

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

BOLIVIA

**STRENGTHENING THE ENTREPRENEURIAL, PRODUCTIVE, AND
COMMERCIAL CAPACITY OF SMALL RURAL PRODUCERS IN
CAMPEÑO ECONOMIC ORGANIZATIONS**

(BO-M1018)

DONORS MEMORANDUM

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INFORMATION AVAILABLE IN THE SDS/MSM TECHNICAL FILES

- Approved project abstract and MIF eligibility memorandum
- Strategies for International Development (SID) by-laws
- SID financial statements and balance sheet
- Draft project Operating Regulations
- Draft procurement plan
- CESI minutes
- Copy of the Framework Agreement between SID and the Republic of Bolivia
- Letter of no objection
- SID annual report for the period 2000-2005

ABBREVIATIONS

AWP	Annual work plan
BOM	Business organization and management plan
CIOEC	Coordinadora de Integración de Organizaciones Económicas Campesinas de Bolivia [Committee for the Integration of Farmer Economic Organizations in Bolivia]
IDB	Inter-American Development Bank
Irpiri	Paratechnical campesino agent selected by the OECA
Kamana	Paratechnical campesino leader chosen by the executing agency
LEDU	Local economic development unit
MFI	Microfinance institution
MIF	Multilateral Investment Fund
NGO	Nongovernmental organization
OECA	Campesino Economic Organization
OIP	OECA intervention plan
PEU	Project executing unit
PPMR	Project performance monitoring report
SID-Bolivia	Strategies for International Development - Bolivia

**STRENGTHENING THE ENTREPRENEURIAL, PRODUCTIVE, AND COMMERCIAL
CAPACITY OF SMALL RURAL PRODUCERS IN CAMPESINO ECONOMIC
ORGANIZATIONS**

(BO-M1018)

EXECUTIVE SUMMARY

Executing agency:	Strategies for International Development (SID)	
Beneficiaries:	80 Campesino Economic Organizations (OECAs) grouping at least 1,600 small-scale farmers in the Bolivian Altiplano and Interandean valleys of the La Paz and Oruro Departments.	
Amount and source:	MIF:	US\$ 745,000 (68.5%)
	Counterpart:	<u>US\$ 342,000</u> (31.5%)
	Total	US\$1,087,000
Terms:	Execution:	42 months
	Disbursements:	48 months
Objectives:	Help the rural producers in the Bolivian Altiplano and Interandean valleys by promoting the entrepreneurial development of Campesino Economic Organizations (OECAs). The specific objective of the project is to improve OECA business capacity so that they are able to respond to market opportunities.	
Description:	The project comprises three components: (i) strengthening the organizational and business management skills of the beneficiary OECAs; (ii) improving the market linkages of these organizations; and (iii) enhancing coordination with public and private entities to complement and/or advance their entrepreneurial development.	
Special contractual conditions:	As a condition precedent to the first disbursement, the executing agency must demonstrate to the Bank's satisfaction: (i) premises in La Paz have been allocated to the executing agency; (ii) the project coordinator has been selected; and (iii) the project Operating Regulations are in force. In addition, project execution is subject to the following special conditions: (a) the executing agency must submit evidence to the Bank that the framework agreement signed with the Government of Bolivia authorizing it to carry out activities	

in the country, has been renewed before the agreement's current three-year term beginning on 27 September 2006 expires; and (b) the Bank may suspend disbursements before completion of the program if the framework agreement is not renewed before its current three-year term expires. The suspension may be lifted if the executing agency shows it has been renewed.

Exceptions to Bank policies:

None.

Social and environmental review:

The Committee on Environment and Social Impact (CESI) reviewed this project on 16 June 2006 and all its suggestions were incorporated into the project design (paragraphs 2.5 and 7.1).

Coordination with other Official Development Institutions:

The project team consulted with several international cooperation agencies involved in supporting Bolivia's rural producers in order to coordinate efforts with these agencies. Meetings with the Danish, Belgian, and United States (USAID) cooperation agencies, among others, confirmed that this operation will complement other initiatives to support this sector. Furthermore, it was agreed with these institutions that the Bank/MIF and SID-Bolivia will seek to coordinate project activities with other agency initiatives during program execution.

I. BACKGROUND

- 1.1 **Rural development: Asymmetries and campesino poverty.** It is estimated that just 10% of Latin American agriculture is in the hands of producers with capital-intensive, business-oriented operations who see most of their production on external markets.¹ Coexisting with this minority is a vast number of small-scale campesino farmers who rely on family-intensive labor and have little capital or technology, a handicap that restricts their market access and relegates them to subsistence farming. The situation in Bolivia is no different. Close to 38% of Bolivians live in rural areas, more than 80% of whom are considered poor and 55% extremely poor, with inadequate education and health services, limited basic sanitation infrastructure, no food security, etc.
- 1.2 **OECA: Creation and goals.** In the last two decades the government has shown little interest in the development of small farmers. Yet, at the encouragement of some nongovernmental organizations, a new type of campesino organization has emerged in Bolivia, quite *different* from the traditional representative association that characterized such movements (union). This was the Campesino Economic Organization (OECA). Most rural families join these organizations to maximize returns through productive work in groups, to reduce their production and marketing risks, and to tap the benefits of selling their products in emerging markets (local, national, or external).² These organizations have evolved from: (i) unions or associations where the OECA is considered their “business arm”; (ii) former, revitalized cooperatives; and (iii) campesinos who joined together expressly for business reasons.
- 1.3 **Institutional characteristics, scale, and sectoral importance of the OECAs.** Established under varying legal forms as manifestations of different cooperative community cultures (agricultural cooperatives, farmer corporations, associations, or community enterprises), the OECAs are self-managed producer organizations made up of local indigenous *campesino families*.³ They produce and market commodities in a participatory manner, sometimes even processing their products. They have very diverse production, commercial, and business capacities, and their greatest challenge is to become business ventures that are better able to produce, sell, and compete (see footnote 6 for more production and marketing data). Recognized by the State under the Dialogue Act, there are 633 registered OECAs, although many more are known to operate informally in the country (they do not meet the requirements for accredited legal status). According to the Committee for the Integration of Campesino Economic Organizations (CIOEC), 47% operate in the

¹ Dinámicas Campesinas, “Las Organizaciones Económicas Campesinas en Bolivia: Una Estrategia del Pequeño Productor” [Campesino Economic Organizations in Bolivia: a strategy for small producers]. SOS FAIM, No. 5, September 2004.

² In the project areas, the OECAs produce and sell mainly agricultural products, such as: (i) alpaca, llama, and vicuña wool and wool products, meat and meat jerky; (ii) quinoa and potatoes (and derived products such as seed and dehydrated potato [chuño and tunta]); (iii) milk and milk products (cheese, yogurt); (iv) livestock; (v) cereals, vegetables, and legumes; and (vi) fish. Some products are rapidly gaining export markets, such as onions and fresh broad beans.

³ “Productive” includes all links in the production chain, from cultivation to bulking, processing, and/or marketing.

Andean highlands and the Altiplano, 27% in the valleys, and 26% in the lowlands and tropics. These OECAs account for approximately 114,000 member families, 87% of which are dedicated to traditional farming activities. Although no official statistical data are available on the OECAs, they are believed to employ some 670,000 persons, i.e., nearly one half the total economically active rural population. The OECAs are part of a sector that generates rural employment and strengthens the regional economy, especially through the valued added they bring to production.

