

**MULTILATERAL INVESTMENT FUND
SMALL ENTERPRISE DEVELOPMENT FACILITY
FINANCING FOR THE COOPERATIVA DE AHORRO Y CRÉDITO SAN LUIS LTDA.
TC-93-07-43-1**

BOLIVIA

EXECUTIVE SUMMARY

PROJECT NAME: Program to strengthen rural credit unions to serve microenterprise

PROJECT NUMBER: TC-93-07-43-1

MIF FACILITY: Window III-a

MIF COORDINATOR: José Luis Curbelo

PROJECT TEAM: Camila De Amesti (LEG), Mario Cordero (FBO), Bernardo Guillamón (OPS/MIC), Craig Tenney (Consultant), Calvin Miller (Consultant), Alan Sander (Consultant) and Laura Ramírez-Ramos (OPS/MIC), Project Team Leader.

EXECUTING AGENCY: Cooperativa de Ahorro y Crédito San Luis, Ltda.

BENEFICIARIES: Seven credit unions in villages and small towns.

OBJECTIVES: The main project objective is to replicate PRISMA (Program of Incentives and Support for Microenterprise) at the pilot level in seven credit unions, in order to strengthen their capacity to provide self-sustaining services to microenterprise.

DESCRIPTION: The project consists of the following components: (a) institutional strengthening through management training and installation of computer systems; (b) training of credit advisors and development of teaching materials; (c) replication of PRISMA methodology in the participating credit unions; (d) development of additional marketing services for microentrepreneurs; and (e) review and adaptation of PRISMA methodology.

TERMS AND CONDITIONS: Amount: US\$800,000 in the form of a grant. The seven participating cooperatives will contribute a total of approximately US\$440,000 in counterpart funds.
Disbursements: 42 months from the date of the agreement.

Executive Summary

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**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting CMA 42/93 of October 26, 1993, classified this as a Category II operation.

**JUSTIFICATION FOR
USE OF MIF FUNDS:**

The project is consistent with Bank efforts directed at financial sector reform in Bolivia. The proposed activities would help to enhance the ability of organizations in rural and secondary areas to foster business activity. The project would provide an incentive to the credit unions to expand their customer services by applying PRISMA methodology, which will specifically enable them to meet the needs of microenterprises under self-sustaining conditions.

I. COUNTRY ELIGIBILITY

- 1.1 The Donors Committee determined that Bolivia was eligible for Multilateral Investment Fund (MIF) resources at its meeting of October 6, 1993.

II. THE PROJECT

A. Background

1. Economic and social policy

- 2.1 The economic stabilization and adjustment process in Bolivia under way since 1985 has been successful in combating inflation and taking the country from economic crisis to economic growth of 4.1% in 1991. The social cost of the New Economic Program has been higher unemployment (estimated at 18% in 1992) and a reduction in state-run services within the privatization process.
- 2.2 The government's reforms have included a restructuring of the financial sector to improve competitive conditions within the banking system, improve the legal framework and supervision of the financial system, and increase the number of savers and lenders. These objectives are supported by the Bank through the program to reform the financial sector and promote private investment, approved in September 1991 (loan 628/OC-B0). This financial reform has been accompanied by a strengthening of the role of the Bank Examiner's Office to ensure greater transparency, security, self-sustainability and supervision of all financial institutions.

2. The credit union system

- 2.3 Credit unions have traditionally represented one of the most viable sources of formal credit for lower- and middle-class individuals in Bolivia. The credit union system plays a very important role in mobilizing savings and offering credit to those who lack access to the banking system because they are unable to provide the security required. With the closing of Banco Agrícola and Banco del Estado, in conjunction with the country's financial reform, the credit unions are even more essential, particularly in rural and secondary areas. However, hyperinflation wiped out many credit unions and depleted the capital of those remaining so that they can no longer offer the same services as in the past. The National Federation of Credit Unions (FENACRE) is experiencing problems of its own, and cannot furnish support to those credit unions that need training and administrative guidance. The only significant support now furnished by FENACRE is through its Credit Union Development Unit (UNDESCOOP), which offers a computerized accounting package

tailored to the standards of the Bank Examiner's Office, which requires an audit of all the credit unions to be completed by 1994.

