Financial statements</li> <li>Intermunicipal agreements</li> <li>Municipal council resolutions</li> <li>Execution reports approved by the municipal governments</li> <li>Municipal MDPs and AWP</li> <li>Project status reports (PSRs)</li> <li>Evaluation reports</li> <li>Monitoring system reports</li> <li>Inspection visits</li> </ul>	<ul style="list-style-type: none"> <li>National policies continue to promote productive economic development.</li> <li>Electoral processes do not paralyze the municipios.</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
<b>COMPONENTS</b>			
<b>Component 1</b>  <b>INTEGRATION OF MUNICIPIOS IN JOINT DEVELOPMENT ACTIONS</b>  To enhance intermunicipal linkages and coordination to promote local joint production and service actions	1.1 Municipal consortia formally set up and functioning (two by project midpoint and five by the end of the project). 1.2 Percentage implementation of consortia work plans (two plans implemented in 30% of consortia by project midpoint, and five plans implemented in 80% by the end of the project). 1.3 Municipios with their LEDU set up, with technical capacity and trained human resources (two municipal governments by project midpoint and five by the end of the project). 1.4 Municipal governments include at least one project in their MDPs and AWP to support the consolidated networks and chains (two municipal governments by project midpoint and five municipal governments by the end of the project).	<ul style="list-style-type: none"> <li>• Notarized minute of consortia formation</li> <li>• Municipal Councils resolutions</li> <li>• Intermunicipal agreements</li> <li>• Internal regulation</li> <li>• Consortia work plans</li> <li>• Progress reports of consortia work plans</li> <li>• LEDUs incorporated into municipal governments structures</li> <li>• Memorandum of appointments</li> <li>• Annual activities reports</li> <li>• Monitoring system reports</li> <li>• On-site visits</li> <li>• Project status reports (PSRs)</li> <li>• Midterm and final evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal governments in office are committed to local economic development and willing to undertake collective actions.</li> <li>• Availability of municipal public funds to move forward with collective investments.</li> <li>• Climate and environmental conditions do not drastically affect agricultural production.</li> </ul>
<b>Component 2</b>  <b>ENHANCEMENT OF CULTURAL ASSETS</b>  Recover expressions of Andean culture and technology to promote tourism and agricultural productivity.	2.1 Hectares cultivated with <i>Sukakollos</i> technology increase their production volume in the municipios (20 ha increase production by 20% in two municipios by project midpoint and 60 ha increase production by 60% in four municipios by the end of the project). 2.2 Tourist circuits operating with pre-Columbian and colonial cultural assets incorporated (two by project midpoint and four by the end of the project).	<ul style="list-style-type: none"> <li>• Technical production reports</li> <li>• Socioeconomic records</li> <li>• Family sales records</li> <li>• Sales contracts</li> <li>• Tourist circuit documents</li> <li>• Records of tourist flows</li> <li>• Tourist packages</li> <li>• Preliminary contracts with tourism agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Government and private entities provide support for promoting the enhancement of Bolivian culture</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
		<ul style="list-style-type: none"> <li>• Inventory of pre-Columbian and colonial cultural assets in each municipio</li> <li>• Tourism promotion material</li> <li>• Partnership agreements</li> </ul>	
	<p>2.3 MSEs that incorporate expressions of local culture in their services (food and folklore) (30 by project midpoint and 100 by the end of the project).</p> <p>2.4 Public-private partnerships to set up profitable businesses (one by project midpoint and two by the end of the project).</p>	<ul style="list-style-type: none"> <li>• Inspection visits</li> <li>• Project status reports (PSRs)</li> <li>• Midterm and final evaluations</li> </ul>	
