

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

**TECHNICAL COOPERATION FOR THE SECOND STAGE OF THE PROGRAM FOR
DEVELOPMENT OF CRAFT INDUSTRY IN BOLIVIA, ECUADOR AND
GUATEMALA
(TC7707071)**

PLAN OF OPERATIONS

FEBRUARY, 1978

TECHNICAL COOPERATION SUB-DEPARTMENT

TECHNICAL ASSISTANCE DIVISION

PLAN OF OPERATIONS

TC/77-07-07-1

REGIONAL. Bolivia, Ecuador and Guatemala. Program for Development of Craft Industries. Second Stage.

I. APPLICATION

- 1.1 The Government of Guatemala requested, through Corporación Financiera Nacional (CORFINA), in a letter dated October 15, 1976, a continuation of the Program for Development of Craft Industries, the Agreement (ATN/SF-1306-VA) for which had been signed by the governments of Bolivia, Ecuador and Guatemala. The application stated that this second stage of the program would have to cover an additional minimum time of two years.
- 1.2 The Government of Bolivia stated in a letter dated September 7, 1976, from the Ministry of Industry and Commerce that the program should continue along individual lines for each country, and for a period of two years.
- 1.3 The Government of Ecuador also stated, through letters from the Ministry of Industry, Commerce and Integration, dated December 30, 1976, and from the Assistant Secretary for Budget and Credit of the Ministry of Finance, that it would do everything necessary to continue as the regional headquarters of the program.
- 1.4 Executing agencies: The technical cooperation program reviewed in this plan of operations will be executed by the Instituto Boliviano de Pequeña Industria y Artesanía (INBOPIA) in Bolivia, the Centro Nacional de Promoción de la Pequeña Industria y Artesanía (CENAPIA) in Ecuador and Corporación Financiera Nacional (CORFINA) in Guatemala.
- 1.5 Beneficiaries: The beneficiaries of this technical cooperation would be the same crafts enterprises benefited during the first stage of the program in Bolivia, Ecuador and Guatemala, as well as others that join the program during the second stage.
- 1.6 Amount and Financing: The total cost of the program in Bolivia, Ecuador and Guatemala would be the equivalent of US\$1,272,000 over the two year period. Of this amount, the Bank would contribute up to US\$946,000 on a nonreimbursable basis, using resources from the net earnings of the Fund for Special Operations.
- 1.7 This operation is included in the Technical Cooperation Program for 1977.

II. BACKGROUND

A. General Background

- 2.1 In its meeting of July 18, 1974, the Board of Executive Directors adopted through Resolution DE-86/74 a nonreimbursable technical cooperation in the equivalent of US\$300,000 to assist in the financing for the Program for Development of Craft Industries in Bolivia, Ecuador and Guatemala.
- 2.2 That Agreement (ATN/SF-1306-VA) was signed October 3, 1974, by the President of the Bank and representatives of the three participating countries. The signatures were placed on the individual agreements with the executing agencies of the program, as established in Section 2.10 of that agreement, on February 21, 1975, in Ecuador, July 10, 1975, in Bolivia and October 13, 1975, in Guatemala. 1/
- 2.3 The Plan of Operations defined in document AT-178 provided that the program would be executed in two stages, for a total of three years, the first stage of which would be for two. It was further established that once the first stage was over, authorization from the Board of Executive Directors would be sought for additional resources to implement the second stage by means of a new plan of operations.
- 2.4 As established in the agreement, the first stage of the Program for Development of Craft Industries had an ending date of November 30, 1976. On November, 1, 1976 and February 24, 1977, extensions were approved for the first stage to December 28, and May 28, 1977, respectively.
- 2.5 The Bank has granted the following technical cooperations to the handicrafts subsector:
 - ATP/SF-1298-PE (2). Advisory Assistance to the Empresa Peruana de Promoción Artesanal (EPPA). US\$168,000. Approved July 8, 1974, as part of loan 400/SF-PE, Integral Tourism Development Project - COPESCL.
 - ATN/SF-1306-VA. Program for Development of Craft Industries in Bolivia, Ecuador and Guatemala. US\$300,000. Approved July 18, 1974.
 - ATN/SF-1372-RE. Regional. IDB/CIDA seminar on promotion and development of crafts. Seminar held in Ottawa, Canada. June 16-20, 1975. US\$41,800. Approved May 15, 1975.
 - ATN/SF-1438-RE. (IX-HA-2). Advisory assistance to the government of Haiti and the identification of programs and projects in the crafts sector. Short term mission. US\$8,000. Approved May 8, 1976.
 - ATN/SF-1438-RE (VIII-CR-3). Advisory assistance to the government of Costa Rica and the identification of programs and projects for the crafts sector. Short term mission. US\$10,000. Approved May 11, 1976.
 - ATN/SF-1510-RE. Institutional strengthening for the organization, Manos of Uruguay. US\$65,000. Approved October 27, 1976.

1/ See Chapter V, Justification, for evaluation of the first stage of this program.

B. Background of Executing Agencies

- 2.6 The executing agencies and national counterpart agencies of the second stage of the program will be the Instituto Boliviano de Pequeña Industria y Artesanía (INBOPIA) in Bolivia and Corporación Financiera Nacional (CORFINA) in Guatemala. By decision of the Government of Ecuador, the Centro Nacional de Promoción de la Pequeña Industria y Artesanía (CENAPIA) would act as the counterpart in the program for this second stage instead of the Banco Nacional de Fomento (BNF).
- 2.7 INBOPIA is a decentralized public agency attached to the Ministry of Industry, Commerce and Tourism. It was created by Supreme Decree No. 11734 of August 28, 1974. INBOPIA has its own legal status, assets and administrative autonomy and is headquartered in the city of La Paz. Among its objectives are planning the development of small industries and handicrafts, contributing to the improvement of the balance of trade by selective substitution of imports and the expansion of exports produced by small industrial and craft companies, supplementing the activities of medium and large scale industry by small industry and handicrafts, coordinating the activities of all agencies either directly or indirectly involved in developing and promoting small industries and crafts. INBOPIA has 14 professional staff members and 11 administrative and support officials. Its 1977 budget is m\$n 2,828,800 or the equivalent of approximately US\$140,000.
- 2.8 CORFINA is a decentralized, independent agency with its own legal status and assets. It was created by Legislative Decree No. 46-72 of August 10, 1972. Its primary objective is to promote industrial, mining and tourism activities in Guatemala through financial and technical assistance operations. In February, 1976, the Bank granted a loan of US\$7 million to CORFINA to finance a US\$9 million program in subloans to small and medium scale enterprises of the tourism and industry sectors. At this time CORFINA is executing a program for the rebuilding of craft and small industrial companies that were seriously damaged by the earthquake. CORFINA has 20 professional staff members with experience in these areas and resources in trust from the specific national construction fund, in addition to the resources set aside for this program. It is estimated that as a result of its experience with the Program for Development of Craft Industries and the execution of the aforementioned redevelopment program, a specialized agency will be set up in CORFINA when the technical and financial assistance is granted for the development of the crafts sector.
- 2.9 CENAPIA is a public law agency with its own legal status and assets that was created by Decree No. 1020 of December 8, 1975. It is attached to the Ministry of Industry, Commerce and Integration and has the fundamental objective of promoting small scale industry and handicraft operations. Its primary functions are the following: provide comprehensive technical assistance to small industry and handicrafts; plan and execute technical assistance for optimum use of internal and external resources for development of the sector; prepare studies either to promote new companies or to obtain loans; identify investment opportunities, formulate studies on them and promote public and private

participation in the development of handicraft and small industrial companies, also by means of direct capital contributions; promote and conduct joint actions with institutions that work in development of this sector. CENAPIA is headquartered in Quito and has regional offices in Guayaquil, Cuenca, Portoviejo, Tulcan and Ibarra. The 1977 buget of CENAPIA is m\$ 11 million (equivalent to US\$567,000). Its resources come primarily from general budget appropriations and its share of the rediscount rate taken from the Fondo Financiero Industrial. Its staff at headquarters and the regional offices is composed of 41 professionals and 21 administrative people who provide support and secretarial assistance.