- 2.4 Given FENACRE's weaknesses, several organizations have launched initiatives to support the credit union sector. The World Council of Credit Unions (WOCCU) is directing its support to financial systems within individual credit unions, helping them comply with the audit requirement. The Deutscher Genossenschafts- und Raiffeisen Verband [German Federation of Credit Unions] (DGRV) is setting up an agency to provide training in financial and cooperative matters. These programs are complementary and would not duplicate the activities proposed in this project. Finally, it should be noted that the Fondo de Desarrollo Campesino [Rural Development Fund] (FDC), approved by the Bank in June 1993, is designed to strengthen rural service and credit organizations through a comprehensive program that encompasses actions for strengthening infrastructure for production, extension, marketing and technology. The proposed project is consistent with that of the FDC in rural areas, since it will be instrumental in strengthening specific financial intermediaries through the execution of a self-sustaining comprehensive program that will stimulate saving, and will be supported by a strong technical assistance component.

3. The PRISMA methodology

- 2.5 One of the outstanding successful experiences in Bolivia, demonstrating that the credit union system has the potential to reach low-income sectors, has been the application of the PRISMA (Program of Incentives and Support for Microenterprise) model (see Annex I). The program, which was initiated in 1989 by the Mennonite Economic Development Association (MEDA) through the Cooperativa San Luis, Ltda. in Santa Cruz, offers incentives to participating credit unions to create effective lending systems that will reach low-income productive sectors. PRISMA's success is due to its combination of a strong specific administrative training component with a lending service emphasizing the program's financial self-sustainability with regard to the institutional strengthening of the participating credit union. While the formal financial system does not offer lines of credit to clients perceived as involving more risk - i.e., microentrepreneurs lacking mortgage guarantees and with limited credit experience - PRISMA specializes in loans of this type. The methodology is based on analyzing the return on investment, rather than guaranteeing repayment of the loan through security, and an associated savings component is included ranging from 5% to 15%. In addition, in order to boost job creation, loans are chiefly for investments likely to bring the country technological improvements. PRISMA's original methodology has been expanded to meet the needs of microentrepreneurs in different circumstances, and at present it includes variants for the micro-enterprise production and service, agriculture and trade sectors in both the rural and the urban areas.

4. Cooperativa de Ahorro y Crédito San Luis Ltda.

- 2.6 San Luis was selected to start the PRISMA project because it was located in an area with a high concentration of microentrepreneurs, represented a typical credit union in need of institutional strengthening, and possessed a board of directors dedicated to achieving greater operational efficiency together with better service to low-income customers. The PRISMA program begun in 1989 became financially self-sustaining after two years of operation, and currently has 1,600 active customers and a US\$900,000 portfolio, including the current accounts and microbusiness portfolios (involving solidary groups, whereby members are jointly and severally responsible for one another's debts). As a result of the credit union's adoption of the PRISMA methodology and the institutional strengthening it provides for, it has been able to improve its services and grow from 250 to 9,000 members. In January 1993 it implemented a computerized network accounting system using the Bank Examiner's chart of accounts, in preparation for the audit in 1994. San Luis is currently supporting MEDA in the replication of other PRISMA programs in various Bolivian cooperatives.

B. Project objectives

- 2.7 The purpose of the project is to replicate the PRISMA methodology at the pilot level in seven credit unions, in order to strengthen their capacity to provide self-sustaining services to microenterprise and at the same time serve as a model for other credit unions at the national level. The specific objectives are to: (a) strengthen the administration of participating credit unions, their microenterprise programs and their efforts to attract savings; (b) improve the administration and productivity of rural and urban microentrepreneurs; (c) expand the PRISMA credit and training model through the adaptation and incorporation of the methodology in new areas under rural conditions; (d) make urban and rural microproducers more profitable and more stable by improving their commercial linkages; and (e) maximize the anticipated benefits of the project by assessing its impact and the applicability and efficiency of the methodology used, as well as the capacity of the implementing agencies.

C. Activities

- 2.8 The activities to be carried out through the project would include those described below. Details on each activity and specific its goals and objectives are included in Annex II to this document.
- a. Institutional strengthening: The program will begin with an assessment and plan of action for the seven credit unions selected to participate in the project. Under the action plan of each one, credit union staff (manager, treasurer, and loan officers) and boards of directors will receive training to improve overall management, raise the volume of savings and

prepare the organization for the implementation of a PRISMA program for microentrepreneurs. The work will include the selection and installation of software packages, with training in their use. The institutional strengthening will indirectly benefit the approximately 30,000 members of the seven credit unions.