- 1.4 **Relevance of the OECAs in rural development policies.** Given the importance of addressing the needs of rural populations, the Bolivian government has enacted a number of laws since 1985, giving urban and rural municipalities the resources and authority needed for their own development.⁴ In this context, the policies—and the national strategies they underpin—promote activities and mobilize economic resources to strengthen rural organizations as pillars of job creation, higher earnings, and access to basic services. However, the OECAs often do not know how to capitalize on these opportunities with the municipios, as explained below.
- 1.5 **Entrepreneurial weakness of the OECAs.** Despite the importance of the OECAs for the rural sector, their agricultural production potential, and State policies, strategies, and resources to promote their development, in practical terms these organizations need to overcome a number of weaknesses before they can achieve their objectives to become an important and effective force in a productive rural economy. In general, the OECAs suffer from the following problems:
 - **Weak management and business vision.** The OECAs neither plan nor administer themselves as businesses. In general, they focus on the near term, making little attempt to meet market demand or become part of a value chain. Most OECAs have weak institutional operating structures, and few have any business management tools. As a result, there is no clear division of functions between the internal departments/levels, and profitability is low. In addition, many still operate informally, a situation that precludes them from contacting potential customers or buyers, or to approach public entities to seek support for their institutional and productive development.
 - **Incipient market connections.** A large proportion of campesino production is for their own consumption. Depending on the type of product and region, however, the OECAs sell 40% to 80% of their production. Most of their produce is sold at local farmers markets held regularly in nearby towns, or to transport companies or intermediaries that buy in bulk from farmers. Very few OECAs have managed to establish contractual marketing ties with signed contracts of sale. Although there is significant potential to increase production, improve quality, and increase sales, it seldom occurs because the OECAs know little about: (i) buyers in more distant markets than their

⁴ People's Participation Act in 1994, Administrative Decentralization Act in 1995, and National Dialogue Act in 2001.

traditional customers (urban farmers markets and fairs, bulking centers, microwarehouses, supermarkets, etc.) or how to get in touch with them; and (ii) effective marketing strategies. This handicap has limited business opportunities for the OECAs and their capacity to increase sales. Furthermore, lacking information about potential customers, prices, quality specifications, terms of purchase, etc., these organizations are not sufficiently competitive in new markets, especially for large purchasers looking for a continuous and regular supply of quality produce.

- **Few links to other local development actors.** Few OECAs have permanent links to their local governments (municipal), NGOs, financial institutions, or other rural development entities. On the one hand, although such relations could be mutually beneficial, the municipalities do not always know how to effectively engage these organizations in local development processes and plans. Experience has shown, however, that with external facilitation municipal governments wish and are able to forge valuable ties with the OECAs. The OECAs, on the other hand, do not approach their local governments either to work together for the good of the region, and are not even aware that municipalities have resources to support local production activities. More importantly, there is hardly any coordination between the OECAs and the private development sector, especially microfinance institutions (MFIs) because few OECAs have the entrepreneurial vision and organization to offer acceptable guarantees. Nor do they have the investment and payment capacity, on which to build credit experience. This explains why the MFIs do not generally look upon the OECAs as potential clients, and why they have so little—and often unfortunate—experience with this sector.

- 1.6 **Importance of OECA support for development.** Because of the abovementioned factors, and as part of a vicious circle, the low OECA response to market opportunities translates into their gradual economic stagnation, undermining their potential to adopt new technologies and participate dynamically in the rural economy. Neglecting to improve their entrepreneurial, productive, and commercial capacity will jeopardize the soundness of these organizations—the chief vehicle for campesino farmers to organize production and marketing efforts—limiting their rural job-creation effect, and thereby farm earnings, a key to poverty reduction.
- 1.7 **Strategic response to reverse the OECA situation.** Despite their limitations, the OECAs respond positively to attempts to build their institutional capacities, making it possible to implement what are essentially entrepreneurial structures with a market vision. In order to capitalize on their potential, Strategies for International Development – Bolivia (SID-Bolivia) has been working successfully with this group since 1993, with a sharp focus on improving rural productivity.⁵ In 2005,

⁵ SID-Bolivia's support for small rural farmers resulted in: (i) improving approximately 6,000 ha. of agricultural and pasture lands through management and conservation practices; (ii) doubling the daily milk production; (iii) increasing dry matter production on native pastures more than threefold on average, expanding plant cover from 35% to 85%; and (iv) increasing farmers earnings by 40% to 60% through increased production.

SID-Bolivia conducted a pilot experience to help a group of 40 OECAs incorporate a business vision, improve their market knowledge, and develop links with municipal governments.⁶ SID organized a number of events in coordination with the OECAs in areas such as analysis of organizational and productive capacity, and skills to access more attractive markets that could generate higher earnings. It developed simple methods to describe markets and identify new customers, getting producers to meet and negotiate with them. To complement this process, it developed teaching materials to train the OECAs in business topics, such as organization, agribusiness, marketing, and production planning. At the same time, in order to coordinate the efforts of the OECAs and municipal governments, the SID worked with departmental Local Economic or Agricultural Development Units to ensure that production demands would be reflected in the annual work plans as required under Bolivian law.⁷ The pilot experience was short, but nonetheless achieved positive changes in OECAs activities and relations with local governments and markets, giving rise to demand from other organizations and municipios in the region. To meet this demand, SID-Bolivia now proposes to expand its services, reaching out to a larger number of OECAs, deepening and broadening its support, offering direct, more comprehensive, intensive, and far-reaching monitoring to achieve tangible improvements in OECA sales and revenue. It would also reinforce and consolidate the interaction between the OECA and public and private local rural development entities, strategic partnerships that will lead to important benefits for producers, municipalities, and the country as a whole.

- 1.8 **Project rationale and additionality.** Although the Bolivian Altiplano and Interandean valleys have comparative advantages in the production of camelids, quinoa, fish, milk and milk products, as well as some vegetables, and benefit greatly from the existing large regional market (close to 40% of the country's urban population lives in Bolivian Altiplano cities) and some international markets, the small farmers here have benefited much less from development projects than in other regions. Accordingly, this project will help the 80 beneficiary OECAs

⁶ The 40 OECA that participated in the pilot program with SID have annual production levels of: (i) Cheese: 48 to 209 kg/day, 90% of which is sold at prices ranging from US\$0.50 to US\$2, at a profit of approximately 13%; (ii) Milk: 650 to 5,600 liters/day (74% is sold at prices ranging from US\$0.2/l to US\$0.35/l, at a profit of 13%); (iii) potato seed: 510 MT/year (80% is sold, US\$380/MT for certified seed, and US\$174/MT for noncertified seed, at a profit of 68%); (iv) Quinoa: 8 to 66 MT/year (75% is sold at US\$430/MT, at a profit of 50%); (v) Broad beans: 32 to 73 MT/year, US\$200/MT for jumbo size, at a profit of 23%; (vi) Beef cattle: 50 to 210 heads/year is sold at US\$250/head, no profit data; and (vii) Fish: 211 to 404 kg/day (90% is sold at US\$2/kg, at a profit of more than 70%). Approximately 90% sell most of their products at local rural fairs and markets, 75% also sell at markets in the closest city, 18% sell to wholesalers and/or industry. No work has been conducted with OECA producing for export, although some OECA in the proposed region have exportable levels (onion).