III. OBJECTIVES

A. Immediate Objectives

- 3.1 The technical cooperation proposed in this Plan of Operations for the Second Stage of the Program for Development of Craft Industries is designed to contribute directly to managerial training in the crafts sector of Bolivia, Ecuador and Guatemala. It will do this by institutional and operational strengthening of the pilot companies developed during the first stage and others that may be identified during this second stage, the demonstration effects of progress made in the rest of the sector, expansion and improvement of production, marketing and development systems and adaptation of products and intermediate technologies, and the expansion and consolidation of support activities by national agencies that promote the handicrafts sector.

B. Long Term Objectives

- 3.2 It is expected that the assistance provided by this program, and its multiplier effects, will lead to both the development or expansion of viable and remunerative activities in the crafts sector and a significant improvement in the degree of organization and managerial involvement of participating groups, their capacity for making decisions, negotiating and administration, and their abilities to absorb efficiently the financial and technical resources offered to them. These aspects would help over the long term to transform these groups of craftsmen into industrial businesses, to improve considerably the levels of income and standards of living of large groups of poor people working in handicrafts of the beneficiary countries and at the same time, bring about their full incorporation into the economic and social development process of those countries.

IV. DESCRIPTION

- 4.1 To achieve these objectives the proposed program will be divided into national subprograms for each of the beneficiary countries.
- 4.2 The national subprograms of each of the countries would be directed by a Subprogram Chief. The subprograms would meet the specific needs of the individual countries by supporting the development of existing pilot programs and the creation of new programs, the performance of supportive actions designed to

promote the crafts sector, the institutionalization and expansion of those efforts within the companies themselves and the consolidation of assistance activities by the different agencies operating in each country as sector development catalysts.

- 4.3 Each subprogram will follow a plan of activities that would be carried out at three levels: 1) promotion of already established craft companies and others that may be identified; 2) the handicrafts sector as a whole; and 3) coordination with counterpart organs.
- 4.4 In each beneficiary country the technical cooperation would conduct the following specific activities which are described in detail in Annex I.
- (i) Strengthen the structure, organization and administrative, operational and financial capacity of the crafts companies assisted, seeking to establish them as self-sufficient production centers that offer common services to their members;
 - (ii) Expand and improve the production systems and operations of these companies (raw materials, techniques, tools, designs, standards, support services, training, industrial integration and so forth).
 - (iii) Expand and improve both internal and external marketing systems and operations of the companies (selection of products and markets, channels of distribution, margins and prices, promotion, quality control and so forth).
 - (iv) Expand the size and capacity of the operating enterprises by incorporating additional groups and craftsmen and develop new pilot companies in both typical and traditional handicrafts as well as utilitarian and modern craft goods.
 - (v) Step up the catalytic effect of the organized enterprises by establishing contractual arrangements or services with nonmember craftsmen and using those companies as demonstration and training centers for those craftsmen.
 - (vi) Support and modernize the processes of developing and adapting products and intermediate technology to benefit the craft companies and non-affiliated producers by encouraging cooperative ties among craftsmen, marketing agents, designers and technicians.
 - (vii) Encourage the institutionalization and expansion of the program as craft production companies, promote continuity of support services to the national agencies that will be able to continue technical advisory assistance to the companies once the Bank's role is completed and coordinate internal and external contributions to the crafts sector.
 - (viii) To achieve exchanges of experiences among the countries, this plan of operations proposes that three meetings be held for the Subprogram Chiefs, personnel of counterpart agencies and staff members from the companies appointed for this purpose. The locations and dates of these meetings will

be set opportunely by the Bank in consultation with the countries.

- 4.5 The administrative supervision of the program will be the responsibility of the individual executing agency in each country.
- 4.6 The technical execution of the project would be the responsibility of each national subprogram chief in coordination with the staff member designated as national coordinator, of the group of consultants and experts contracted with the resources of the Bank's contributions and those provided by counterpart funding.
- 4.7 To execute the activities described in Annex I for each subprogram, the following consultants would be contracted, chargeable to the Bank's contribution:
 - i) Subprogram Chiefs for Bolivia, Ecuador and Guatemala, for the term of 24 months each.
 - ii) Manager advisors for the handicraft companies organized, for a total of 24 expert/months in Bolivia, 36 expert/months in Ecuador and 12 expert/months in Guatemala.
 - iii) Specialized, short term consultants in different areas of craft development such as the promotion and organization of cooperatives and other types of business associations; development and adaptation of products and intermediate technology and marketing of crafts for a total of 32 expert/months in Bolivia, 24 expert/months in Ecuador and 24 expert/months in Guatemala.
 - iv) Other technical support and administrative personnel for the companies in the fields of production (design, tools, techniques, raw materials, quality control) sales accounting and so forth, for a total of 12 expert/months in Bolivia, 36 expert/months in Ecuador and 12 expert/months in Guatemala.
- 4.8 The selection of the consultant who would act as project chief will be made on the basis of common agreement between the Bank and the executing agencies. The consultant will be selected from a list of candidates suggested by both institutions. The other consultants will be selected and contracted by the executing agency, depending on execution needs, at the request and after the consent of the subprogram chief, and in accordance with Bank procedures.
- 4.9 The objectives and operational characteristics of the second stage of the program discussed in this plan of operations would demand as a specific condition for these consultants that a high percentage of their time be devoted to field activities. In particular, the support personnel for the pilot companies will have to conduct their work in situ, in conjunction with the craftsmen and specialized personnel involved. To carry out this requirement, considered fundamental for the three countries, an allocation for the purchase of a camper vehicle will be considered for the case of Bolivia.

- 4.10 Furthermore, the Bank would hire, charged to the resources of the technical Cooperation Program the services of several independent experts for an approximate total of 9 months, to make the evaluations mentioned in Section XI of this Plan of Operations. The high expertise required for this type of evaluations has determined that this item be incorporated to the cost of the Program in order to have an independent judgement on its most important aspects.
- 4.11 To each of the Subprograms contemplated in this plan of operations has been assigned resources for the acquisitions of equipment, tools, installment of small show-case workshops, etc., which will belong to the craft organizations. As regards the vehicles and the camper (only in the case of Bolivia) when the Program is terminated, the Bank and the Beneficiaries will agree whose property it belongs to and what use will be given to them.

C. Counterpart Contributions

- 4.12 The executing agencies in Bolivia (INBOPIA), Ecuador (CENAPIA) and Guatemala (CORFINA) would assign or contract, chargeable to the individual national contributions, the following counterpart personnel who would work on a full time basis on the execution of the planned activities.
- i) A national coordinator who would act as the counterpart of the respective subprogram chief, for a term of 24 months.
 - ii) Supplementary technical personnel and/or specialized consultants for short terms, for a total of 12 expert/months in Bolivia, 24 expert/months in Ecuador and 12 expert/months in Guatemala.
 - iii) Manager and/or manager advisors and technical and administrative support personnel for the companies assisted, for a total of 24 expert/months in Bolivia, 42 expert/months in Ecuador and 24 expert/months in Guatemala.
- 4.13 The counterpart agencies would allocate resources for their officials for participation in tours to examine product adaptation and marketing and travel for the meetings mentioned in Paragraph 4.4 (viii) above.
- 4.14 In addition, the executing agencies would provide, chargeable also to their national contributions, secretarial services, offices, furnishings, office supplies, communications, internal transportation and vehicle maintenance as required for execution of the program. These are described in detail in the corresponding cost budget tables.
- 4.15 The activities of the second stage of the program would be carried out for two years. This time would begin in each country when the individual subprogram chief is contracted. The hiring period shall not exceed six months following the date of signature of the corresponding Technical Cooperation Agreement.