- b. Training: PRISMA methodology includes training on the administration of credit for microentrepreneurs. The intention is to train approximately 22 advisors, who would be hired to give training and advisory assistance on credit to the customers of the PRISMA program in each credit union, with special emphasis on involving women in the activities. Another very important activity will be to upgrade existing training materials and to develop teaching materials for the various rural sectors and PRISMA lines of credit. During the project, administrative and/or technical training will be offered to approximately 4,500 customers, of whom around 50% will be women.
- c. Replication: The PRISMA program will be replicated at the pilot level in seven credit unions. Variants of the PRISMA methodology will be introduced for different client groups, with special attention to including women and small rural producers. Approximately 6,000 loans are to be disbursed for a total value of US\$2.5 million, and active customers by the end of the project are to number 3,000. It is estimated that five programs will become fully financially self-sustaining within two years of operation. The following credit unions were preselected to participate in the project in accordance with the criteria described in paragraph 2.12: (1) Cooperativa Progreso in El Torno; (2) Cooperativa Trinidad in Trinidad; (3) Cooperativa San Roque in Sucre; (4) Cooperativa La Merced in Santa Cruz, whose rural branch will participate in San Ignacio; (5) Cooperativa Catedral in Tarija; (6) Cooperativa San Luis in Santa Cruz, where its rural branch will participate in Buena Vista; and (7) Cooperativa Comarapa in Comarapa. A description of each credit union is presented in Annex III.
- d. Marketing: Pilot activities will be conducted to expand the commercial linkages of rural and urban microentrepreneurs. Focusing on the Santa Cruz area, and seeking out opportunities for exports to border areas of neighboring countries, associations will be formed with one or more marketing organizations to explore ways of supporting microentrepreneurs in lowering their costs for inputs and transportation and in seeking better markets. At least US\$50,000 is expected to be generated in product sales and input purchases as a result of linkages created through the project.
- e. Interim review of PRISMA methodology: Before the end of the second year of the project, a specialized evaluation team will review the pilot applications of PRISMA methodology and study

the impact of the training. The team's suggestions and recommendations will be used to refine the model and disseminate the information to the organizations participating in the program and to other interested parties.

D. Cost and financing

- 2.9 The total project cost would be US\$800,000 equivalent, in accordance with the budget presented below and the detailed budget presented in Annex IV to the document.

TOTAL PROJECT COST (in US\$)

MAIN CATEGORIES	AMOUNTS
1. Nonreimbursable technical cooperation funding	340,000
2. Fund to replicate the PRISMA methodology*	440,000
3. Fund for pilot marketing initiatives	<u>20,000</u>
TOTAL PROJECT COST	<u>800,000</u>

* Each participating credit union will also contribute counterpart funding equivalent to the amount it will receive to set up its line of credit under the PRISMA methodology. Counterpart funding provided by the credit unions will total US\$440,000 overall.

E. Organization and execution

1. Organizational structure

- 2.10 The project executing agency will be Cooperativa San Luis Ltda. Overall coordination will be carried out by an executive council composed of the following five members: one from San Luis, two representing recipient credit unions, one from the specialized technical agency, and one from the marketing organization. Their functions, detailed in Annex V, would be to provide supervision, advisory assistance and coordination to the executing agency and to the other participating agencies.
- 2.11 Some of the project activities will be administered by a specialized technical agency to be hired by San Luis pursuant to the terms of reference set forth in Annex V. The specialized technical agency will be responsible for training and institutional advisory assistance for the credit unions and for execution of the micro-enterprise program. San Luis will also hire a marketing organization to administer the small-scale fund for pilot marketing activities (see Annex V). The revolving capital fund for participating credit unions will be administered directly by San Luis in concert with the executive council.

- 2.12 The activities described above will be executed through the seven participating credit unions that will implementing the PRISMA program in their respective areas. Those credit unions were preselected under the following criteria: (a) administration: possessed of a social vision and a desire to serve microentrepreneurs; (b) target group: lower to middle class, with a program emphasis on women's participation; (c) geographical location: areas of need with demand for a self-sustaining program; (d) up-to-date audited accounts; and (e) willingness to contribute 50% of the funds needed for the revolving fund.
- 2.13 As the capacity and potential of these credit unions vary, the project's institutional strengthening efforts and the application of the PRISMA program will focus on the situation of each. A contract will be signed by the participating credit union and the executing agency to clarify and ensure compliance with the obligations of each party. A draft of this contract is included as Annex VI.