<p><b>Component 3</b></p> <p><b>CAPACITY BUILDING AND NETWORK FORMATION</b></p> <p>MSEs and local producer associations from the agricultural, tourism/handicraft, and manufacturing sectors, operating networks and chains and improving their productive and commercial capacities.</p>	<p>3.1 Percentage of MSEs and producer or service associations participating in joint ventures through networks and chains (30% by project midpoint and 60% by the end of the project).</p> <p>3.2 Municipal governments that acquire at least one product supplied by the networks and/or chains (two municipios by project midpoint and five by the end of the project).</p> <p>3.3 MSEs and producer and services associations use new administrative tools to manage their businesses (80 MSEs and 15 associations by project midpoint and 300 MSEs and 50 associations by the end of the project).</p> <p>3.4 Percentage implementation of the business plans of MSEs, associations, networks and/or chains (20% of business plans of 30% of MSEs, associations, networks and/or chains by project midpoint and 60% of 60% by the end of the project).</p>	<ul style="list-style-type: none"> <li>• Lists of businesses</li> <li>• Sales records</li> <li>• Sales contracts and agreements</li> <li>• Legal status of the networks and chains</li> <li>• Municipal purchase records</li> <li>• Administrative manuals and documents</li> <li>• Training material</li> <li>• Administrative documents of MSEs and associations</li> <li>• Participation lists</li> <li>• Base line</li> <li>• Socioeconomic records</li> <li>• Technical production reports</li> </ul>	<ul style="list-style-type: none"> <li>• Political and labor-union participation does not affect development and formation of local networks and businesses.</li> <li>• MSEs show willingness and interest in partnering.</li> <li>• MSEs have minimum technical capacity and financial access to implement productive improvements and business plans.</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
		<ul style="list-style-type: none"> <li>• Business plans of small and medium-sized enterprises, associations, and/or chains</li> <li>• Final level</li> <li>• Production record</li> <li>• Project status reports (PSRs)</li> <li>• Midterm and final evaluations</li> </ul>	
<b>Component 4</b> <b>OUTCOMES MONITORING AND DISSEMINATION</b> To disseminate the project outcomes and local economic development model for small integrated municipios.	By the end of the project: 2.1 Five municipios integrated and 70% of MSEs and associations have participated in validating the project outcomes. 2.2 One municipio interested in replicating the experience. 2.3 Publication of project outcomes disseminated with the MIF and in the Department of La Paz.	<ul style="list-style-type: none"> <li>• Final project report</li> <li>• Systemized and edited documents</li> <li>• List of participants</li> <li>• Project report</li> <li>• Dissemination and validation workshop reports</li> <li>• Expression of interest by one municipal government in replicating the experience</li> <li>• Project status reports (PSRs)</li> <li>• Midterm and final evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• The project produces interesting outcomes for dissemination.</li> </ul>
<b>ACTIVITIES</b>			
<b>Component 1</b> 1.1 Undertake diagnostic studies of municipal needs 1.2 Prepare awareness-raising material 1.3 Raise awareness among municipal governments on integration 1.4 Hold intermunicipal consensus-building forums	<ul style="list-style-type: none"> <li>• Awareness-raising material by month 2</li> <li>• First workshops with municipal governments by month 3</li> <li>• Diagnostic assessment of municipios by month 6</li> <li>• Definition of the first consortium by month 9</li> <li>• LEDU structures in municipios by month 9</li> </ul>	<ul style="list-style-type: none"> <li>• Material produced</li> <li>• Participation lists</li> <li>• Minutes of meetings</li> <li>• Workshop reports</li> <li>• Municipal diagnostic assessments</li> <li>• Municipal sector plans</li> <li>• Consortia formation documents</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive private stakeholders participate in data collection processes.</li> <li>• Leading private firms participate in municipal planning processes.</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