V. JUSTIFICATION

- 5.1 As pointed out in the plan of operations for the First Stage of the Program for Development of Craft Industries 1/, the Bank in considering the present situation and development strategies of its member countries had focused its efforts in financing programs designed to train poor people of both the countryside and the city in order to assist them in joining modern productive activity.
- 5.2 Most of the countries of the region have craft development and institutional structure programs to provide technical and financial support to the sector. In addition, international agencies, regional bodies, nonprofit organizations, governments and bilateral assistance agencies have assisted in development of this sector.
- 5.3 The handicrafts cooperation programs have had significant results, especially in the establishment and strengthening of leadership and support institutions, organization of marketing firms and, to a lesser extent, in developing production. However, these efforts have still not led to the creation of business-oriented handicraft groups that would help to bring about the full incorporation of the craftsmen into the modern economic system. As a reflection of this situation, it can be pointed out that the Bank's efforts in channeling resources to the arts and crafts sector have been impeded precisely by this lack of ability of craft groups to become suitable credit risks.
- 5.4 The development of the crafts sector in Latin America will require a deliberate catalytic effort to introduce appropriate procedures and knowledge concerning production techniques, organization methods, administration and marketing. The creation and transformation of crafts activity will also take the development of new products and processes as well as more rational use of raw materials and domestic and foreign markets.
- 5.5 The first stage of the program for development of craft industries has led to the identification and technical support of groups of craftsmen in Bolivia, Guatemala and Ecuador. Most of the craftsmen benefited belong to the rural sector, and farm on a subsistence basis, and supplemented their earnings by sales of crafts.
- 5.6 The first stage of the program identified and selected in each of the countries considering the different alternatives that arose, certain groups of craftsmen, products and markets around which the crafts groups were promoted and organized. In Bolivia nine production cooperatives (with 183 craftsmen and 277 apprentices) were formed, as well as one central cooperative to which the production cooperatives belong and which takes responsibility for marketing the production and providing basic services. In Guatemala, a federation of 18 cooperatives and 10 organizing cooperatives was developed, with a total of 1,759 craftsmen and 513 apprentices. In Ecuador, a new cooperative with 80 producers and 300 apprentices was established and two other cooperatives

1/ Documents AT-178, AT-178-1, AT-178-2, AT-178-3, and AT-178-4.

and a federation of 8 producer cooperatives, with a combined total of 469 craftsmen and 647 apprentices, were supported. Summarizing, it can be said that due to the efforts of the first stage six crafts enterprises are now in operation and some of these are in an expansion stage. Support to these craftsmen, production and marketing groups fell fundamentally to the areas of business motivation of the craftsmen, administrative and accounting restructuring, organization and securing legal status. To a lesser extent, support was given to the companies in the fields of management administration, development of new products, adaptation of products, quality control, production techniques and marketing, as well as advisory assistance in obtaining loans to finance investment plans and working capital needs. The pilot projects that were identified and supported in this first stage of the program benefited directly 4,000 craftsmen located primarily in rural areas. Most of these were low income individuals living at a low standard. It is estimated that the total number of persons benefited by this stage of the program was approximately 20,000. (See Annex VI).

- 5.7 During the first stage several efforts were made to channel financial resources and technical support from other national, bilateral and international agencies to the pilot projects. Initial support was obtained for the Guatemala program, in the equivalent of US\$50,000, through CIDA and the assistance of the Peace Corps, through 13 volunteers who worked directly with the pilot projects in that country. In addition, UNCTAD assistance was obtained in the design of products and advisory assistance of an expert in crafts development from UNDP. Furthermore, initial contacts were made for the purpose of receiving financial and/or technical assistance directly from or parallel to the action of the Bank, primarily through the Fundación Interamericana, Overseas Educational Fund of the League of Women Voters of the United States, Partners of the Americas, OXFAM, World Crafts Council and USAID. Support was also obtained at the national level and an increasing flow of other resources is expected for the program of agencies that will operate in the field of craft development and small industrial enterprises.
- 5.8 The first stage of the program showed certain deficiencies in its development. These were due primarily to the following:
- (a) Division of the program into two phases, the first including pre-investment operations and the second the company start-up operations. This proved to be unsuited to the execution needs stemming from the nature of the projects identified.
 - (b) The geographical spread of the program and its centralized administration made it inflexible and difficult to meet the conditions and requirements of each beneficiary country.
 - (c) The execution mechanism using a central group of consultants located in Quito, whose members went to the different countries, proved to be not very flexible or efficient. In addition, the lack of permanent technical assistance of the technical group in Guatemala and Bolivia prevented those countries from making full use of the assistance planned.

(d) The resources approved have not been sufficient to cover the planned parallel activities for the three countries.

(e) Problems related to the slowness and complexity of administrative procedures to hire technical personnel, secure travel funding and other program expenses, partially because the program was administered from Bank headquarters in Washington.

(f) The operations included in the program have illustrated the relative weakness of support for the development of products and marketing which is indispensable to carry out the technical assistance.

(g) The lengthy period that passed for the signature of the agreements with the national counterpart agencies that were to execute the program.

- 5.9 The achievements of the program, however, were significant both in terms of their direct impact on the craftsmen of the pilot projects as well as their demonstration effects. These projects are now capable of assimilating important improvements in their juridical, administrative, accounting and technical structures and this in turn will allow them in the future to develop as modern, competitive companies operating on a larger production scale and incorporating a considerable number of new workers.

It should also be mentioned that the craft sector finds it hard to obtain adequate financing for its development. This is due in general to requirements imposed by the lending institutions that are not in line with the characteristics and needs of the sector.

- 5.10 Preparing the plan of operations for the second stage of the program took into account these experiences for the purpose of correcting the problems and achieving the desired objectives more efficiently. Consequently, this plan of operations proposes specific subprograms for each country and maintains only one activity of exchange of experiences, through seminars, that will benefit the three countries.
- 5.11 Furthermore, once this second and last phase of the technical cooperation Program is over, the institutions would be in condition to operate with their own means and make use of the credit available from the national financial development institutions.

VI. TOTAL COST OF THE PROGRAM

- 6.1 The cost of the technical cooperation project is estimated at the total of US\$1,272,000. Of this amount, the Bank would finance up to the equivalent of US\$946,000 which would be 74 per cent of the cost of the project. The beneficiaries would provide the equivalent of US\$326,000 which would be 26 per cent, in accordance with the budget estimates described on the following page.

6.2 The distribution of the budget is arranged as follows:

- I. Bolivia Subprogram (See Annex III).
- II. Ecuador Subprogram (See Annex IV).
- III. Guatemala Subprogram (See Annex V).

VII. FUND TO BE CHARGED

7.1 The Bank's contribution of up to the equivalent of US\$871,000 would be charged to the net income of the Fund for Special Operations, and would be nonreimbursable.

VIII. DISBURSEMENTS

8.1 The disbursements of a maximum of US\$276,000 to Bolivia, US\$285,000 to Ecuador and US\$265,000 to Guatemala, would be made directly to INBOPIA in Bolivia, CENAPIA in Ecuador and CORFINA in Guatemala, the agencies that will administer the resources in accordance with the budgetary details indicated in each subprogram.