2. Terms and conditions of loans

- 2.14 Loans granted under the program will be subject to the following general terms and conditions which will be included in the Credit Regulations to be submitted to the Bank by Cooperativa San Luis as a condition precedent to the first disbursement under the program:
- a. Utilization of resources: Financing may be used for fixed assets and working capital for productive, commercial, service or marketing activities (see Annex I for the conditions corresponding to each variation in methodology by type of client). Leases or purchases of land or housing will not be eligible for financing; nor will new construction, debt payment or purchases of shares or bonds.
 - b. Denomination of loans: Loans and repayments will be in dollars with conditions to ensure that they maintain their value in real terms.
 - c. Interest rates: The interest rates to be charged to the final beneficiary will be calculated at the weighted average dollar borrowing rate, plus a financial spread covering all the credit union's costs, including risk. This rate will be reviewed periodically to ensure its consistency with the policies of the Bank and the country.
 - d. Amounts: The loan amounts would vary with the activity to be funded, from a minimum of US\$50 to a maximum of US\$2,500.

F. Monitoring

1. Monitoring and advance of funds

- 2.15 Cooperativa San Luis will be responsible for presenting annual budgets for the project and for each participating credit union, prepared with the support of the specialized technical agency. San Luis will be responsible for disbursements and for monitoring the budget funds and the capital funds for participating credit unions. This will be done in coordination with the project's executive council.
- 2.16 San Luis will be responsible for financial control and submittal of financial reports on disbursements and advances of MIF funds for the project. The specialized technical agency will be responsible for submitting to San Luis the reports and checks pertaining to its work on the project. One of the checks to be applied in monitoring the project will consist of a monthly internal monitoring system within each credit union. The purpose of the system is to measure indicators established as part of the previous assessment.
- 2.17 In order to ensure the availability of sufficient funds for the training and institutional strengthening program, it is recommended that an advance of funds be made for up to 20% of the total amount of the project. The advance may be replenished at the request of Cooperativa San Luis, subject to proper justification of the funds disbursed.

2. Reports

- 2.18 Cooperativa San Luis will be responsible for submitting the following reports to the Bank during project execution:
- a. In the course of program execution and within 60 days following the close of each calendar half-year period, a progress report on the program. Such reports will include, *inter alia*, balance sheets and income statements for each credit union and details concerning the status of the loan portfolio and the training. The last of these reports will constitute the final report and will contain a summary of results as measured against the original program objectives.
 - b. For a period of three years beginning with the year in which the disbursements commence, and within 120 days following the close of each calendar year, Cooperativa San Luis will submit to the Bank its own and the program's financial statements, accompanied by an opinion from an independent auditor or a firm of independent accountants acceptable to the Bank.

G. Feasibility, benefits and risks

1. Feasibility analysis

- 2.19 Economic and financial feasibility of the PRISMA program: The programs to be implemented in each credit union were designed on the basis of the San Luis experience to cover all costs, including the cost of funds at market rates. Because of differences in methodologies and in semi-urban as opposed to rural wages, the programs' operating spread (including a reserve for bad debts) generally ranges from 12% to 13% after three years and 9% to 11% over the long term. The cost of funds for the credit unions is based on an average rate of savings (6%-8%) and fixed-term deposits (10%-13%); a reasonable average would be 10%, as used in the projections in Annex VII. The effective dollar rate for the urban variant of PRISMA is 25% (18% interest rate, 4.5% average commission, and an average effective term of 15 months). For the rural variant it is 23% (18% interest, 3% commission, and an average effective term of 15 months), and for the microbusiness variant it is 34% (24% interest, 2% commission and an average effective term of five months). The difference between the effective rates for the three variants and the borrowing rate easily covers the operating spread: the urban variant yields surpluses of approximately 5% in the long term, the rural variant of approximately 3%, and the microbusiness variant of approximately 9%. In San Luis the program was 120% financially self-sustaining by its fourth year.
- 2.20 The strategy of working through credit unions with an infrastructure and staff already in place permits a lower operating spread than in other programs. Furthermore, the ability of credit unions to attract capital through savings and fixed-term deposits is very efficient and permits self-capitalization in the long term. Once the portfolios for each advisor (or loan officer) have grown (generally after 24 months), the programs will be self-sustaining.
- 2.21 The feasibility of the annual farm production or "crop year" programs is more varied because of the greater variation in repayment systems and risk. For this sector the project focuses only on improving the services currently offered by the participating credit unions.
- 2.22 In order to give greater security in continuity of support for credit unions over the long term, an advisory assistance fee of 6% per annum has been set, payable for 10 years on the balance of capital funds disbursed to the participating credit unions. The fees will be paid to the Cooperativa San Luis, which will be responsible for monitoring them. The commissions charged will be used solely to finance: (a) monitoring costs; (b) financial monitoring for each participating credit union; and (c) continuing training for the organizations.

