

No. 18138

**UNITED STATES OF AMERICA
and
BOLIVIA**

**Agreement relating to agribusiness and artisanry project
(with annex). Signed at La Paz on 9 January 1978**

Authentic texts: Spanish and English.

Registered by the United States of America on 5 December 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
BOLIVIE**

**Accord relatif à un projet d'aide aux agro-industries et aux
entreprises artisanales (avec annexe). Signé à La Paz le
9 janvier 1978**

Textes authentiques : espagnol et anglais.

Enregistré par les États-Unis d'Amérique le 5 décembre 1979.

ALLIANCE FOR PROGRESS PROJECT AGREEMENT¹ BETWEEN
THE REPUBLIC OF BOLIVIA AND THE UNITED STATES OF
AMERICA—*AGRIBUSINESS AND ARTISANRY PROJECT*

Date: January 9, 1978

A.I.D. Loan 511-T-060
A.I.D. Grant 511-0472

PROJECT AGREEMENT, dated January 9, 1978 (the "Agreement"), between the REPUBLIC OF BOLIVIA ("Bolivia") and the UNITED STATES OF AMERICA acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above with respect to the undertaking by Bolivia of the project described in section 2.1 (the "Project") and the financing of the Project by the parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in annex 1, will consist of an integrated program of financing and technical assistance for agribusinesses which benefit small farmers and urban and rural artisanry subloans through a rediscount fund and a technical assistance entity in the Central Bank of Bolivia (the "Central Bank").

Annex 1, attached, amplifies the definition of the Project contained in section 2.1. Within the limits of the definition of the Project in section 2.1, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the parties named in section 9.2, without formal amendment of the Agreement. Annex 1 identifies those elements of the Project which are Grant-financed, and those which are Loan-financed.

Article 3. FINANCING

Section 3.1. THE GRANT; THE LOAN. To assist Bolivia to meet the costs of carrying out the Project, A.I.D., in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to Bolivia under the terms of this Agreement not to exceed one hundred eighty-five thousand United States Dollars (\$185,000) (the "Grant") and to lend to Bolivia under the terms of this Agreement not to exceed six million two hundred thousand United States Dollars (\$6,200,000) (the "Loan"). The aggregate amount of disbursements under the Loan constitutes the principal of the Loan.

The Loan and the Grant may be used to finance U.S. dollar costs (as defined for each in section 7.1) and Bolivian peso costs (as defined in section 7.2) of goods and services required for the Project.

¹ Came into force on 9 January 1978 by signature.

Section 3.2. INCREMENTAL NATURE OF THE GRANT. A.I.D.'s contribution to the Grant-financed portion of the Project will be provided in increments, the initial one being made available in accordance with section 3.1. Subsequent increments of up to \$215,000, for a total of up to \$400,000, will be subject to availability of funds to A.I.D. for this purpose and to the mutual agreement of the parties to proceed at the time of a subsequent increment.

Section 3.3. BOLIVIAN RESOURCES FOR THE PROJECT. (a) Bolivia agrees to provide or cause to be provided for the Project all funds, in addition to the Loan and Grant, and all other resources reasonably required to carry out the Project effectively and in a timely manner, in accordance with the objectives of this Agreement.

(b) The resources provided by Bolivia for the Project will be not less than the equivalent of US\$ 3,870,000 (three million eight hundred seventy thousand United States dollars), as set forth in annex 1, including costs borne on an "in-kind" basis.

Section 3.4. PROJECT ASSISTANCE COMPLETION DATE. (a) The Project Assistance Completion Date ("PACD"), which is December 31, 1982, or such other date as the parties may agree to in writing, is the date by which the parties estimate that all services financed under the Loan and Grant will have been performed and all goods financed under the Loan and Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement under the Loan or Grant for services performed after the PACD or for goods furnished for the Project, as contemplated in this Agreement, after the PACD.