8.2 For the purposes mentioned in the preceding paragraph, the Bank will set up revolving funds for each of the counterpart agencies, INBOPIA in Bolivia, CENAPIA in Ecuador and CORFINA in Guatemala. These revolving funds will be in the equivalents of up to US\$28,000 for Bolivia, US\$28,000 for Ecuador and US\$28,000 for Guatemala. Disbursements to establish and replenish the revolving funds shall be made at the request of the executing agency once the respective agreement has been signed and no later than 36 months after the date of agreement signature. The starting date of the period of execution will be determined, as stated in paragraph 4.8, by the date of appointment of the subprogram chief in each country. Such date may not exceed a term of six months following signature of the agreement.

8.3 The replenishment of the revolving funds shall be accomplished at the request of the executing agency and after receiving a detailed and duly certified report of expenditures made and new commitments acquired. Such expenditure reports shall be approved by each subprogram chief and each national coordinator.

IX. REPORTS

The Technical Cooperation Agreement that will be signed with the beneficiaries shall contain an obligation to present to the executing agencies, with two copies for the Bank, the following reports:

9.1 From subprogram chiefs and consultants

- i) A report presenting a detailed program of activities for the first year of execution of the program, no later than two months after the start of its work.

SUMMARY OF COSTS

	BOLIVIA		ECUADOR		GUATEMALA	
	IDB	Local	IDB	Local	IDB	Local
<u>Coordination</u>	76.858	51.800	71.300	51.800	73.550	51.050
<u>Advisory Services</u>						
gerial, Administration and ncing	19.200		28.800		18.000	18.000
uction, Marketing, Training						
Identification of Supplemen-	63.460	9.600	73.060	28.800	51.500	26.400
Projects						
gn and International	30.000	4.000	30.000	4.000	30.000	4.000
eting	15.000		15.000		15.000	
uation						
<u>ts</u>						
allation of demonstration	38.000		33.000		40.000	
shops, tools, and equipment						
les, promotional materials	17.000	6.000	17.000		17.000	
technical works	6.000		6.000	6.000	11.000	6.000
rs		12.000		12.000		12.000
<u>cies</u>	50.482	4.600	50.840	10.400	48.950	7.550
Totals	316.000	88.000	325.000	113.000	305.000	125.000

ontribution
 ibutions from beneficiaries

US\$ 946.000
 326.000
 US\$ 1.272.000
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- ii) An evaluation report on the activities of the program's first year, along with the program for the second year of activities within 30 days of completion of the first year.
 - iii) Quarterly progress reports on technical and administrative matters, with a description of activities carried out and copies of the consultants' reports. The last report should include a chapter on considerations and recommendations and shall be considered the final report.
- 9.2 Any other report that may be requested by the counterpart agencies or the Bank.
- 9.3 Executing Agencies
- The executing agencies will be responsible for presenting a final report certified by public accountants, to the satisfaction of the Bank, of all expenses incurred chargeable to the Bank's contribution and the local contribution for execution of this operation. These reports shall be presented no later than 90 days after the date of the final disbursement.

X. SUPERVISION

- 10.1 The Technical Cooperation Agreement and the other contracts that will be signed with the consultants and the specialized agency shall establish, without prejudice to supervision of the consultant's work by the beneficiaries that project supervision shall be exercised by the Bank through its representatives in Bolivia, Ecuador and Guatemala, and by the units responsible for this project at headquarters. To this end, the beneficiaries shall keep the local Bank representative informed of all activities related to project execution.

XI. EVALUATION

- 11.1 Due to the complexity of the program, it should be evaluated by experts of recognized ability in this field who were not involved in its execution. The purpose of this stipulation is to determine the real accomplishment of objectives, difficulties met and their causes, and especially to decide what orientation the Bank should take in future actions judging by the actual experiences and genuine accomplishments of this program. The experts making this evaluation will be assisted by Bank personnel who worked on supervision of the project.
- 11.2 Two evaluations are planned. One, between 12 and 14 months after work has started in each country, will be conducted without interrupting execution. The evaluation report obtained at this time will be used to correct errors and shift direction, if necessary, depending on how project execution has developed to that time. The second would be an evaluation made upon completion of the project, no later than six months after completion of execution

in each country. It is estimated that three expert/months will be necessary to make the first evaluation and six expert/months for the second (one and two months per country, respectively). One additional expense will be travel. The evaluation experts will be contracted by the Bank itself.

11.3 The final evaluation should consider the quantitative and qualitative improvements in the activities of the craft groups reached by the project, particularly:

- i) changes in family and per capita income from craft activities;
- ii) extent to which sales in the domestic and foreign market have expanded;
- iii) improvement of the access of craft groups to domestic and/or foreign credit, and measures taken to this end by the government or financial institutions in each country;
- iv) degree of vertical and horizontal integration of activities for production/distribution and domestic and foreign marketing;
- v) changes in the introduction and use of installations, tools, equipment, etc., into the production and/or marketing process;
- vi) improvements noted in management and control of the various stages of the production/marketing process;
- vii) significant changes in the quality of the raw materials and supplies used, the design of the final products, the adoption of new technology, etc.

11.4 In order to facilitate the intermediate and high evaluation work, the consultants should make a detailed assessment of the situation of the craft groups included in the program, within 90 days after the start of program activities, basing such assessment so far as possible on the criteria set forth above.

XII. AGREEMENTS

The agreements between the Bank and the beneficiaries: INBOPIA, SENAPIA and CORFINA should be signed within 30 days after approval of this plan of operations.

XIII. RESPONSIBILITY WITHIN THE BANK

The Economic and Social Development Department, through the Technical Cooperation Sub Department, Technical Assistance Division, will have direct responsibility for this operation and assume technical responsibility in con-

sultation with the Industrial Economics and Infrastructure Section of the General Studies Division.

XIV. RECOMMENDATION

The Manager of the Economic and Social Development Department recommends this Plan of Operations to the President of the Bank, through the Project, Loan and Technical Cooperation Evaluation Committee, for consideration and subsequent presentation of the corresponding resolution to the Board of Executive Directors for approval.

PROPOSED RESOLUTION

BOLIVIA, ECUADOR AND GUATEMALA. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE SECOND STAGE OF THE PROGRAM FOR THE DEVELOPMENT OF ARTISAN ENTERPRISES

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document AT-424 with respect to technical cooperation with the Governments of the Republics of Bolivia, Ecuador and Guatemala for the second stage of the program for the development of artisan enterprises.

2. That up to the sum of US\$946,000 or its equivalent, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations, to be distributed as follows: (a) Bolivia: up to US\$316,000 or its equivalent; (b) Ecuador: up to US\$325,000 or its equivalent, and (c) Guatemala: up to US\$305,000 or its equivalent.

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

GENERAL SCHEME OF PROGRAM ACTIVITIES

A. With the crafts enterprises and affiliated groups to provide the necessary operational support:

(i) Programming of the development of the pilot projects in the several phases of their activities, in conjunction with the directors of the cooperatives and other groups involved.

(ii) Advisory assistance to the enterprises in the area of basic organization, as well as administrative, accounting and financial systems and procedures, stressing the promotion or strengthening of higher level associations (for example, unions of cooperatives) which might have a greater catalytic effect by acting as service centers for the primary affiliated groups.

(iii) Support for production operations, including supplies of raw materials, selection of tools, equipment and work methods, aspects of design, standards and quality control, inventory control, physical facilities and infrastructure elements, and so forth.

(iv) Support for marketing operations in internal and external markets, with attention to the selection of products, markets, distribution channels and promotional instruments, setting of margins and prices, management of warehouses, promotional and marketing tours abroad, and so forth.