- 2.23 Technical feasibility: The PRISMA model of the Cooperativa San Luis has demonstrated good results and administrative and financial feasibility since it became independent of MEDA in July 1991. Similarly, the adaptation of the microbusiness program (PROCOM) has been ongoing in San Luis since 1990. The replication of the PRISMA methodology in other credit unions is based on that proven approach, and enjoys the support of the two founding entities, MEDA and Cooperativa San Luis, so that the project presents good technical assurances. However, differing conditions in the countryside require modifications in its delivery systems. For instance, technical feasibility in terms of reaching rural women in a self-sufficient manner remains to be demonstrated, and this is what the present project is expected to make possible.
- 2.24 Environmental feasibility: The scale of the activities to be funded makes adverse effects on the environment unlikely. Nevertheless, in order to reduce the risk, the training and technical advisory assistance provided under the program include educational actions aimed at protecting the environment and using appropriate technologies. The Environmental Management Committee, at its meeting 42/93 of October 26, 1993, therefore placed this project in Category II.
- 2.25 Institutional feasibility: Cooperativa San Luis Ltda. is the organization with the most experience in administering PRISMA programs, and it has also participated in their successful replication in new branches and in another credit union. It has undergone the whole process of developing the PRISMA methodology and is the right organization to execute a program replication project. San Luis has become an important player in its field and has shown its ability to administer projects.
- 2.26 As executing agency for the project, Cooperativa San Luis is capable of exercising overall project supervision and administration of the capital fund on behalf of the participating credit unions, and of serving as model and instructor in connection with trainer training for the new programs. However, the credit union has limited experience in rural credit management and in marketing. To ensure the success of the project, the cooperative will therefore be strengthened and supported during program execution, through the services which the specialized technical agency will provide under the terms of reference presented in Annex III.
- 2.27 Risks and ways to minimize them: The project has a proven methodology whose start-up costs, time to achieve self-sustainability, etc. are known, and this greatly reduces risk with respect to replication in other areas referred to in the next paragraph. Nevertheless, there are certain risks attached to its application in rural and secondary areas. If the project receives the direct support of a specialized technical agency in this area, the risks will cease to be an obstacle to implementing it and achieving the expected results.

- 2.28 It must be stressed that the rural production sector represents the program's riskiest component. This is due to climate-related factors and also to the slower rate of turnover in working capital in rural areas. However, the program's primary focus is on the rural microenterprise sector, which generally carries less risk than enterprises involving farm production. To reduce the risk of farm-production credit based on the crop year, the program will seek to minimize the indiscriminate use of credit by concentrating on high-return areas such as improvements in technology, storage and marketing, rather than routine production, which the cooperatives will finance through their other lines of credit. Another risk for the program in connection with disadvantaged rural areas lies in the high operating cost as compared to higher-population areas. To minimize that risk, the assessment preceding implementation will ensure that the critical mass of economic movement per area needed to attain a self-sufficient program has been achieved. Monthly monitoring of critical indicators will support timely evaluation of efficiency at each credit union. Lastly, the regular practice of maintaining the dollar value of loans minimizes the cooperatives' exchange risk.

III. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

A. General criteria for project eligibility

- 3.1 The proposed project meets the eligibility criteria inasmuch as it: (a) promotes productive business activity; (b) stimulates the sector and the disadvantaged productive areas where rural micro-entrepreneurs and producers operate, thereby helping to reduce poverty; (c) strengthens organizations and their financial viability in secondary areas; (d) contributes to the expansion of the country's private sector; and (e) develops the human potential of disadvantaged microentrepreneurs, with emphasis on the most disadvantaged sectors such as low-income rural families and women.
- 3.2 In the process of developing a market economy, the disadvantaged and informal sectors represent an important potential, both for their contribution to the national economy and, still more, as a percentage of the population directly affected. The informal sector tends to get trapped in a vicious circle: it lacks capital to improve its efficiency and develop economies of scale, training to ensure good credit management, and the know-how and market linkages necessary for successful marketing of its products. The project addresses the entire array of obstacles facing microentrepreneurs under a medium-term, self-sustaining model. The credit unions will have the start-up capital, the training and the income from interest and commissions necessary to administer their programs indefinitely in their communities.