(c) Requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letter are to be received by A.I.D. or any bank described in section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to Bolivia, may at any time or times reduce the amount of the Loan or Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. LOAN TERMS

Section 4.1. INTEREST. Bolivia will pay to A.I.D. interest on the Loan which will accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of principal and on any due and unpaid interest. Interest on the outstanding principal balance will accrue from the date (as defined in section 8.5) of each respective disbursement, and will be payable semiannually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. Bolivia will repay the principal to A.I.D. within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semiannual installments of principal and interest. The

first installment of principal will be payable nine and one-half (9 1/2) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide Bolivia with an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY AND PLACE OF PAYMENT. All payments of interest and principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C., 20523, U.S.A., and will be deemed made when received by such office.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, Bolivia may prepay, without penalty, all or any part of the principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) Bolivia and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Bolivia, which enable Bolivia to repay principal and interest on a different schedule.

(b) Any request by either party to the other to so negotiate will be made pursuant to section 9.2 and will give the name and address of the person or persons who will represent the requesting party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested party will communicate to the other, pursuant to section 9.2, the name and address of the person or persons who will represent the requested party in such negotiations.

(d) The representatives of the parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of the National Institute of Finance ("INDEF"), or successors, in La Paz, Bolivia.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the principal and any accrued interest, this Agreement and all obligations of Bolivia and A.I.D. relating to the provisions of this Agreement will terminate, except for any obligations under sections B.3 or D.6 of annex 2,* with respect to Grant funds.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to the first disbursement of the Loan or Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, Bolivia will, except

* Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference. (Information supplied by the Government of the United States of America.)

as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A legal opinion of the Attorney General of Bolivia or other counsel acceptable to A.I.D. to the effect that the Project Agreement has been duly authorized and/or ratified by, and executed on behalf of Bolivia, and that it constitutes a valid and legally binding obligation of Bolivia in accordance with all of its terms; and
- (b) A statement of the name of the person for Bolivia holding or acting in the office specified in section 9.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

Section 5.2. CONDITIONS PRECEDENT TO DISBURSEMENT OTHER THAN FOR TECHNICAL ASSISTANCE. Prior to disbursement of the Loan or Grant, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any purpose other than to finance technical assistance services, Bolivia will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A time-phased implementation and evaluation plan for all components of the Project;
- (b) Evidence that the Central Bank has established the Project technical assistance fund and has assigned adequate staff to administer it; and
- (c) A copy of the operating manuals to be used by the Central Bank and eligible intermediate credit institutions describing the functions of each in the implementation of the Project and containing the procedures, regulations and eligibility criteria applicable thereto.

Section 5.3. CONDITIONS PRECEDENT TO DISBURSEMENT FOR A COMPUTER TERMINAL. Prior to disbursement of the Loan, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for a computer terminal for the Central Bank, Bolivia will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.: a detailed plan for the use of the computer terminal, including a description of the relationship of the system to the organization of the Central Bank, a maintenance program for the terminal and a program for training Central Bank staff in the use of the terminal.

Section 5.4. NOTIFICATION OF MEETING CONDITIONS PRECEDENT. When the conditions precedent specified in sections 5.1, 5.2 and 5.3 have been satisfactorily met, A.I.D. will notify Bolivia within seven days.

Section 5.5. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all the conditions specified in Section 5.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by seven days' prior written notice to Bolivia.

(b) If all of the conditions specified in Section 5.2 have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balances of the Loan and Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by seven days' prior written notice to Bolivia. In

the event of such termination, Bolivia will repay immediately the principal then outstanding and any accrued interest.

Article 6. SPECIAL COVENANTS

Section 6.1. SOURCE OF MONIES FOR LOAN REPAYMENT. Bolivia covenants that the source of monies used to repay the principal of the Loan and of A.I.D. Loan 511-L-043 shall be its general budgetary resources rather than monies from the revolving rediscount fund established by the Project or any other fund established under an A.I.D. project. This covenant in no way affects the obligation of Bolivia to repay the Loan, pursuant to article 4 of this Agreement.

Section 6.2. CAPITALIZATION OF THE REVOLVING REDISCOUNT FUND. The capitalization of the revolving rediscount fund established by the Project will be maintained at all times at a level in pesos bolivianos at least equivalent to the U.S. dollar value of the contribution by Bolivia to such fund plus the amount of U.S. dollars disbursed into the fund under the Loan.