(v) Assistance to craft enterprises in obtaining financing in the form of seed capital and loans on favorable terms for fixed and operating capital.

(vi) Support for the training of craftsmen and technical and administrative personnel for the enterprises by conducting or promoting training visits to the pilot projects and centers of the beneficiary country, as well as other in-service training programs.

(vii) Identification, study and support of supplementary industrial projects that help further the vertical or horizontal development of handicrafts into small scale industry and which could be incorporated into the activities of the crafts enterprises (industrial processing of raw materials and semi-finished goods for handicrafts, preparation of manufactured goods that use craft inputs, finishing operations and so forth).

B. With the artisan sector as a whole, for the purpose of enhancing the multiplier effect of the craft enterprises and supplementing their actions:

(i) Identification, promotion, organization and processing of the legal organization of new groups of craftsmen, with similar or different trades, that could be incorporated into the enterprises supported.

(ii) Identification, promotion, organization and start-up of new craft enterprises, including both traditional and typical handicrafts as well as modern, utilitarian goods.

- 2 -

(iii) Advisory assistance in the establishment by the crafts enterprises of contractual and cooperative arrangements with individual groups and non-member craftsmen in areas of production (supply of raw materials and tools, design, quality control), marketing (market information, sale of products, subcontracting), indirect financing (advances, guarantees, purchase contracts), in-service training and others.

(iv) Support to modernize the technical operations of the enterprises and the crafts sector by introducing and encouraging the use of improved or intermediate technology adapted to local circumstances and the particular requirements of the sector and which guarantee the full use of local labor and raw materials and allow a higher level of productivity and product quality.

(v) Support for the development and adaptation of products and production lines to create new internal and external markets for the craft enterprises and other producers by encouraging cooperation in the beneficiary countries among producers, designers, technicians and market people to further the development of independent, energetic capacity in this field.

(vi) Identification and promotion of supplementary actions and projects to promote handicrafts which increase influence of the craft enterprises on the rest of the sector and ultimately benefit them.

C. With the executing agencies for the purpose of expanding program activities.

(i) Collaboration with executing agencies regarding their policies and activities for craft development.

(ii) Coordination with the specialized staff members of the executing agencies and other training programs, as well as close ties with the consultants involved in the execution of the program's activities.

(iii) Coordination of the program's activities with those of other national organs and international agencies with responsibilities in craft development, and encouragement of further contributions from them to expand the activities and benefits of the program.

(iv) Evaluation of accomplishments and experiences for the purpose of guiding national and international agencies that work in the area of craft development.

FUNCTIONS AND TERMS OF REFERENCE OF SUBPROGRAM CHIEFSI. Functions

- i) The principal functions of the subprogram chief in each country would be to formulate the specific goals and plans of activities and supervise their execution, coordinate the work of the consultants and counterpart personnel and make proper use of all other inputs. The chief will also provide direct advisory assistance to the pilot projects and assist the executing agencies so that the program plays a larger role in the business training and development of the crafts sector.
- ii) The specialized, short term consultants will perform the technical work that the development of the program will need in identification of products, markets and artisan groups, motivation, promotion and organization of cooperatives and enterprises, development and adaptation of products, improvement of techniques, processes and working methods, craft development policies and others.
- iii) The consultants that will support the craft enterprises shall perform their services directly for the existing pilot projects in each country and others that may develop in the 2nd. stage. They will assist the projects in aspects of basic organization, management administration, financial and accounting matters, production, marketing, financing and business development, as well as others.

II. Subprogram Chief

Evaluation and presentation of the specific development plan for the craft enterprises of one of the three participant countries and detailed supervision of its execution, in accordance with the following specifications:

1. Identification of problems and planning and coordination of activities in administrative and organizational matters, expansion, production, marketing, training and procurement of financing.
 - a) Analyze and evaluate the status of the enterprises and identify any administrative and organizational problems they have for the purpose of proposing activities that will help to improve and expand the enterprises, and advising them in these matters.
 - b) Assist in strengthening the agencies that may operate as service centers for the affiliate groups.
 - c) Coordinate and advise on production operations, especially supplying of raw materials, selection of tools, equipment and work methods, design, standards and quality control, inventory control, physical facilities, and so forth.

- d) Coordinate marketing activities in domestic and foreign markets: selection of products, identification of markets, distribution channels and promotion instruments, setting of margins and prices, management of warehouses, promotional and marketing tours.
 - e) Organize and coordinate programs and travel for instruction and in-service training for craftsmen and technical and administrative personnel of the enterprises, using trips to pilot projects and centers of the beneficiary countries or others where in-service training programs exist.
 - f) Identify and promote supplementary industrial projects that help to extend crafts into small scale industry operations and which may become part of the activities of the craft enterprises (industrial processing of raw materials and semi-finished goods to be used in craft production, industrial finishing operations and so forth).
 - g) Promote and advise the craft enterprises in obtaining financing as seed capital and loans on favorable terms for fixed and operating capital.
 - h) Identify short term consulting needs and coordinate all experts to make most efficient use of their work.
2. Identification, promotion and coordination of new craft enterprises and activities to develop the crafts sector.
- a) Promote and advise on the organization and legalization of new groups of craftsmen that may join enterprises already being supported.
 - b) Identify, promote and advise the start-up of new craft enterprises.
 - c) Coordinate contractual arrangements and cooperative activities with groups and individual non-member craftsmen in the areas of production, marketing, indirect financing, in-service training and so forth.
 - d) Identify the needs for technological improvement and promote the introduction and diffusion of intermediate technology suited to the circumstances and requirements of the sector and which guarantee full use of local labor and raw materials, thereby leading to a higher level of productivity and product quality.
3. Coordination and promotion of collaboration activities.
- a) Collaborate with the executing agencies regarding their craft development policies and activities.
 - b) Coordinate with specialized personnel of the executing agencies and maintain close ties with the counterpart consultants in execution of program activities.

- 3 -

- c) Coordinate program activities with those of the national and international agencies and seek additional contributions from them.
 - d) Coordinate and maintain close ties with external marketing activities and exchanges of experience.
4. Propose to the beneficiaries, with a copy for the Bank, the specific terms of reference for the consultants who will carry out the functions mentioned in section I, functions, paragraphs ii) and iii).

BOLIVIA. Cost of Crafts Subprogram.

		(In equivalent of US\$)	
		<u>IDB</u>	<u>Local Contribution</u>
a) Fees			
1) <u>Program Coordination</u>			
i)	Program Chief (24 exp/m at the rate of US\$2,200).	52.800	
ii)	National Coordinator (24 e/m)		26.400
iii)	Administrative Assistant (24 e/m)		17.400
iv)	Secretary (24 e/m)		8.000
2) <u>Group of Consultants (and national counterparts).</u>			
i)	Short term advisors specialized in production systems and organization of cooperatives and small enterprises (24 e/m at rate of US\$1,500).	36.000	
ii)	Advisors and experts in design, tools, techniques, raw materials, quality control, sales, etc. (12 e/m at US\$800) (12 e/m at US\$800).	9.600	9.600
iii)	Advisor(s) specialized in administration and advisory assistance (24 e/m at US\$800)	19.200	
iv)	Advisors or experts in design and marketing, overall appropriation for payment of international travel, feels, per diem and other expenses for participation in fairs and international marketing tours.	30.000	4.000
3)	<u>Evaluations</u> 1/	15.000	

1/ Includes fees, travel and per diem.