SID has a list of 100 possible buyers, and has organized 50 meetings in four months bringing together customers and OECAs, resulting in 2 three-year sales contracts. The OECAs have also received advisory assistance with 40 preliminary market surveys. To promote ties between the OECA and municipal governments, two local economic development committees were successfully established, and leaders of 20 organizations were trained in lobbying for production demands to be taken into account in municipal plans, successfully introducing 34 requests in the annual work plans of the Achacachi and Pucarani municipios.

⁷ Of the 12 participating municipios in the two departments in the project area (La Paz and Oruro), six have already committed to collaborating in project activities (Achacachi, Pucarani, Sica Sica, Patacamaya, and Umala, with which SID worked in the past and has signed agreements for future work, and Caracollo, with which it has an agreement to begin activities). Another six have expressed interest –Laja, Poopó, Pazña, Challapata, Luribay, and Sapaqui– and are ready to sign participation agreements immediately. SID has regional offices in Patacamaya and Pucarani.

capitalize on their productive skills and increase sales. Furthermore, its execution comes at the right time as it targets organized groups of small producers who, after many years of being on the fringes of the economy, are now gaining relevance in Bolivian government policies as key actors in rural productive sector development. The project will enable SID-Bolivia to carry out a deeper, more comprehensive and extensive effort to buttress the OECAs, giving them the means to anticipate, identify, and satisfy customers by strengthening their institutional and operational capacity, encouraging them to adopt a business market vision, and putting them on the agenda of public and private development agencies.

- 1.9 **The MIF and Bank strategy.** The project is consistent with the Bank's strategy with Bolivia insofar as it seeks to improve the productivity and competitiveness of groups of small-scale rural farmers and their organizations, thus broadening the participation of the impoverished in wealth-generating processes. It is an initiative that satisfies the Bank's mandate to expand opportunities for the majority by bringing together these low-income producers with productive and commercial support services to increase sales and agricultural earnings. Also, this project complements operation BO-0179 (1515/SF-BO) "Program of Support for Rural Productive Development," as it will strengthen the capacity of weaker and smaller OECAs to develop business plans and meet other selection criteria of the program's rural production projects component. SID-Bolivia would coordinate the activities of the present project with those of the loan operation by channeling potential, quality proposals to the program through a competitive process.

II. PROJECT DESCRIPTION

A. Objectives

- 2.1 The objective of the project is to help the rural producers in the Bolivian Altiplano and Interandean valleys by promoting the entrepreneurial development of the Campesino Economic Organizations (OECAs).⁸ The purpose is to improve the business capacity of 80 beneficiary OECAs so that they can respond to market opportunities.
- 2.2 The anticipated project outcomes will be: (i) organizational and entrepreneurial strengthening of beneficiary OECAs; (ii) improved market linkages for OECAs; and (iii) enhanced coordination with public and private entities able to complement and/or advance their entrepreneurship development.

B. Components and activities

- 2.3 **Component 1: Strengthening of OECA organizational and business management skills (MIF: US\$401,400; Counterpart: US\$149,413).** The purpose of this component is to build OECA entrepreneurial capacity, enabling them to

⁸ SID-Bolivia selected the areas, specifically the Departments of La Paz and Oruro, based on: (i) OECA requests; (ii) the productive potential of OECAs; (iii) the percentage of rural population and poverty; and (iv) its knowledge of and institutional experience in the region.

- operate with a market vision, develop and/or renew their structure, legalize their status, and strengthen their administrative, production, and marketing management. A total of 80 OECAs will be selected on the basis of their organizational background, experience, productive and commercial potential, and interest in participating in the project. (The selection criteria are described in Section 2 of the Operating Regulations in the project technical files.)
- 2.4 Experts in organizational diagnostic assessment will be contracted to evaluate the: (i) organizational status; (ii) production status; (iii) commercial status; and (iv) interagency relations for each selected OECA. The assessments will be used to prepare individual OECA Intervention Plans (OIP), proposing specific training and technical assistance actions for each organization. In addition, a plan will be developed for each OECA to implement a new business structure with clearly defined hierarchical levels, roles, and duties.⁹ The plan, known as the Business Organization and Management plan (BOM), will include: (i) the new governance, executive, and operational structure of the OECA; (ii) business management instruments (Operating Regulations, manual of duties and responsibilities); and (iii) administration and accounting control tools. Also, legal advisers will be hired to help the OECAs formalize their status. A combination of workshops and direct advisory services will be offered to help each OECA implement the BOM plan.¹⁰ Teaching material in all relevant BOM topics will be developed with project funds for use in the training activities.
- 2.5 In addition, specialists will be engaged to help each OECA in specific areas, such as: (i) product adaptation or post-harvest management to comply with customer-specific requirements (based on market studies and surveys carried out in component II); (ii) productive processes and inputs to improve productivity and/or product quality; and/or (iii) adoption of ecological and natural production processes and implementation of environmental and sanitary practices in accordance with Bolivian law.
- 2.6 **Baseline.** A baseline will be developed for each OECA to measure the gradual impact of the project and monitor interventions. Specific software will be designed at the start of the project to ensure ongoing monitoring of information and indicators collected for the diagnostic assessment of each OECA, and updated throughout project execution. Periodic data concerning each OECA's performance will be collected and entered into the software by the project executing unit (PEU) consultants (see paragraph 4.4).
- 2.7 By project completion, the expected outcomes of this component include: (i) 80 OECAs will be using business management tools (business plans, Operating Regulations, manuals, and basic accounting); (ii) 70% of OECAs will not only have implemented a new business structure, but will have gained legal and formal status

⁹ For example production, marketing, and administration managers or departments, etc.

¹⁰ To ensure component outcomes, in addition to performing their assigned tasks, consultants will be required to train the project executing unit (PEU) staff in their areas of expertise.

as well; (iii) 80 OECAs will have been issued Business ID Cards;¹¹ and (iv) 50% will have improved their productivity, product quality, or quality of other production processes or post-harvest management in response to the production and commercial demands of the markets identified.

- 2.8 **Component 2: Market connections (MIF: US\$136,000; Counterpart: US\$25,750).** The purpose of this component is to ensure the OECAs maintain a continuous commercial connection with their current markets and new ones identified with project support. The activities will therefore center on developing commercial skills to enable the OECAs to obtain a constant flow of information on potential customer demands and conditions, and use that information to produce a regular supply of quality produce in the volumes needed to satisfy market demand. Specialists will be hired to conduct market studies (of a local, departmental, national, and, if need be, international scope) on the most promising goods the OECAs produce or could produce to meet specific demand.¹² These studies will contain incisive information on supply and demand, prices, markets, buying conditions, lists of buyers, updated records of new demand, value chains in each department, etc. Based on this information, specialists will be engaged to provide technical assistance to the OECAs in a broad range of aspects related to product trading and marketing. In addition to training them in these topics, the specialists will also provide advisory assistance in areas such as: (i) market surveys; (ii) quality control; (iii) integration into production chains; (iv) product and packaging standardization; (v) contract negotiation and fulfillment; (vi) export measures and formalities; and (vii) business ethics. Meetings, fairs, and round tables with potential buyers will also be organized in order to secure new sales contracts. Accordingly, to leave installed capacity at the OECAs, the experts will draw up and help implement business plans for each organization. The project will also finance preparation of teaching material to help train the target group in trading, marketing, and business plans.¹³
- 2.9 By the end of the project, this component is expected to result in at least a 30% increase in the customer base and/or sales volume of all OECAs, with one half of their transactions supported by written contracts. It is further anticipated that 60% of the OECAs will meet at least 80% of their business plans.
- 2.10 **Component 3: Institutional coordination with other rural development players (MIF: US\$66,000; Counterpart: US\$72,800).** The purpose of this component is to effectively engage the OECAs in the agendas of municipal governments, NGOs, and microfinance institutions working in their area. This will become evident when the OECAs are able to access and participate in the agencies' local development

¹¹ The *Tarjeta Empresarial* [Business ID Card] is an important step towards formalization of a micro or small enterprises. It is a public document, valid throughout the country, granted by municipal governments, and issued by the Business Registry Service Agency. It authorizes and allows the holder to provide goods and services to the State in accordance with the small procurement and contracts process, and through public tenders.