Section 6.3. USE OF MONIES FROM SUBLOAN REPAYMENTS. Bolivia covenants to use repayments of principal of subloans made with Project monies for further relending under the Project.

Section 6.4. ANNUAL PROJECT EVALUATION. Bolivia covenants to evaluate on an on-going basis jointly with A.I.D. progress towards meeting Project goals and targets, based on the evaluation system to be established as part of the Project.

Article 7. PROCUREMENT SOURCE

Section 7.1. U.S. DOLLAR COSTS (LOAN AND GRANT). Disbursements under the Loan and the Grant pursuant to section 8.1 for U.S. dollar costs ("dollar costs") will be used exclusively to finance the costs of goods and services required for the Project having their source and origin for Loan-financed goods and services in countries included in code 941 and for Grant-financed goods and services in code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services, except as A.I.D. may otherwise agree in writing, and except as provided in annex 2 (Standard Provisions Annex),¹ section C.1(b) with respect to marine insurance.

Section 7.2. BOLIVIAN PESO COSTS (LOAN AND GRANT). Disbursements under the Loan and Grant pursuant to section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Bolivia ("Bolivian peso costs").

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENTS FOR DOLLAR COSTS. (a) After satisfaction of conditions precedent, Bolivia may obtain disbursements of funds under the Loan or the Grant for the dollar costs of goods or services required for the Project in accordance with the terms of the Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters, requests for reimbursement for

¹ See footnote on p. 80 of this volume.

such goods or services, or requests for A.I.D. to procure commodities or services on behalf of Bolivia for the Project; or

- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services.

(b) Banking charges incurred by Bolivia in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless Bolivia instructs A.I.D. in advance to the contrary.

Section 8.2. DISBURSEMENT FOR BOLIVIAN PESO COSTS. (a) After satisfaction of conditions precedent, Bolivia may obtain disbursement of funds under the Loan and the Grant for Bolivian peso costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The Bolivian pesos needed for such disbursement hereunder may be obtained by acquisition by A.I.D. with U.S. dollars by purchase.

(c) The U.S. dollar equivalent of the Bolivian pesos made available hereunder will be, in the case of subsection (b) above, the amount of U.S. dollars required by A.I.D. to obtain the Bolivian pesos in accordance with the provisions of section 8.4.

Section 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan or the Grant may also be made through such other legal means as the parties may agree to in writing.

Section 8.4. RATE OF EXCHANGE. Except as may be more specifically provided under section 8.2, if funds provided under the Loan or the Grant are introduced into Bolivia by A.I.D. or any public or private entity for purposes of carrying out obligations of A.I.D. hereunder, Bolivia will make such arrangements as may be necessary so that such funds may be converted into Bolivian pesos at the highest beneficial rate of exchange which, at the time the conversion is made, is not unlawful in Bolivia.

Section 8.5. DATE OF DISBURSEMENT. Disbursements of the Loan or Grant by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to Bolivia or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment or Letter of Credit; (b) on the date on which A.I.D. disburses to Bolivia or its designee Bolivian pesos acquired in accordance with section 8.2(b); or (c) in the case of disbursements pursuant to section 8.3, on the date specified in the other form of disbursement documents.

Article 9. MISCELLANEOUS

Section 9.1. COMMUNICATIONS. Any notice, request, document or other communication submitted by either party to the other under this Agreement will

be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To Bolivia:

Mail Address:

Ministry of Finance
c/o INDEF
La Paz, Bolivia

Cable Address:

MINFINANZAS
c/o INDEF
La Paz, Bolivia

To A.I.D.:

Mail Address:

United States AID Mission
to Bolivia
c/o United States Embassy
La Paz, Bolivia

Cable Address:

USAID, AmEmbassy
La Paz, Bolivia

All such communications will be in English, unless the parties otherwise agree in writing. However, communications at the level of Bolivia and USAID/Bolivia Mission may be in either English or Spanish. Other addresses may be substituted for the above upon the giving of prior notice.