1.5 Support the preparation of participatory sector plans 1.6 Form, set up, and formally establish intermunicipal consortia 1.7 Establish internal regulations for municipal consortia 1.8 Implement municipal consortia 1.9 Set up joint consortia action plans 1.10 Train consortia leaders 1.11 Inform the public about consortia 1.12 Train municipal governments to operate consortia 1.13 Support and monitor actions 1.14 Provide training for municipal government technical staff and authorities in local economic development 1.15 Provide advisory support to municipios in adapting or setting up the LEDU 1.16 Provide advisory support to the LEDU in its economic activity roles 1.17 Provide advisory support in preparing projects to be included in the municipal AWP. 1.18 Include the promotion of economic activities in the MDP and AWP.		<ul style="list-style-type: none"> <li>• Intermunicipal agreements</li> <li>• Action plans</li> <li>• LEDU structures</li> <li>• Training reports</li> <li>• Training assessments</li> <li>• Advisory support forms</li> <li>• Monitoring reports</li> <li>• Profiles of projects to support the productive sector</li> <li>• MDP</li> <li>• AWP</li> <li>• Monitoring system</li> </ul>	



<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
<p>Component 2</p> <p>2.1 Survey of <i>Sukakollos</i></p> <p>2.2 Prepare training and awareness-raising material</p> <p>2.3 Raise awareness about Andean technology among local producers</p> <p>2.4 Support and provide training in <i>Sukakollos</i></p> <p>2.5 Form local promoter associations (<i>Yapuchiris</i>) to replicate <i>Sukakollos</i></p> <p>2.6 Consolidate markets for production in <i>Sukakollos</i></p> <p>2.7 Identify intangible cultural assets (traditions, customs, food, handicrafts, folklore)</p> <p>2.8 Identify potentials with pre-Columbian and colonial cultural assets</p> <p>2.9 Determination of cultural identity in tourist attractions and local products</p> <p>2.10 Management and coordination of actions with organizations to recover and restore local cultural heritage</p> <p>2.11 Identify tourist circuits with public and private entities</p> <p>2.12 Determine actions to support the operation of tourist circuits</p> <p>2.13 Seek partnerships with tourism firms and organizations to promote cultural tourism</p>	<ul style="list-style-type: none"> <li>• Training and awareness-raising material by month 3</li> <li>• Demonstration <i>Sukakollos</i> by month 9</li> <li>• <i>Yapuchiris</i> associated and trained by month 12</li> <li>• Inventory expressions of local culture by month 6</li> <li>• Inventory of pre-Columbian and colonial cultural assets by month 7</li> <li>• Tourist circuits identified by month 9</li> <li>• Establishment and award of the productive fund by month 6</li> <li>• Training for municipal governments in award processes by month 9</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness-raising material</li> <li>• Training material</li> <li>• Photographic records</li> <li>• Technical production reports</li> <li>• Participation lists</li> <li>• Training reports</li> <li>• Advisory support forms</li> <li>• Lists of <i>Yapuchiri</i> associations</li> <li>• Inventory of expressions of culture</li> <li>• Sales contracts</li> <li>• Sales records</li> <li>• Inventory of cultural assets</li> <li>• Tourist circuit programs</li> <li>• Reports on training events</li> <li>• Minutes of interagency meetings</li> <li>• Monitoring reports</li> <li>• Agreements and contracts signed</li> <li>• Dissemination strategy</li> <li>• Promotional material</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal governments promote the enhancement of community governance policies</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
2.14 Help MSEs include cultural dimensions in their businesses 2.15 Prepare a strategy for dissemination and promotion of local culture 2.16 Prepare material for promoting the local cultural identity 2.17 Hold dissemination events 2.18 Support the operation of tourist circuits 2.19 Enter into public-private partnerships or partnerships among private entities for joint ventures			
<b>Component 3</b> 3.1 Survey of MSE and associations capacities 3.2 Raise awareness among MSEs and associations in networks and chains 3.3 Calculation of base line for MSEs, associations, networks and chains 3.4 Survey of business opportunities and demand for products and services 3.5 Studies and research to identify niche markets for each strategic product 3.6 Establish and set up networks and production and service chains 3.7 Prepare plans to support MSEs, associations, networks and chains 3.8 Determine production costs	<ul style="list-style-type: none"> <li>• Base line by month 4</li> <li>• Survey of business opportunities by month 4</li> <li>• First networks and/or chains established by month 6</li> </ul>	<ul style="list-style-type: none"> <li>• Base line document</li> <li>• Opportunities survey report</li> <li>• Contracts and agreements of the first networks</li> <li>• List of associates</li> <li>• Minutes of meetings</li> <li>• Market studies</li> <li>• Production cost studies</li> <li>• Business plans</li> <li>• Lists of training</li> <li>• Advisory support forms</li> <li>• Training material</li> <li>• Report on the logistics study for each sector</li> <li>• Minutes of constitution</li> <li>• Minutes of directors taking office</li> </ul>	<ul style="list-style-type: none"> <li>• Civil society and local government authorities are proactive in local development processes</li> </ul>