¹² Market studies will be based on products and not OECAs, and will be shared by all OECAs that produce or could produce the product.

¹³ As under component I, in addition to performing their duties, the specialized consultants will train PEU staff in their areas of expertise, allowing them to continue the work of advising and training the OECA in the future.

processes and plans, so that the former can benefit directly and actively from the initiatives sponsored by the latter.

- 2.11 Workshops and meetings with municipal government authorities and executive interlocutors will be organized to raise awareness about the project and its objectives. At a later date, the project will train and provide technical assistance to the Local Economic Development Units (LEDU) or other technical personnel in the municipal governments involved in rural development, so they may generate planning instruments and services to promote development of local producer organizations and businesses. This will prepare the municipal governments to work with the OECAs in designing and developing production projects to further the organizations' development, thereby boosting the economy of the region. The project will also encourage the municipal governments to issue Business ID Cards to the OECA, enabling them to offer their goods and services to the State.
- 2.12 In addition, the project will identify financial and nonfinancial entities dealing with municipalities in the project area. NGOs and financial institutions will be invited to attend semiannual municipal meetings to determine the complementarity of interventions in favor of the beneficiary OECAs, and to monitor their commitments. To facilitate and secure these agencies' support for the OECA in terms of initiatives that complement their production and/or commercial development, specialists will be hired to help the OECAs: (i) design investment projects (infrastructure or equipment); and (ii) access loans for investment or production purposes.
- 2.13 These financial specialists will be responsible for contacting microfinance (MFI) or banking institutions, inviting them to engage with the OECA representatives. The aim is for these MFIs, on the one hand, to become familiar with OECA: (i) technical capacity; (ii) markets; (iii) business cycles; (iv) risk profile; and (v) financial requirements. On the other hand, the OECAs will learn about MFI technical, financial, and legal requirements for all potential clients. Using this supply and demand information, experts will train the OECAs in institution, eligibility criteria, and lending terms and conditions. The consultants will also advise the OECAs on preparation of loan application documents and follow up. Consultants will also advise the OECAs on how to use their business plans and sales contracts (outcomes of component II) to prepare loan applications.
- 2.14 At the conclusion of the project, it is anticipated that: (i) the municipal governments in the project area will have signed an agreement with SID-Bolivia to develop the beneficiary OECAs; (ii) at least one OECA in each of the 10 municipal governments will be participating in the municipal annual planning process; (iii) at least 30% of the OECAs will have a project registered in the corresponding municipal government's annual work plan; (iv) at least 30% of the OECAs will have filed loan applications with an MFI, at least one third of which are approved; and (v) at least 32 OECAs will have received support from the rural development NGOs based on strategic partnerships.

III. COST AND FINANCING

- 3.1 The total program cost has been estimated at US\$1,087,000, broken down as follows: US\$745,000 (68.5%) in nonreimbursable funding from the MIF, and US\$342,000 (31.5%) in counterpart contributions from SID, one half of which will be in cash. The summarized budget is shown in the table below:

Components	MIF	Counterpart	Total	%
Component 1: Strengthen of OECA organizational, and business management skills	401,400	149,413	550,813	50,7
Component 2: Market connections	136,000	25,750	161,750	14,9
Component 3: Institutional coordination with other rural development players	66,000	72,800	138,800	12,8
Project management	100,800	31,200	132,000	12,1
Project administration and execution	12,000	62,837	74,837	6,9
Audit and evaluation	20,000	0	20,000	1,8
Contingencies	8,800	0	8,800	0,8
Total	745,000	342,000	1,087,000	100,0
Percentages	68.5	31.5	100	

- 3.2 For the local counterpart resources, the SID may use its own resources, other donations, or funds from projects executed with resources from other cooperation agencies provided the activities complement those of the project, and subject to the Bank's no objection. A revolving fund amounting to 10% of the financing will be set up for disbursements.
- 3.3 **Sustainability.** This project would contribute to the sustainability of the OECAs through: (i) strengthening their governance and business management structure; (ii) market connections; and (iii) effective inclusion on the development agenda of municipal governments, NGOs, and MFIs. This entire effort will enable the OECAs to govern themselves and operate as businesses, growing stronger through constant increases in sales and gradually becoming self-sustainable. The methodology adopted by the executing agency in its rural development projects is also an important factor in the OECAs becoming sustainable. Making use of *kamanas* and *irpiris* (see paragraph 4.5) will produce a peer teaching-learning process (campesino to campesino) with a clear cascading effect to reinforce project sustainability, because these paratechnicians will remain in the communities, and continue providing support and advice to the organizations after the executing agency has finished its work.
- 3.4 At least one year before completion of the project, a sustainability workshop will be organized with representatives from the Bank, the executing agency, and others to be determined, to evaluate the progress and identify measures and actions needed to assure the continuity of activities after project funding is exhausted.

IV. EXECUTING AGENCY AND MECHANISM

- 4.1 **Executing agency and legal status.** The program will be executed by Strategies for International Development (SID) through its Bolivian branch (SID-Bolivia). SID was established in 1991 as a nonprofit NGO with legal status, domiciled in the United States. SID-Bolivia was created by a resolution of the SID Board of Directors in 1994 to conduct activities in Bolivia in accordance with Bolivian law. SID-Bolivia is registered in the National NGO Register. The Bolivian branch's main office is located in the city of La Paz, with branch offices in rural areas of the Andean Altiplano. To operate in Bolivia, SID renewed the basic cooperation framework agreement with the Bolivian government on 26 September 2006. This agreement may be renewed subject to government evaluation.¹⁴
- 4.2 Although SID-Bolivia has had no prior experience working with the MIF, it has executed several projects with financing from bilateral and multilateral institutions such as Plan International, the World Bank, and USAID/Bolivia. The entity has operations and administrative procedures manuals in such areas as bank management, procurement processes, personnel, fixed assets, and vehicles.
- 4.3 **Specific technical experience.** SID began working in Bolivia in 1992, initially from its headquarters. It later opened the SID-Bolivia branch when it became established in the country. The branch has gained experience in developing rural development, strategic planning, democratic development, and institutional strengthening programs. SID, through SID-Bolivia, qualifies as an executing agency because: (i) it is experienced, having undertaken similar initiatives with international cooperation funds; (ii) it will be using funds from the contribution in Bolivia; (iii) it uses highly participatory and practical methods to transfer knowledge and skills to rural producer organizations; and (iv) its professional team is experienced in planning, agricultural production, marketing, and other rural development-related areas.
- 4.4 **Mechanism.** A project executing agency (PEU) will be established and integrated with SID-Bolivia. The PEU will have oversight over the project. Its members will be a coordinator, to supervise four field technicians financed with project resources, one administrative/financial assistant, and local technical staff ("kamanas" – see paragraph 4.5) under the supervision of the field technical staff, to be financed by SID-Bolivia.
- 4.5 **Kamanas and Irpiris.** To ensure the effective transfer of knowledge and skills, SID-Bolivia will recruit paratechnicians—known as "kamanas" and "irpiris"—from