	<u>IDB</u>	<u>Local Contribution</u>
b) <u>Hiring Costs</u>		
for experts indicated in a.i.i) and a.2.iii.)		
i) International travel		
10 (one consultant + 3 dependents and 6 consultants without dependents) travel items at the rate of US\$600 each.	6.000	
ii) Baggage		
35 Kgs per expert (7) = 245 Kgs and 20 Kgs per dependent. (3) = 60 Kgs, Total 305 Kgs round trip.	1.540	
iii) Allowances, insurance, vacation and transport of household effects for consultant included in a.1.i) only:		
- moving allowance	900	
- post adjustment at the rate of US\$4,379 per year.	8.758	
- insurance, US\$50 for 24 m/e	1.200	
- vacation <u>1/</u>	2.320	
- transport of household effects, 8,000 lbs. at US\$1.	8.000	
iv) Per diem for consultants listed in a.2.iii) only (5 experts x 30 days x US\$40 average) and (5 experts x 60 days x US\$24 average).	13.200	
c) <u>Other Program costs</u>		
1) Per diem and in-country travel, other program personnel <u>2/</u>	6.000	6.000

1/ Up to a maximum of 50% and in the event that the consultant does not make full use of his vacation time.

2/ Includes operating costs and maintenance of vehicle, CORFINA/ARTEXCO, assigned to the program.

	<u>IDB</u>	<u>Local Contribution</u>
2) Acquisition and contracting of samples and promotional materials.	15.000	
3) Acquisition of technical works (publicity materials and/or training).	2.000	
4) Acquisition of machinery, tools and equipment and installation of small demonstration workshops for the incorporation of intermediate technology.	20.000	
5) Audiovisual and programming equipment	6.000	
6) Vehicle, camper	12.000	
7) Office and communication expenses and other overhead.		12.000
d) <u>Contingencies</u>		
Approximately 10% and 6%, respectively	50.482	4.600
	<hr/>	
Totals	316.000	88.000
	=====	=====

ECUADOR. Costs of Crafts Subprogram

		(In equivalent of US\$)	
		<u>IDB</u>	<u>Local Contribution</u>
a) <u>Fees</u>			
1) <u>Program Coordination</u>			
i)	Program Chief (24 e/m at the rate of US\$2.200)	52.800	
ii)	National Coordinator (24 e/m)		26.400
iii)	Administrative Assistant (24 e/m)		17.400
iv)	Secretary (24 e/m)		8.000
2) <u>Group of Consultants and national counterparts.</u>			
i)	Short term advisors specialized in production systems and organization of cooperatives and small enterprises (12 e/m at US\$1,500).	18.000	
ii)	Specialized advisor(s) in administration and financing for pilot enterprises (36 e/m at US\$800).	28.800	<u>1/</u>
iii)	Advisors/experts for short terms in designs, tools, techniques, raw materials, quality control, sales.		
	- 12 e/m at US\$1,500	18.000	
	- 23 e/m at US\$ 800	19.200	
	- 36 e/m at US\$ 800		28.800

1/ Based on five consultants for short periods. Includes insurance benefits.

	<u>BID</u>	<u>Local Contribution</u>
iv) Advisors/experts in designs and marketing, overall appropriation for payment of international travel, fees, per diem and other expenses involved in participation at fairs and international marketing tours.	30.000	4.000
3) Evaluations <u>1/</u>	15.000	
b) <u>Cost of hiring</u>		
For experts included in a.1.i) and a.2.iii) only		
i) International travel		
10 (one consultant + 3 dependents and 6 consultants without dependents) travel items at rate of US\$600 average, round trip.	6.000	
ii) Baggage	1.540	
35 Kgs per expert (7)=245 Kgs and 20 Kgs per dependent (3)=60 Kgs, total 305 Kgs at US\$5.05 average.		
iii) Allowance, insurance, vacation and transport of household effects for consultant included in a.1.i) only:		
- moving allowance	900	
- post adjustment, at rate of US\$1,600/year	3.200	
- insurance, US\$50 for 24 m/e	1.200	
- vacation <u>2/</u>	2.320	
- transport of household effects 8,000 lbs at US\$1.	8.000	

1/ Includes fees, travel and per diem.

2/ Up to a maximum of 50% and in the event that the consultant does not make full use of his vacation time.

	<u>IDB</u>	<u>Local Contribution</u>
iv) Per diem for consultants listed in a.2.iii), one only (5 experts x 30 days x US\$40 average) and (5 exper. x 60 days x US\$24 average)	13.200	
c) <u>Other program costs</u>		
i) Per diem and in-country travel for other program personnel <u>1/</u>	6.000	6.000
ii) Acquisition and contracting of samples and promotion of materials	15.000	
iii) Acquisition of technical works (publicity materials and/or training).	2.000	
iv) Acquisition of tools and equipment and installation of small demonstration workshops for the incorporation of intermediate technology	20.000	
v) Audiovisual and programming equipment	6.000	
vi) All-terrain vehicle	7.000	
vii) Expenses for office and communications and other overhead		12.000
d) <u>Contingencies</u>		
Approximately 10% and 6%, respectively	<u>50.840</u>	<u>10.400</u>
Totals	<u>325.000</u> *****	<u>113.000</u> *****

1/ Includes operating costs and maintenance of vehicle of CORFINA/ARTECCO, assigned to the program.

GUATEMALA. COSTS OF CRAFTS SUBPROGRAM

		(In equivalent of US\$)	
		<u>IDB</u>	<u>Local Contribution</u>
a)	<u>Fees</u>		
1)	<u>Program Coordination</u>		
i)	Program Chief (24 expert/month at the rate of US\$2,200)	52.800	
ii)	National Coordinator (24 e/m)		26.400
iii)	Administrative Assistant (24 e/m)		17.400
iv)	Bilingual Secretary (24 e/m)		7.250
2)	<u>Group of Consultants</u> (and national counterparts)		
i)	Management Advisor(s) (12 e/m and 12 e/m at US\$800)	9.600	9.600
ii)	Specialized Advisor(s) in administration and financial advisory assistance (12 e/m and 12 e/m at US\$700)	8.400	8.400
iii)	Specialized advisors in production systems, marketing, training and identification of supplementary projects, using the following estimate:		
	1. (15 e/m at US\$1800)	27.000	<u>1/</u>
	2. (9 e/m at US\$700)	6.300	
	3. (24 e/m at US\$700)		16.800
iv)	Advisors/experts in design and marketing, global appropriation for payment of international travel, fees, per diem and other expenses involved in participation in fairs and international marketing tours.	30.000	4.000

1/ On the basis of 5 consultants for short periods. Includes insurance benefits.

		(In equivalent of US\$)	
		<u>IDB</u>	<u>Local Contribution</u>
v)	Assistant (24 e/m)		9,600
b)	<u>Cost of hiring</u>		
	Per experts listed in a.1.1) and a.2.iii), one only		
i)	International travel 9 (One consultant + 3 dependents and 5 consultants without dependents) Travel items at rate of US\$650 average round trip	5.850	
ii)	Baggage 25 kg per expert (6) 210 kg and 20 kg per dependent (3) 60 kg Total 270 kg at US\$10 average	2.700	
iii)	Allowances, insurance, vacation and transport of household effects for consultant listed in a.1.i) only:		
	- moving allowance	900	
	- post adjustment at US\$2,150 per year	4.300	
	- insurance, US\$70 per 24 e/m	1.680	
	- vacation <u>1/</u>	2.320	
	- transport of household effects, 8000 lbs at US\$1	8.000	
iv)	Per diem For consultants listed in a.2.iii) one) only (5 experts x 30 days x US\$40 average) and (5 experts x 60 days x US\$24 average)	13.200	
	<u>Evaluations</u> <u>2/</u>	15,000	
c)	<u>Other program costs</u>		
i)	Per diem and in-country travel, other program personnel <u>3/</u>	6.000	6.000

1/ Up to a maximum of 50% and in the event that the consultant does not make full use of his vacation time.