Section 9.2. REPRESENTATIVES. For all purposes relevant to this Agreement, Bolivia will be represented by the individual holding or acting in the office of the Minister of Finance (or Executive Director of INDEF), and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under section 2.1 to revise elements of the amplified description in annex 1. The names of the representatives of Bolivia, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.3. STANDARD PROVISIONS ANNEX. A “Combined Loan and Grant Standard Provisions Annex” (annex 2)¹ is attached to and forms part of this Agreement.

Section 9.4. CONTROLLING LANGUAGE. This Agreement is executed in both the English and Spanish languages. In case of inconsistency or conflict between the two versions, the English version shall control.

¹ See footnote on p. 80 of this volume.

EN TESTIMONIO DE LO CUAL, la República de Bolivia y los Estados Unidos de América, actuando cada cual por medio de sus respectivos representantes debidamente autorizados, han suscrito el presente Convenio en sus nombres y lo han otorgado en el día y el año mencionados en el encabezamiento.

IN WITNESS WHEREOF, the Republic of Bolivia and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

República de Bolivia:
Republic of Bolivia:

Lic. DAVID BLANCO
Ministro de Finanzas
Minister of Finance

Lic. JOSÉ JUSTINIANO
Presidente, Banco Central de Bolivia
President, Central Bank of Bolivia

Estados Unidos de América
United States of America

CHARLES J. STOCKMAN
Director Interino, USAID/Bolivia
Acting Director, USAID/Bolivia

PAUL H. BOEKER
Embajador de los Estados Unidos
United States Ambassador

ANEXO 1

ANNEX 1

DESCRIPCIÓN DETALLADA DEL PROYECTO DETAILED PROJECT DESCRIPTION

[SPANISH TEXT — TEXTE ESPAGNOL]

El Proyecto de Agroempresas y Artesanía dará un paquete integrado de financiamiento y asistencia técnica para subpréstamos agroindustriales y artesanales en Bolivia, muchos de los cuales estarán ubicados en áreas rurales. El fin del Proyecto es aumentar el ingreso neto y el nivel de vida de los pequeños agricultores y de los pobres de las áreas rurales en Bolivia. El objeto del Proyecto es establecer un sistema de promoción y financiamiento de actividades agroindustriales y artesanales viables que beneficien a los pequeños agricultores y los pobres de las áreas rurales a través de la expansión de mercados para los productos de los pequeños agricultores, provisión de productos y servicios relacionados con la agricultura, y/o generación de empleo productivo en las áreas rurales.

Para propósitos de este Proyecto se utilizarán las siguientes definiciones: Agroempresas son aquellas que suministran insumos para propósitos de producción de los pequeños agricultores, procesan o comercializan

The Agribusiness and Artisanry Project will provide an integrated package of financing and technical assistance for agribusiness and artisanry subloans in Bolivia, many of which will be located in rural areas. The goal of the Project is to increase the net income and standard of living of small farmers and rural poor in Bolivia. The Project purpose is to establish a system of promoting and financing feasible agribusinesses and artisanry activities which benefit small farmers and the rural poor through expansion of markets for small farmer products, provision of agriculture-related goods and services, and/or generation of productive employment opportunities in rural areas.

For purposes of this Project, the following definitions are used: Agribusinesses are those which provide inputs for small farmer production purposes, process or market small farmer products or produce inputs or

productos de pequeños agricultores, o producen insumos o suministran servicios que necesitan otras agroempresas que realizan estas funciones. La definición de actividades de artesanía en áreas urbanas (las ciudades de Cochabamba, La Paz, Oruro, Potosí, Santa Cruz, Sucre y Tarija) está limitada a actividades que involucran el procesamiento de productos agrícolas producidos por pequeños agricultores, por ejemplo lana, cuero o, en algunos casos, productos de madera. El financiamiento de actividades artesanales más ampliamente definidas, tales como trabajadores en metal, mecánicos en escala pequeña, herreros, carpinteros u otras industrias caseras se limita a subproyectos artesanales ubicados en áreas rurales. Áreas rurales se definen como cualquier área fuera de las ciudades de Cochabamba, La Paz, Oruro, Potosí, Santa Cruz, Sucre y Tarija.