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
3.9 Provide advisory support and training in market opportunities 3.10 Prepare participatory business plans for MSEs, associations, networks and chains 3.11 Provide advisory support and training in production, administration and business management 3.12 Provide training in customer service, gastronomy, and good practices 3.13 Optimize product storage and transportation logistics 3.14 Formally recognize the networks and chains that have been set up 3.15 Hold events to exchange experiences 3.16 Provide support in marketing strategies 3.17 Produce packaging and promotion material		<ul style="list-style-type: none"> <li>• Legal status</li> <li>• By-laws and regulations</li> <li>• Reports on exchange of experiences</li> <li>• Marketing strategies</li> <li>• Promotional and marketing material</li> <li>• Productive fund document</li> <li>• Financing contracts</li> <li>• Credit applications</li> <li>• Proposals for the provision of products or services to municipal governments</li> <li>• Municipal government calls for tenders to supply goods and services</li> <li>• Contracts of municipal governments</li> <li>• Monitoring reports</li> <li>• Final level</li> </ul>	

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
3.18 Hold events to market products 3.19 Provide advisory support and training for networks, associations, and MSEs in submitting bids to supply goods and services to public entities 3.20 Provide support and training in contract negotiation 3.21 Provide advisory support and training to municipios in preparing procurement and contracting documents 3.22 Provide advisory support in access to financing 3.23 Set up the productive fund for networks and chains 3.24 Set up the fund for projects to support public-private investment 3.25 Provide funding for eligible projects 3.26 Promote links with universities, institutes, and technological centers for knowledge transfer 3.27 Monitor the implementation of business plans 3.28 Monitoring of projects financed with the funds 3.29 Calculate the final level			

<b>LOGICAL FRAMEWORK</b> <b>MUNICIPAL INTEGRATION TO DEVELOP RURAL BUSINESS COMPETITIVENESS</b>			
<b>Narrative summary of objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
Component 4. 4.1 Design and implement the project monitoring system 4.2 Systemize the project methodology and experiences 4.3 Participate in dissemination events 4.4 Publish and disseminate the documents generated	<ul style="list-style-type: none"> <li>Monitoring system functioning by month 6</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring system document</li> <li>Monitoring system software</li> <li>Monitoring system manuals</li> <li>Systemize documents of methodology and experience</li> <li>Project report</li> <li>Participation lists</li> <li>Distribution lists</li> <li>Event reports</li> <li>Final report</li> </ul>	<ul style="list-style-type: none"> <li>Systemized project experiences are replicated by other municipios.</li> </ul>

Categories	MIF	ICR	CUNA Association			TOTAL	%
			Cash	Kind	Subtotal		
1. Integration of municipios in joint development actions	43,000	43,000	14,800	25,200	40,000	126,000	7.5%
2. Enhancement of cultural assets	64,450	64,450	46,500	20,000	66,500	195,400	11.6%
3. Capacity building and network formation	340,000	340,000	395,800	34,800	430,600	1,110,600	66.1%
4. Outcomes dissemination and systemization	22,500	22,500	3,420		3,420	48,420	2.9%
Operating expenses	46,000	46,000	39,480		39,480	131,480	7.8%
Audit and ex post reviews	5,000	5,000				10,000	0.6%
Project evaluations	7,500	7,500				15,000	0.9%
Contingencies	6,300	6,300				12,600	0.8%
<b>SUBTOTAL</b>	<b>534,750</b>	<b>534,750</b>	<b>500,000</b>	<b>80,000</b>	<b>580,000</b>	<b>1,649,500</b>	<b>98.2%</b>
"Promoting local competitiveness" cluster	12,500	12,500				25,000	1.5%
Impact assessment	2,750	2,750				5,500	0.3%
<b>TOTAL</b>	<b>550,000</b>	<b>550,000</b>	<b>500,000</b>	<b>80,000</b>	<b>580,000</b>	<b>1,680,000</b>	<b>100%</b>
<b>65.5%</b>			<b>34.5%</b>				