2/ Includes fees, travel and per diem.

3/ Includes operating costs and maintenance of CORFINA/ARTEXCO assigned to the program.

		(Equivalent o U \$)	
		IDB	Local Contribution
ii)	Acquisition and contract of samples and promotional materials.	15.000	
iii)	Acquisition of technical works (publicity materials and/or training)	2.000	
iv)	Acquisition of tools and equipment and installation of small demonstration workshops for the incorporation of intermediate technology	30.000	
v)	Audiovisual and programming equipment, ARTEXCO exhibitions ^{4/}	3.000	
vi)	All-terrain vehicle	7.000	
vii)	Advisory assistance, design of crafts park.	5.000	
viii)	Office and communication expenses and other overhead		12,000
d)	<u>Contingencies</u>		
	Approximately 10% and 6%, respectively	49.950	7.550
	Total	305.000	125.000

As for counterpart contributions connected with payment of fees and local services, CORFINA has stated that final approval of the amounts included in the costs table is subject to certification by the civil service of Guatemala.

It is understood that once the contractual services referred to in the previous budget have been provided, the balance of the Bank's contribution shall be canceled.

4/ Includes contracting for preparation of audiovisual program by specialized personnel.

Evaluación cuantitativa del proyecto piloto en Bolivia.

- i) En la primera fase del Programa de Fomento de Empresas Artesanales en Bolivia fueron creadas, en la provincia de Omasulllos, área del Lago Titicaca, nueve cooperativas productoras y una union de cooperativas comercializadora de artesanos de Huatajata, la Central de Cooperativas Manos de Bolivia, que al término de 1976 agrupaba a 183 socios cooperativistas, 277 aprendices y cuya área de influencia se extendía a 460 artesanos.

Durante 1977 se espera un incremento del orden de 150 socios cooperativistas y de 250 aprendices, así como de un aumento de 580 personas influenciadas por el desarrollo del Programa.
- ii) El proyecto piloto se desarrolla fundamentalmente en un área agrícola de subsistencia donde predomina el minifundio. La principal de las actividades secundarias es el tejido de punto, a la cual la población dedica aproximadamente 28 semanas del año que se reflejan en una producción de alrededor de 18.500 unidades. El 52% de estos trabajos se efectúan a pedido y el 48% restante como actividad cotidiana.
- iii) Durante el primer año de actividades, la Cooperativa tuvo un nivel de ventas del orden de los US\$132.800. En 1976 dichas ventas alcanzaron alrededor de los US\$300.000 y se ha proyectado para 1977 un nivel de US\$400.000. Los progresos alcanzados durante la etapa de constitución y organización de las Cooperativas Manos de Bolivia permiten estimar que en el curso de los próximos 5 años, el volumen de venta aumente considerablemente y consecuentemente, mejore el ingreso per capita de los socios cooperativistas.
- iv) Las exportaciones artesanales han aumentado a una tasa anual promedio del 50% entre 1973 y 1976. Los países europeos absorben el 58% de las exportaciones bolivianas de artesanía, siendo la República Federal Alemana el comprador más importante, con un tercio de las exportaciones europeas.

Evaluación cuantitativa de los proyectos piloto en Ecuador

- 1) Durante la primera fase del Programa y en la sede del mismo, se seleccionaron 3 proyectos piloto que representaban diversas actividades productivas, así como sistemas de asociación que podrían considerarse representativos de los diferentes grupos artesanales en Ecuador.
- ii) Como resultado de la ejecución de la primera etapa del Programa, los grupos artesanales beneficiarios de la asistencia técnica han mejorado sus ingresos anuales, resultado de una reducción de los costos de producción, así como de mejores volúmenes de venta al mercado interno y externo. Asimismo, se ha establecido una estructura productiva que permitirá, en etapas posteriores la incorporación de un mayor número de artesanos y aprendices. A continuación se indican algunas de las principales características de los proyectos piloto contemplados en la primera fase del Programa:

Proyectos Pilotos	Organización	# de Artesanos Socios	Aprendices	Capital Social US\$ 1/	Total US\$ Ventas/76 2/	#Potencial Socios/ 1977 3/	Potencial Ventas 198 US\$ 4/
<u>Productos Andinos</u>	8 Cooperativas productivas 1 Cooperativa comercializadora y de servicios.	364	513	89.800	400.000	2.900	1.2000.000
<u>Artesanos Muebles de la Madera</u>	Cooperativa de Producción y Comercialización.	42	84	24.800	110.000	500	450.000
PEGUCHE de OTAVALO	Cooperativa de producción y de comercialización.	63	50	34.000	13.000	240	300.000

1/ Al 31/12/75.

2/ Parcialmente estimadas.

3/ Refiere al número de artesanos y aprendices que podrían incorporarse a las respectivas organizaciones.

4/ Refiere a las ventas que realizarían las distintas organizaciones en base al número de socios potenciales.

5/ Supone un gradual incremento de la participación en la comercialización de la producción de las cooperativas asociadas.

Unión de Cooperativas Artesanales "Productos Andinos"

Esta entidad debió ser reorganizada al ingresar al Programa para darle una mayor amplitud administrativa y crediticia. En el primer semestre de 1975 las operaciones de la cooperativa mostraron un saldo negativo, recuperados en el segundo semestre hasta registrar un ligero superavit al cierre del año. En 1976 se aplicó el sistema de administración por presupuesto y pudo observarse nuevamente una tendencia ascendente en las ventas (ver gráfico). Los resultados finales del ejercicio de 1976 se ajustaron a los presupuestados, debiendo señalarse que el valor de las ventas se incrementaron en 22% mientras el costo de las mismas aumentó en un 19.7%.

<u>RESULTADOS</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Porcentaje de variación</u>
Ventas	306.297	317.312	387.485	+ 22%
Costo de Ventas	255.863	253.746	302.279	+ 19.1%

En el transcurso de 1976 "Productos Andinos" procedió a la compra de un terreno en la ciudad de Cuenca para construir el Parque Artesanal donde se ubicará la sede de la organización y los talleres de algunas de las cooperativas agrupadas.

Cooperativa Artesanos de la Madera

La actividad de esta empresa se ha limitado en la primera fase del Programa a solucionar problemas de producción, lo que ha permitido un aumento de 25% en el volumen de sus operaciones. Asimismo, ha adquirido terrenos para la construcción de un parque artesanal en Quito, donde se contemplan grupos de talleres colectivos, que será financiada con las utilidades previstas para los próximos dos años.

Cooperativa Textil "Peguche de Otavalo, Ltda."

En la primera fase se ha logrado poner en funcionamiento la planta textil adquirida para producir el lienzo que constituye la materia prima para su actividad. En 1976 el número de socios aumentó en 24 y el de aprendices en 48, mientras que en 1977 los aumentos fueron de 35 y 70 respectivamente. Adicionalmente, se estima que las personas beneficiadas por el Programa de la Cooperativa han sido 85 y 105 en 1976-1977. Las ventas presupuestadas para 1977 alcanzarían a US\$160.000, trabajando la industria textil a una capacidad del 60%.