A continuación se describen en detalle los componentes del Proyecto:

1. *Fondo de Refinanciamiento de Agroempresas y Artesanía*

El Proyecto establecerá un fondo de refinanciamiento en el Banco Central, el cual consistirá de una capitalización inicial de \$9,000,000 de los cuales \$6,000,000 serán suministrados con fondos del préstamo de AID y \$3,000,000 serán suministrados por el Banco Central. Estos recursos serán usados para refinanciar subpréstamos elegibles hechos por el sistema bancario privado y público de Bolivia, así como también otras instituciones financieras que sean aceptadas por el Banco Central como instituciones intermediarias de crédito (ICIs).

Los subpréstamos de hasta el equivalente en pesos de \$25,000 serán automáticamente redescontados por el Banco Central sin previa revisión o aprobación. Para subpréstamos por encima de este monto, el Banco Central realizará una revisión previa de las solicitudes de redescuento de las ICIs para determinar que se encuentren de acuerdo con las pautas y criterios de elegibilidad del Proyecto. La tasa de interés aplicable al subprestatario por todos los subpréstamos realizados será de 13% por año; no se aplicarán impuestos adicionales o comisiones.

Se desarrollará un manual detallado de operaciones conteniendo criterios precisos de elegibilidad en todas las categorías de subpréstamos, procedimientos a seguirse

provide services needed by other agribusinesses which perform these functions. The definition of artisanry activities in urban areas (the cities of Cochabamba, La Paz, Oruro, Potosí, Santa Cruz, Sucre, and Tarija) is limited to activities which involve the processing of agricultural goods produced by small farmers, for example wool, leather or in some instances wood products. The financing of more broadly-defined artisanry activities such as metal workers, small-scale mechanics, blacksmiths, furniture makers and other cottage industries is limited to artisanry subprojects located in rural areas. Rural areas are defined as any area outside the cities of Cochabamba, La Paz, Oruro, Potosí, Santa Cruz, Sucre and Tarija.

The components of the Project are described in detail below:

1. *Agribusiness and Artisanry Refinancing Fund*

The Project will establish a refinancing fund in the Central Bank which will consist of an initial capitalization of \$9,000,000, of which \$6,000,000 will be provided by AID loan funds and \$3,000,000 will be provided by the Central Bank. These resources will be used to refinance eligible subloans made by the private and public banking system in Bolivia, as well as other financial institutions which are accepted by the Central Bank as intermediate credit institutions (ICIs).

Subloans of up to the peso equivalent of \$25,000 will be automatically rediscounted by the Central Bank without prior review and approval. For subloans above this amount, the Central Bank will exercise prior review of rediscount applications of the ICIs for consistency with Project guidelines and eligibility criteria. The interest rate to the subborrower for all subloans made will be 13% per annum; no additional taxes or commissions will be applied.

A detailed operating manual will be developed containing precise eligibility criteria in all subloan categories, procedures to be followed by participating ICIs and other

por las ICIs participantes, y otras regulaciones del Proyecto. Este manual será aprobado por AID como una condición previa al desembolso y todos los cambios importantes realizados subsecuentemente en este manual serán también aprobados por AID.

Como se muestra en el cuadro 1, que sigue, se darán incentivos a las ICIs a través del diferencial de la tasa de interés que reciben para fomentar los subpréstamos en áreas rurales y para subproyectos que beneficien más directamente al pobre en las áreas rurales. El Banco Central recibirá un máximo del 3% de diferencia de la tasa de interés para cubrir los gastos administrativos del fondo de refinanciamiento y el interés del préstamo de AID. El saldo de los gastos administrativos del Banco Central serán pagados por esta entidad con sus propios recursos. La porción restante del diferencial de la tasa de interés recibida por el Banco Central será contribuida al Fondo de Asistencia Técnica.

Project regulations. This manual will be approved by AID as a condition precedent to disbursement and all major changes subsequently made to this manual will also be approved by AID.

As shown in table 1 below, incentives will be provided to the ICIs through the interest rate spread they receive in order to encourage subblending in rural areas and for subprojects which more directly benefit the rural poor. The Central Bank will receive a maximum of 3% of the interest rate spread to cover the administrative costs of the refinancing fund and the interest on the AID loan. The balance of Central Bank administrative costs will be paid by the Central Bank from its own resources. The remaining portion of the interest rate spread received by the Central Bank will be contributed to the Technical Assistance Fund.