- 3.3 The capital invested in the project by the MIF will be doubled by the counterpart funding invested by each of the participating credit unions. The very design of the project flows from the need expressed by the beneficiary organizations to implement credit and training programs in their areas.

B. Feasibility criteria for project eligibility

- 3.4 The project fosters productive development through initiative in marginal areas. The average cost per job created for the beneficiaries has been estimated at US\$650 according to data on the PRISMA program in Cooperativa San Luis. In addition, the growth of the credit unions themselves indicates that the PRISMA methodology programs are having a significant impact. Cooperativa San Luis saw its membership increase 30-fold from 1989, while its portfolio expanded from US\$54,000 to US\$2.9 million in the same period. Since the program will help to develop efficient and sustainable service organizations capable of improving the private productive sector, the proposed project is eligible within the MIF parameters.

IV. CONSISTENCY WITH THE BANK'S COUNTRY PROGRAM

- 4.1 The proposed project is consistent with the Bank's strategy for Bolivia. The MIF Donors Committee, at its meeting of October 6, 1993, approved the country eligibility memorandum for Bolivia, which qualifies Bolivia to receive financing under the Fund. The general strategy of the Bank is to support the Government of Bolivia in its effort to achieve sustainable development. It does so by promoting economic and structural reforms designed to attract private capital and investment, promote the development of the private sector, create jobs, and expand the activities of micro-entrepreneurs.
- 4.2 The new Bolivian government is strategically addressing the need for capitalization and the diversification of capital ownership and for civil participation. The three pillars of the government program are economic development, human development and sustainable development, which are fully compatible with the project. The project is aimed at microentrepreneurial development, training of microentrepreneurs and producers, and the strengthening of the credit unions to make them efficient and self-sustaining. In this context, the Government of Bolivia, on October 20, 1993, issued a statement of nonobjection to the proposed project.

V. AVAILABILITY OF MIF RESOURCES

A. Type of financing

- 5.1 The prospective beneficiaries of the project require nonreimbursable funding under the MIF. ^{1/} This nonreimbursable funding will be used to finance a pilot project in training, adaptation and start-up of institutional strengthening and credit systems for rural and disadvantaged areas where returns will not be sufficient in the initial stages to return the capital invested by the MIF. Generally speaking, PRISMA microenterprise programs become fully self-sustaining financially two years after their start-up.

B. Allocation of MIF resources

- 5.2 Bolivia is in compliance with its institutional agreements with all the leading international financial institutions, and is fulfilling its obligations in establishing, developing and maintaining sound macroeconomic policies.

VI. EVALUATION

- 6.1 An evaluation will be performed upon completion of the project, covering the following three basic items: (a) a measurement of impact and lending systems; (b) an institutional analysis of the seven participating credit unions with respect to the PRISMA program; and (c) a final comprehensive evaluation based on the objectives and indicators of the MIF project, using the indicators detailed in Annex II. These include not only financial and administrative indicators, but also indicators measuring participation by women, the rural population, etc.

^{1/} The Loan Committee has made it clear that the text of the MIF agreement contains no specific authorization for donations to set up loan funds. However, Article III, Section 4(b) of the Agreement Establishing the Fund authorizes nonreimbursable technical-cooperation programs to develop innovative financing systems to serve microenterprises. The technical-cooperation program proposed here fits into this category, since the small credit funds are intended to support implementation of the PRISMA credit methodology on a pilot level, and are an integral element of the proposed project.

PROPOSED RESOLUTION

BOLIVIA. NONREIMBURSABLE TECHNICAL COOPERATION FOR A PROGRAM FOR STRENGTHENING RURAL COOPERATIVES TO ASSIST MICROENTERPRISES

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 Multilateral Investment Fund, to enter into such agreements as may be necessary and to take such additional measures as may be pertinent for the execution of the plan of operations referred to in Document AT- with respect to technical cooperation with the Cooperativa de Ahorro y Crédito San Luis, Ltda., for a Program for Strengthening Rural Cooperatives to Assist Microenterprises.

2. That up to the amount of US\$800,000 is 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.