¹⁴ The Framework Agreement is valid for three years, renewable by means of written communications between the parties following a joint evaluation by the sector Ministry or Ministries and the Organization, unless otherwise notified by one of the parties. To ensure the framework agreement remains valid during the execution period, the following special execution conditions will be included: (i) the executing agency must submit evidence to the Bank that the framework agreement signed with the Government of Bolivia authorizing it to carry out activities in the country, was renewed before the end of its current three-year term that began on 27 September 2006; and (ii) the Bank may suspend disbursements before the end of program execution if at the end of the three-year term the framework agreement is not renewed. The suspension may be lifted if the executing agency demonstrates that the agreement has been renewed.

- the communities themselves. The *kamanas* selected by SID-Bolivia will be individuals with community leadership owing to their knowledge and production practices. The *kamanas* will help the project technical team identify the OECA characteristics, needs and training requirements, and assist in the organization of meetings and training events. The *irpiris* are local volunteer agents selected by the OECAs themselves as the best producers. Duly recognized as advisers, they will support the technical team, promoting, reinforcing, and implementing recommendations made by project technical advisers and in training events.
- 4.6 **Program readiness.** The design, budget, and activities considered in this document were prepared and agreed by consensus with the participation of key SID and SID-Bolivia personnel. The draft Operating Regulations and terms of reference for contracting the principal project team are ready. SID identified and committed the resources and amounts of counterpart contributions.
- 4.7 **Procurement of goods and services.** Goods and services will be procured in accordance with Bank policies contained in document GN-2349-7. The price comparison method may be used when the estimated contract amount is less than US\$30,000 equivalent. Single-source selection may be used for contracts in amounts of less than US\$2,000 in accordance with the 8 August 2006 MIF Memorandum. Consultants will be selected and contracted in accordance with Bank policies contained in document GN-2350-7. Single-source selection may be used for services of up to one week's duration and/or in amounts equal to or less than US\$2,000 equivalent.
- 4.8 **Review.** All procurement processes will be reviewed ex ante because SID has no prior experience managing IDB- or MIF-financed projects. At the executing agency's request, however, the Bank may authorize ex post reviews once the executing agency has demonstrated its competence to the Bank's satisfaction. The Bank may, however, revoke the ex post procurement authorization at any time, in part or in full, if necessary.

V. MONITORING AND EVALUATION

- 5.1 **Monitoring reports.** SID-Bolivia will submit to the Bank's Country Office in Bolivia all project progress reports within 30 days after the end of each six-month period, and a final report within 60 days after the last disbursement. The reports, submitted in a format agreed in advance with the Bank, will include a work plan and disbursement schedule for the next semiannual period, all project activities and financing to date, and the outcomes achieved, compared against the indicators and the means of verification described in the project logical framework (Annex I). These reports will help the Bank to monitor the project through the project performance monitoring report (PPMR), and to prepare the project completion report (PCR), which must be submitted within 90 days after the date of the last disbursement.

- 5.2 **Evaluations:** The bank will hire two external consulting firms with project resources to conduct the midterm and final evaluations. The consultants will use the OECA baseline data, as well as other data (see paragraph 2.6). The midterm evaluation will be performed 24 months into project execution, or when 50% of the financing has been disbursed, whichever occurs first. The final evaluation will be performed 90 days before the last disbursement. Both evaluations will review project progress and general performance, emphasizing the evolution of logical framework indicators, technical and financial progress in project execution, and the institutional capacity of participants. The midterm evaluation is expected to propose changes to the logical framework, components, and/or budget. Lastly, both evaluations must identify lessons learned, recommendations, and possible mechanisms to replicate the program in Bolivia and other countries.
- 5.3 In parallel with the final evaluation, SID-Bolivia will organize a **closing workshop** in the last three months of project execution, to be attended by the PEU, Bank staff, representatives of municipalities, beneficiary sectors, the OECAs, and others to be agreed on with the Bank, to assess the outcomes, identify lessons learned, disseminate the experience, and propose actions to ensure project sustainability once the funds have been used up. In addition, to disseminate project outcomes and lessons learned, SID-Bolivia will contract an external consulting firm to collect workshop outputs, systematize the experience of this initiative, extract lessons learned, and formulate recommendations to turn this project into a model for similar projects in other countries. The consultant will draft a document describing the outcomes of the study, and SID-Bolivia will organize a national workshop to publicize the results and conclusions
- 5.4 **Ex post continuity evaluation.** Three years after project completion, the SID technical staff will conduct an ex-post evaluation to monitor continuity of the work undertaken with the OECAs, kamanas and irpiris under this project. To facilitate this review, the SID will periodically update the monitoring system, sending the Bank a summary report on the continuity of paratechnical support to the OECAs.
- 5.5 **Audits.** There will be two external audits: an intermediate audit upon disbursement of 50% of the funds, and a final audit following the last project disbursement. The audits will be carried out by an independent auditor or firm of auditors acceptable to the Bank, financed with resources from the contribution.

VI. BENEFITS AND RISKS

- 6.1 **Benefits.** This project will strengthen the institutional structure and business and marketing skills of the 80 OECAs and their members. This is expected to improve their management, and enable them to access sources of financing, as well as development projects implemented by public and private entities operating in their regions. As a result, these groups of excluded small producers will benefit from higher sales and earnings.

- 6.2 **Risks and mitigating factors.** There are three potential risks. One risk is the possibility of high management and staff turnover within the selected organizations, which would weaken the proposed transfer of knowledge. To mitigate this risk, the executing agency will apply previously established criteria to the selection of project beneficiary organizations. Among these criteria, emphasis will be given to the candidate OECA experience with governance and stability of key staff including their leaders. The second risk is the danger of internal political interference in the organizations. To mitigate this risk, the executing agency will participate with the OECAs in their work, offering guidance and emphasizing the purely technical, productive, and commercial aspects of the project. Lastly, there is climate risk, which can affect OECA production and sales. Although there is little the project can do to counteract this risk, SID-Bolivia will promote technical assistance during the planting season based on information provided by the Bolivian Ministry of Agriculture's Early Alert Information System (SINSAT).

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 The project will promote greater production of crops or goods by these organizations to meet their sales commitments. The SID training techniques will continue to emphasize agroecological production, minimizing dependence on the use of pesticides and agrochemicals. Component I will therefore finance technical assistance for the OECAs to adopt ecological and natural production processes, to minimize the adverse environmental effects of agricultural and agroindustrial production, and to learn about the country's environmental legislation and tools for enforcing compliance.