Table 1
Cuadro 1

	Rural Artisanry/ Artesanía Rural	Urban Artisanry/ Artesanía Urbana	Rural Agribusiness/ Agroempresas Rurales	Urban Agribusiness/ Agroempresas Urbanas
Interest Rate to Subborrower Tasa de Interés al Subprestatario .	13.0%	13.0%	13.0%	13.0%
% to ICI % a la ICI	7.5%	6.5%	6.5%	5.5%
% to Technical Assistance Fund % al Fondo de Asistencia Técnica	2.5%	3.5%	3.5%	4.5%
% to Central Bank % al Banco Central	3.0%	3.0%	3.0%	3.0%
% of subloan refinanced % del subpréstamo a refinanciar .	80%	80%	80%	80%

2. Fondo de Asistencia Técnica

Un aspecto principal del Proyecto será el establecimiento de un Fondo de Asistencia Técnica en el Banco Central, el cual proporcionará una amplia gama de servicios técnicos y de promoción a las ICIs participantes y subprestatarios. En general, este fondo dará recursos para preinversión y asistencia de implementación a subprestatarios, financiará actividades de promoción específicas

2. Technical Assistance Fund

A principal feature of the Project will be the establishment of a Technical Assistance Fund in the Central Bank which will provide for a wide range of technical and promotional services to participating ICIs and subborrowers. In general, this fund will provide resources for pre-investment and implementation assistance to subborrowers, will finance specific project promotion activities

del proyecto emprendidas por las ICIs participantes y suministrará recursos para mejorar la capacidad de asistencia técnica de las ICIs participantes.

El fondo recibirá una contribución inicial de \$400.000 en un período de cuatro años y también recibirá una porción de la tasa de interés en cada subpréstamo realizado bajo el Proyecto, como se indica arriba en el cuadro 1. La mitad de la contribución inicial al fondo consistirá de \$200.000 del Banco Central; los \$200.000 adicionales serán provistos con fondos de la donación de AID previstos en este Proyecto. Esta contribución de fondos de donación de AID se realizarán reembolsando al Banco Central cincuenta por ciento (50%) de los costos de actividades específicas llevadas a cabo por el fondo de asistencia técnica mutuamente convenidas por el Banco Central y AID.

3. *Mecanización de los Fondos de Refinanciamiento y Asistencia Técnica*

AID suministrará hasta \$150.000 en fondos de préstamo bajo el Proyecto para mecanizar las operaciones de la división del Banco Central responsable de la implementación del Fondo de Refinanciamiento de Agroempresas y Artesanía y del Fondo de Asistencia Técnica. Esto se hará mediante la compra e instalación de una terminal computadora inteligente. Se espera que esto aumente la capacidad de administración y evaluación del Banco Central para sus programas de desarrollo. Los fondos del préstamo de AID señalados para este componente del Proyecto también financiarán entrenamiento limitado del personal del Banco Central en el uso del sistema mecanizado.

4. *Asistencia Técnica*

Se proveerá de los servicios de asistencia técnica de corto plazo para ayudar en la evaluación del impacto del Proyecto o para asesorar en aspectos específicos de la implementación del Proyecto por el monto de hasta \$50.000 en fondos de préstamo de AID. Estos servicios se obtendrán mediante contratos con firmas consultoras locales o serán servicios especializados de expertos extranjeros.

Se proveerá de los servicios de un asesor a largo plazo para el Banco Central con fon-

undertaken by participating ICIs and will provide resources for upgrading the technical assistance capability of participating ICIs.

The fund will receive an initial contribution of \$400,000 over four years and will also receive a portion of the interest rate on each subloan made under the Project, as indicated above in table 1. Half of the initial contribution to the fund will be made up of \$200,000 from the Central Bank; the additional \$200,000 will come from AID grant funds provided under this Project. This contribution of AID grant funds will be made by reimbursing to the Central Bank fifty percent (50%) of the costs of specific activities carried out by the technical assistance fund mutually agreed upon by the Central Bank and AID.