ANEXO VI

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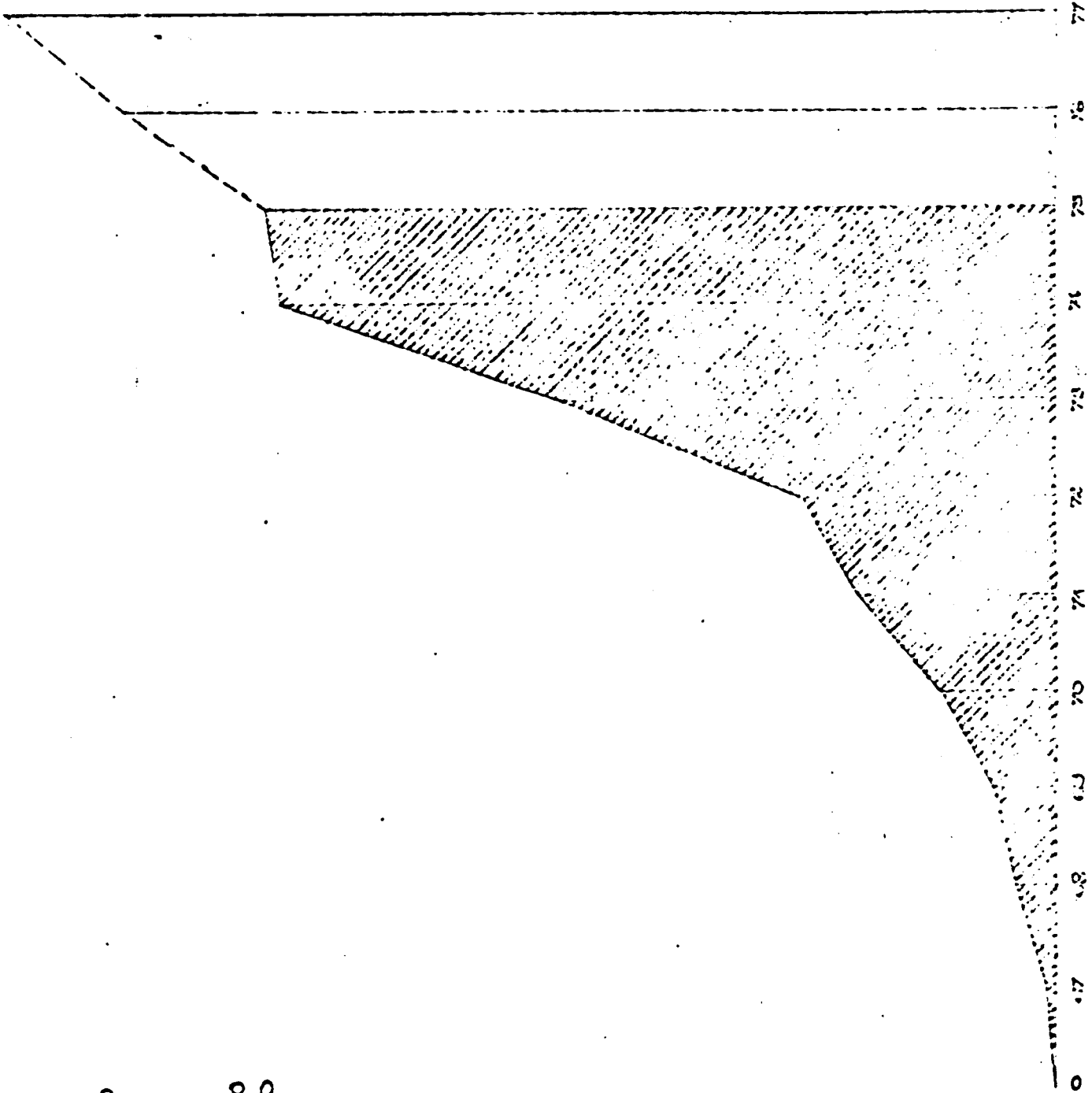
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VENTILATION DES RESEAUX D'EGOUTS POUR LA REGION DE COCOTIEN
PROCESSEMENT DES ANNUALITES



I. Evaluación cuantitativa del proyecto piloto en Guatemala.

- i) Durante el período Julio 197 /Junio 1977 se han creado diez nuevas asociaciones cooperativas, afiliadas a ARTEXCO, incrementandose considerablemente el número de asociados cooperativistas y de artesanos asalariados, como se indica a continuación:

	<u>Julio 1977</u>	<u>Incremento 1977/1975</u>
a) Socios cooperativistas	1.759	692
b) Artesanos asalariados	<u>2.065</u>	<u>530</u>
c) Totales a) + b)	<u>3.824</u> =====	<u>1.222</u> =====

Estas cifras deben considerarse significativamente importantes, y reflejo de la acción específica a nivel nacional, dado que la primera etapa del proyecto regional solo benefició marginalmente al sector artesanal de Guatemala, como se ha explicado ya en el Plan de Operaciones.

- ii) La magnitud de las ventas debe considerarse todavía reducida, dado que para 1976 fueron del orden de los US\$70.000 aproximadamente. Las estimaciones disponibles para 1977 indican la posibilidad de que las ventas sean de aproximadamente US\$100.000, de cuyo monto alrededor de 65% corresponderían a exportaciones fuera de la región.

Las cifras anteriores deben evaluarse teniendo en cuenta que en la actualidad ARTEXCO solo absorbe una proporción muy reducida de la producción de los grupos artesanales (alrededor de un 10 %) y que todavía no han sido resueltos los problemas más importantes en materia de diseño, control de calidad de materias primas y productos terminados y de comercialización interna y externa (aspectos cubiertos específicamente por esta segunda etapa del Proyecto).

Teniendo en cuenta dichos antecedentes, es posible estimar que al cabo de los próximos cinco años, el volumen de ventas de ARTEXCO podría alcanzar un monto del orden de los US\$1.500.000. Para esa fecha asimismo, se espera que ARTEXCO haya incorporado a su organización a aproximadamente 5.000 artesanos cooperativistas.

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De mantenerse las proporciones actuales, el valor de las exportaciones ascendería a aproximadamente US\$1.000.000 anuales.

II. Cooperación de CORFINA y de otras instituciones

- i) Adicionalmente a los aportes del Banco, contemplados en este Plan de Operaciones, ARTEXCO está recibiendo los siguientes apoyos financieros que incidirán en el período de dos años de ejecución del proyecto:

TIPO DE RECURSOS	DESTINO	FUNDACION INTERAMERICANA	OXFAM <u>1/</u>	CARE <u>2/</u>	CORFINA
DONACION	Adq. mat. primas p/Coop.	Q 50.000			
	Financ. cpas.prod.term.Coop.	Q 40.000			
	Asesor contable coop.	Q 4.000			
	Auditoría programa	Q 3.000			
	Auditoría y análisis cont. ARTEXCO	Q 2.000			
DONACION	Cpa. vehículo		Q 7.000		
	Mobiliario y equipo		Q 1.200		
PRESTAMO	Capital de trabajo		Q 5.000		13.000
	Refinanciamiento deudas				17.000
DONACION	Utilizaciones alternativas			Q 25.000	
	i) Constr. tintorería				
	ii) Constr. oficinas propias ARTEXCO				
		99.000	13.200	25.000	40.000

1/ OXFAM - Utilizado

2/ CARE - Condicionada obtención de terrenos/ARTEXCO.

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- ii) Asimismo cabe destacar que CORFINA ha gestionado con el Gobierno Nacional y obtenido un fondo de Q 250.000, el que sería destinado a la construcción de un Parque Artesanal en Quetzaltenango y ha apoyado las actividades del proyecto piloto en su fase de transición de la Ia. a la IIa. Etapa, con recursos del orden de los Q 24.000.

Teniendo en cuenta la importancia que el Parque Artesanal de Quetzaltenango tendría para el desarrollo del sector artesanal de la Región Occidente-Altiplano, se han previsto recursos del Programa para asesorar en el diseño arquitectónico y funcional del mismo.