BO-M1018 STRENGTHENING THE ENTERPRENURIAL, PRODUCTIVE, AND COMMERCIAL CAPACITY OF SMALL RURAL PRODUCERS IN CAMPESINO ECONOMIC ORGANIZATIONS (OECA)

LOGICAL FRAMEWORK

Rationale	Indicators	Sources of verification	Assumptions
Goal Help rural producers in the Bolivian Altiplano and Interandean valleys by promoting the entrepreneurial development of Campesino Economic Organizations (OECAs).	<ul style="list-style-type: none"> Three years after project completion, participating <i>municipios</i> have more projects promoting OECA growth. 	<ul style="list-style-type: none"> Municipal Government annual budgets Baseline Municipal projects Ex post continuity evaluation 	Bolivian socioeconomic and political conditions, at least remain unchanged.
Purpose Improve the business capacities of 80 OECAs to meet market opportunities	At project completion: <ul style="list-style-type: none"> The earnings of at least 70% of OECA are 40% higher than current earnings. At least 50% of participating OECA have attained legal and organizational institutional framework. 	<ul style="list-style-type: none"> Baseline OECA monitoring system OECA legal and organizational documents Midterm and final project evaluations 	<ul style="list-style-type: none"> There is political will at the national and municipal levels to support production projects Producers are willing to undertake collective actions
COMPONENTS/OUTPUTS			
I. Strengthen OECA organization and business management skills Improve OECA organizational, managerial, administrative, and production management	<ul style="list-style-type: none"> Number of OECAs that implemented the new business structure: 20 in year 2; 56 in year 3. Number of OECAs using business management instruments and administration and accounting tools: 30 in year 2; 80 in year 3. Number of OECA that applied for legal and formal states: 18 in year 2; 56 in year 3. Number of OECA that received their Business ID Card from the municipal government: 40 in year 2; 80 in year 3. Number of OECA having improved their production processes to meet market demand: 15 in year 2; 40 in year 3. 	<ul style="list-style-type: none"> Baseline External consultant's midterm and final evaluations Project performance monitoring report (PPMR) SID semiannual and final progress reports IDB/MIF visit reports Documents of each OECA Consultant technical reports Monitoring system OECA Business ID Card 	<ul style="list-style-type: none"> Stability of OECA leaders and personnel. Partisan political interference (trade unions) within the OECA does not affect their stability and governance. Climate and phytosanitary conditions do not have a major impact on production activities.

Rationale	Indicators	Sources of verification	Assumptions
<p>II. Market connections</p> <p>OECA with capacity to connect with market conditions</p>	<ul style="list-style-type: none"> By the end of year 2, at least 32 OECA have increased customer base and/or volume by at least 15%, and by the end of year 3, 80 OECA show an increase of at least 30%. by the end of year 2, at least 32 OECA use written contracts to sell 20% of their products, and by the end of year 3, at least 80 OECA use written contracts to sell 50% of their products. At project completion, 60% of the OECA fulfill 80% of their business plans. 	<ul style="list-style-type: none"> Baseline External consultant's midterm and final evaluations OECA monitoring system Consultant technical reports Contracts PPMR and PCR SID semiannual and final progress reports IDB/MIF visit reports 	<p>Market prices are favorable for products offered by the OECA's.</p>
<p>III. Institutional coordination with other rural development players</p> <p>OECA know about and benefit from support from other institutions promoting rural development actors.</p>	<ul style="list-style-type: none"> Number of <i>municipios</i> having signed an agreement with SID to help develop the OECA's: 6 in year 2; 12 in year 3. Number of <i>municipios</i> with at least one OECA participating in the planning process: 4 in year 2; 10 in year 3. Number of OECA adding projects to the municipal AWP: 4 in year 2; 24 in year 3. Number of OECA that applied for credit: 5 in year 2; 24 in year 3. Number of OECA obtaining financing from private sources: 1 in year 2; 8 in year 3. Number of OECA receiving NGO support and having signed new strategic partnerships: 15 in year 2; 32 in year 3. 	<ul style="list-style-type: none"> Baseline Midterm review Final program evaluation OECA documents Consultant technical reports Loan agreements Municipal AWP's Signed agreements PPMR and PCR SID semiannual and final progress reports IDB/MIF visit reports 	<ul style="list-style-type: none"> Investment resources available to <i>municipios</i> for production issues Changes of authorities at the relevant institutions do not adversely affect the project. Financial entities have products and services to satisfy OECA investment requirements.

Rationale	Indicators	Sources of verification	Assumptions
ACTIVITIES			
Component I: Strengthening the OECA:	Subtotal: US\$ 550,813 MIF: US\$ 401,400 Counterpart: US\$ 149,413		
1.1 Identify and select <i>municipios</i> and OECAs 1.2 Diagnostic assessment of the situation of the OECA 1.3 Design and develop a monitoring system, including a baseline 1.4 Develop OECA Intervention Plans (OIP) 1.5 Prepare teaching and advisory material for training 1.6 Develop management tools 1.7 Develop OECA Business Organization and Management Plans 1.8 Prepare the project technical team for training and advisory work 1.9 Train and advise on planning, organization, administration, business management, production planning, and sanitary practices 1.10 Implement the business structure 1.11 Process OECA legal states 1.12 Train and advise in production matters upon request 1.13 Train and advise in environmental issues	<ul style="list-style-type: none"> Select 80 OECA and 12 <i>municipios</i> in month 1 Diagnostic assessment of the 80 selected OECA by month 3 Monitoring system designed and operational by month 8, with baseline OECA intervention plans ready by month 5 Awareness-raising and training materials ready by month 5 Training and advisory materials available in month 7 Model management tools designed by month 7 OECA business organization and management (BOM) plans developed Project technical team trained by month 9 Start of in situ advisory services in month 8 Awareness-raising events begin in month 8 Model legal documents ready by month 7 	<ul style="list-style-type: none"> Baseline External consultant's midterm and final evaluations Monitoring system reports Each OECA's OIP and BOM Consultant technical reports Training documents OECA documents Consultant technical reports PPMR and PCR SID semiannual and final progress reports IDB/MIF visit reports 	<ul style="list-style-type: none"> Availability of qualified consultants. The OECA are interested in introducing the proposed changes.

Rationale	Indicators	Sources of verification	Assumptions
Component II: Market connections 2.1 Market studies 2.2 Adapt products to supply in markets identified 2.3 Training and advise on finding markets 2.4 Business plan training and advise 2.5 Marketing training and advise 2.6 Market linkages (round tables, meetings, trade missions, surveys) 2.7 Enter into contracts 2.8 Monitor contract compliance	Subtotal: US\$161,750 MIF: US\$136,000 Counterpart: US\$ 25,750 <ul style="list-style-type: none"> Product-based market studies as of month 7 Training material as of month 8 Business plans as of month 8 Marketing training activities as of month 9 Buyer-seller business meetings and encounters beginning in year 2 60% of OECA conduct market surveys in the cities 	<ul style="list-style-type: none"> Baseline External consultant's midterm and final evaluations OECA documents Consultant technical reports PPMR and PCR SID semiannual and final progress reports IDB/MIF visit reports Contracts between OECAs and customers 	<ul style="list-style-type: none"> Availability of qualified consultants The OECA apply the new production, trading, and marketing skills.
Component III: Coordination with other actors 3.1 Agreements signed with municipal government 3.2 Training of municipal Local Economic Development Units (LEDU) 3.3 Support for inclusion of projects in municipal AWP 3.4 Identify rural development NGOs 3.5 Share experiences with financial and nonfinancial support entities 3.6 Enter into agreements or strategic partnerships with nonfinancial entities to support the OECA	Subtotal: US\$138,800 MIF: US\$ 66,000 Counterpart: US\$ 72,800 <ul style="list-style-type: none"> Municipal government awareness as of month 1 LEDU training events starting in month 3 Analysis of rural development entities' supply capacity by month 3 Workshops to share experiences as of month 6 Execution of production preinvestment and investment projects Contracting of consultants for OECA project designs Contracting of consultants to provide financial advisory services to the OECA Financial entities made aware of OECA financing needs as of month 6 Contracting of consultants to standardize project experiences 	<ul style="list-style-type: none"> Meeting minutes Training program and material Municipal government AWP List of rural development institutions prepared by the project technical team Infrastructure or equipment supplied Consulting services contracts Loan applications submitted by OECAs to MFIs Consultant technical reports Report of the standardization consultant 	<ul style="list-style-type: none"> Availability of qualified consultants