3. *Mechanization of the Refinancing and Technical Assistance Funds*

AID will provide up to \$150,000 in loan funds under the Project to mechanize the operations of the Central Bank division responsible for implementing the Agribusiness and Artisanry Refinancing Fund and the Technical Assistance Fund. This will be achieved by the purchase and installation of an intelligent computer terminal. It is expected that this will increase the management and evaluation capabilities of the Central Bank for its development programs. AID loan funds designated for this Project component will also finance limited training for Central Bank personnel in the use of the mechanized system.

4. *Technical Assistance*

Short-term consultant services to assist in Project impact evaluations or to advise on specific aspects of Project implementation will be provided with up to \$50,000 in AID loan funds. These services will be in the form of contracts with local consulting firms or of specialized services of foreign experts.

A long-term advisor to the Central Bank will be provided with up to \$200,000 of AID

dos de la donación de AID de hasta \$200.000. Este asesor ayudará al Banco Central en la promoción, implementación y evaluación del Proyecto. Se espera que este asesor será necesario por un mínimo de dos años.

Además de los aportes del Banco Central al Proyecto, Bolivia proveerá de recursos presupuestarios adicionales al Instituto Boliviano de Pequeña Industria y Artesanía (INBOPIA) para la implementación del Proyecto. Estos recursos ascenderán a un mínimo de \$50.000 por año, a partir de 1978, o a un total de \$250.000 por toda la duración del Proyecto. Esto permitirá a INBOPIA establecer oficinas regionales adicionales y aumentar su personal. Con estas oficinas y personal adicionales, INBOPIA podrá jugar un papel importante en la promoción del Proyecto, la identificación de ideas para subproyectos y la provisión de asistencia técnica a los subprestatarios.

El cuadro 2 a continuación demuestra la contribución de AID y Bolivia al Proyecto y el programa de desembolsos que se espera seguir para el Proyecto.

grant funds. This advisor will assist the Central Bank in Project promotion, implementation and evaluation. It is expected that this advisor will be required for a minimum of two years.

In addition to the inputs to the Project provided by the Central Bank, Bolivia will provide additional budgetary resources to the Instituto Boliviano de Pequeña Industria y Artesanía (INBOPIA) for the implementation of the Project. These resources will amount to a minimum of \$50,000 per year beginning in 1978, or a total of \$250,000 over the life of the Project. This will allow INBOPIA to establish additional regional offices and to increase its personnel. With these additional offices and personnel, INBOPIA will be able to play an important role in the promotion of the Project, identification of subproject ideas and provision of technical assistance to subborrowers.

Table 2 below demonstrates the contributions of AID and Bolivia to the Project and the expected disbursement schedule for the Project.

Table 2
Cuadro 2

DISBURSEMENT SCHEDULE
PROGRAMA DE DESEMBOLSOS
(US\$000)

	1978	1979	1980	1981	1982	Total
1. AID						
a) Loan/Préstamo						
i) Refinancing						
Refinanciamiento	400	600	1,100	1,700	2,200	6,000
ii) Central Bank mechanization						
Mecanización del Banco						
Central	150	—	—	—	—	150
iii) Short-term technical assist-						
ance						
Asistencia técnica a corto						
plazo	6	6	12	13	13	50
b) Grant/Donación						
i) Technical Assistance Fund						
Fondo de Asistencia Técnica .	85	55	50	10	—	200
ii) Long-term technical assist-						
ance						
Asistencia técnica a largo						
plazo	100	100	—	—	—	200
Subtotal, AID contribution						
Sub total, contribución de AID	741	761	1,162	1,723	2,213	6,600
2. Central Bank/Banco Central						
a) Resources for refinancing fund						
Recursos para fondo de refin-						
ciamiento	200	300	550	850	1,100	3,000
b) Resources for Technical Assist-						
ance Fund						
Recursos para Fondo de Asisten-						
cia Técnica	85	55	50	10	—	200
c) Administrative costs						
Costos administrativos	121	107	94	68	30	420
3. Increased budget for INBOPIA						
Presupuesto incrementado para						
INBOPIA	50	50	50	50	50	250
Subtotal, Bolivia contribution						
Sub total, contribución de Bolivia	456	512	744	978	1,180	3,870