Rationale	Indicators	Sources of verification	Assumptions
3.7 Design and execute productive investments for the OECA with funds from other NGOs 3.8 Training and preparation of loan documents 3.9 Support during the financing process 3.10 Systematization of project experience 3.11 Events to disseminate the experiences	<ul style="list-style-type: none"> • Workshops to share experiences as of month 42 	<ul style="list-style-type: none"> • Program and materials used in dissemination workshops • PPMR and PCR • SID semiannual and final progress reports • IDB/MIF visit reports 	

Project BO-M1018
Strengthening the entrepreneurial, productive, and commercial capacity of small rural producers in Campesino Economic Organizations (OECA)

ITEMIZED ANNUAL BUDGET

ITEM	Subtotals		SID CONTRIBUTION		TOTAL
	MIF	SID	Cash	Kind	
COMPONENT 1 – STRENGTHEN THE OECAs	401,400	149,413	83,243	66,170	550,813
1.1 Training and technical assistance for the OECAs					
Senior technical advisors (2 X 3.5 x 12 x 1550)	130,200				130,200
Field technical advisors (2 X 3.5 x 12 x 1300)	109,200				109,200
Procurement of motorcycles	0	8,000	8000		8,000
Preparation of material (booklets, brochures, etc.)	6,000	2,000	2,000		8,000
Design and publishing material	7,000				7,000
Training events		1,000	1,000		1,000
1.2 Support for the OECAs					
Technical assistance for diagnostics and planning	25,000				25,000
Technical assistance for organization and business management	30,000				30,000
Baseline and monitoring system	9,000				9,000
Legal services	20,000				20,000
Support services for production issues or product adaptation	50,000				50,000
Community paratechnical personnel (kamana) (3.5 x 13 x 15 x 90)		61,425	36,855	24,570	61,425
Environmental expert	15,000				15,000
1.3 Technical monitoring					
Technical supervision		41,600		41,600	41,600
Procurement of vehicle		15,000	15000		15,000
Driver (3.5 x 13 x 125)		5,688	5,688		5,688
Gasoline and lubricants (3.5 x 12 x 250)		10,500	10,500		10,500
Field work and supervision		4,200	4,200		4,200
COMPONENT 2: MARKET CONNECTIONS	136,000	25,750	25,750	0	161,750
2.1 Marketing					
Technical assistance for market studies, marketing, business plans, negotiations, contract advice, training, product design, exports	126,000				126,000
2.2 Training events	5,000	1,000	1,000		6,000
Information and training material	5,000				5,000
2.3 Marketing missions		2,000	2,000		2,000
2.4 Administrative and Financial Assistant (3.5 yr x 13m x 500)		22,750	22,750		22,750
COMPONENT 3: COORDINATION WITH OTHER ACTORS	66,000	72,800	8,400	64,400	138,800
3.1 Coordination and training for municipal governments					
Events (Workshops, etc.)	10,000	6,300	6,300		16,300
3.2 Coordination with rural development actors (NGO and MFI)					
Semiannual meetings	9,000	450	450		9,450
3.3 Contacts with financial institutions					
Financial technical assistance	7,000				7,000
3.4 Design complementary projects (24)	20,000	14,400		14400	34,400
3.5 Productive investment		50,000		50,000	50,000
3.6 Standardize project experience					
Draft the analysis and standardization document	6,000				6,000
Dissemination material	5,000				5,000
Closing workshop	9,000	1,650	1,650		10,650
PROJECT MANAGEMENT	100,800	31,200	0	31,200	132,000
Coordinator (3.5 yr x 12m x \$2400)	100,800				100,800
Financial administrator (4 yr x 13 x \$600)		31,200		31,200	31,200
ADMINISTRATION AND OPERATION	12,000	62,837	53,837	9,000	74,837
Office leases (3.5 x 12 *300)		12,600	12,600		12,600
Vehicle (1)		5,000		5,000	5,000
Communications and internet (3.5 x 12 x 300)		12,600	12,600		12,600
Electricity and water (3.5 x 12 * 50)		2,100	2,100		2,100
Computers, furnishings, etc.	12,000	4,000		4,000	16,000
Gasoline and lubricants (3.5 x 12 x 250)		10,500	10,500		10,500
Travel expenses (3.5 x 12 x 100)		4,200	4,200		4,200
Office supplies (3.5 x 12 x 200\$)		8,400	8,400		8,400
Financial and administrative expenses		3,437	3,437		3,437
AUDIT AND EVALUATION	20,000	0	0	0	20,000
Audit (2 yr x \$2000)	4,000				4,000
Midterm and final evaluations	16,000				16,000
CONTINGENCIES	8,800	0	0	0	8,800
Contingencies	8,800		0		8,800
TOTALS	745,000	342,000	171,230	170,770	1,087,000
PERCENTAGE	68.5%	31.5%	15.8%	15.7%	1.0000

SIMILAR OR RELATED PROJECTS
BOLIVIA: STRENGTHENING THE ENTREPRENEURIAL, PRODUCTIVE, AND COMMERCIAL CAPACITY OF SMALL RURAL PRODUCERS IN CAMPESINO ECONOMIC ORGANIZATIONS (OECA)

BO-M1018

A. Similar or Related MIF Projects

Project Number/ Approval Date	Project Title, Executing Agency, Amount	Date of signature, original disbursement period, and extensions in months	Comments
ATN/ME-9626-BO 19-Dec-2005 Approval	Corporate Social Responsibility in the Coffee Production Chain FUNDACION AYUDA EN ACCION US\$ 143,641 Total US\$ 100,000 MIF US\$ 43,641 AYUDA EN ACCION	2-Mar-06 Signature 2-Mar-08 Last disbursement (initial) 2-Mar-08 Last disbursement (current) 24 Months – Initial period 0 Extension months 12% disbursed	Project in initial execution phase. It is part of the MIF delegation of authority program. There are similarities because this project targets the Coffee Campesino Economic Organizations in the La Paz Yungas area, that will be helped in management and trade issues, as well as development of organic and fair trade markets.
ATN/ME-9863-BO 14-Jun-2006 Approval	Competitiveness of Agrifood Chains in the Central Valley of Tarija FUNDACION PARA EL DESARROLLO TECNOLOGICO AGROPECUARIO DE LOS VALLES - FDTA-VALLES US\$ 1,500,000 Total US\$ 1,050,000 MIF US\$ 450,000 FDTA-VALLES	11-Sep-06 Signature 11-Mar-11 Actual disbursement 54 Months – Initial period 0 Extension months	Project about to get under way. The project bears some relation with the proposed program because it targets specialized agrifood chains in the Tarija central valley, especially the base of the chain (the producers, some of whom are organized in associations)—offering advice and the opportunity to undertake group activities for the common good.

B. Similar or Related Bank Projects

Number of projects	Project Title, Executing Agency, Amount	Approval date and disbursement period	Objective and Comments
1057/SF-BO 26-Apr-00 Approval	Agricultural Services Program Ministry of Agriculture, Livestock, and Rural Development (now Ministry of Rural Development, Agriculture, and Environment). SENASAG, the National Agricultural Health and Food Safety Service, is the subexecuting agency for the Agricultural Health Subprogram. The four Agricultural Technology Development Foundations (FDTAs) participate in the Technology Generation and Transfer subprogram. US\$ 44,000,000 Total US\$ 34,000,000 IDB US\$ 10,000,000 Local contribution	23-May-00 Signature 27-Jun-05 Last disbursement (initial) 27-Jun-07 Last disbursement (current) 65.04 % disbursed	<p>The general objective of the agricultural services program is to raise the income of Bolivian agricultural producers through investments which, by strengthening technical services to generate and transfer technology and improving agricultural health practices, will boost the productive efficiency and the quality of the country's agrifood products. The specific objectives are to: (i) establish new institutional models for technology generation and transfer, and agricultural health services; (ii) raise the productivity and production volumes of the main crops; and (iii) improve the sanitary quality of agricultural products and food safety to enable the country to comply with regional (Andean Community and MERCOSUR) and international health and quality requirements and gain more access to foreign markets.</p> <p>Work is carried out through the Bolivian agricultural technology system (SIBTA) for technology transfers by means of programs to integrate agricultural technologies (PITA) supporting production chains.</p>
1515/SF-BO 10-Dec-03 Approval	Program of support for rural productive development Ministry of Campesino Affairs and Agriculture (MACyA) (now Ministry of Rural Development, Agriculture, and Environment). US\$ 15,000,000 Total US\$ 13,500,000 IDB US\$ 1,500,000 Local contribution	17-Dec-03 Signature 24-Jun-09 Last disbursement 8.12% disbursed	<p>The goal of the program is to contribute to the sustainable reduction of rural poverty levels, generating new and sustainable employment opportunities in rural areas by promoting productive projects presented as viable business plans.</p> <p>The specific objectives are to: (i) strengthen the capacity of producer associations and institutions in the sector to develop agribusiness-oriented rural production projects; (ii) finance productive investments that generate sustainable employment and higher earnings among low-income rural inhabitants; and (iii) provide support for the preparation of production projects.</p>

Number of projects	Project Title, Executing Agency, Amount	Approval date and disbursement period	Objective and Comments
			<p>The project is in the initial execution phase. The first formal call is about to be issued. Projects, presented by the FDTAs or the beneficiaries themselves or producer associations, provided they are in the 1.2 to 1.8 poverty line, are selected through competitive process, to receive US\$30,000 to US\$1 million in program resources.</p> <p>An attempt will be made as part of the MIF project, to correlate some production projects with this operation through the OECA proposal submission process, after building up Campesino Economic Organization capacity.</p>
<p>1519/SF-BO 17-Dec-03 Approval</p>	<p>Sector Program for strengthening institutions and public policies to support productivity and competitiveness.</p> <p>Ministry of Economic Development (MDE)</p> <p>US\$ 87,000,000 Total US\$ 87,000,000 IDB</p>	<p>17-Dec-03 Signature 18-Dec-05 Last disbursement 100% disbursed</p>	<p>The objective of the program was to help strengthen institutions and public policies in order to support productivity and competitiveness in Bolivia. As part of this effort, it sought to create a favorable environment for the production sector, particularly for firms with export potential to take advantage of the opportunities provided by existing foreign trade agreements, thus helping to boost economic growth and job creation.</p> <p>The program was a sector loan to finance the execution of two components: (i) strengthening public institutions that support productivity and competitiveness under the Bolivian Productivity and Competitiveness System (SBPC); and (ii) strengthening public policy in support of production in order to maximize export opportunities.</p> <p>The operation has now concluded, and although it was not intended to work directly with the OECAs, it did have some impact. The program also supported institutionalization of bodies such as the Departmental Competitiveness Committees (CDCs), and promoted Bolivian Municipal Competitiveness Agreements (ABCMs), which in some instances stimulate OECA production and business actions.</p>

Number of projects	Project Title, Executing Agency, Amount	Approval date and disbursement period	Objective and Comments
SP/SF-03-12-BO, ATN/ME-8534-BO 5-Dec-2003 Approval	Processing and Marketing Chain for Aji, Peanut, and Other Products FUNDACION ACCION CULTURAL LOYOLA – ACLO [Loyola Cultural Action Foundation] US\$ 537,000 Total US\$ 343,000 SEP US\$ 194,000 ACLO SEP: Social Entrepreneurship Program	4-Mar-04 Signature 4-Mar-08 Last initial disbursement 4-Mar-08 Last actual disbursement 48 Months – Initial period 0 months extension 36.45 % Disbursed Financing 26.83% Disbursed Technical Cooperation	<p>The objective of the program is to develop the capacity of farmers organized in “rural campesino enterprises” to manage the production, processing, and marketing of agricultural byproducts, in competitive conditions, thereby boosting their income.</p> <p>The project bears a relationship with the proposal because it is being developed in the rural sector with four producer associations. The technical production has been proceeding according to plan advisory assistance. However, this was not the case with the loans as the producer associations did not request more financing for lack of repayment capacity.</p>
SP/EM-00-04-BO, ATN/EM-6976-BO 16-May-2000 Approval	Financing and technical cooperation proposal. Project in support of bean production and marketing. ASOCIACIÓN NACIONAL DE PRODUCTORES DE FRIJOL Y OTROS GRANOS - ASOPROF US\$ 711,200 Total US\$ 511,200 PES US\$ 200,000 ASOPROF	22-Jul-00 Signature 21-Jan-04 Last disbursement (initial) 15-Dec-04 Last disbursement (final) 42 Months – Initial period 11 months’ extension 100% disbursed (financing) 91.44 % Disbursed (technical cooperation funding)	<p>The general objective of the project was to expand and consolidate bean crops in a sustainable manner, increasing exportable volumes so as to become an attractive alternative crop for small producers, by increasing the sowed area and improving production techniques for better productivity, marketability, and placement of new varieties on the domestic market.</p> <p>The program worked directly with ASOPROF, an association of campesino producers, strengthening its business, association, and production capacity.</p> <p>Significant bean export levels were achieved, and sesame production was introduced.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Bolivia. Nonreimbursable Technical Cooperation ATN/___-___-BO for Strengthening the Entrepreneurial, Productive and Commercial Capacity of Small Rural Producers in Campesino Economic Organizations

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Strategies for International Development, and to take such additional measures as may be pertinent for the execution of the project proposal contained in Document MIF/___-___ with respect to a technical cooperation for strengthening the entrepreneurial, productive and commercial capacity of small rural producers in Campesino Economic Organizations in Bolivia.
2. That up to the amount of US\$745,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.