



## SUCCESS STORY

# Local Businesses, Local Development

### Local governments help small entrepreneurs gain more business



Public infrastructure projects in Bolivia, like this road under construction in El Alto, a town just north of La Paz, are awarded to local firms thanks to inverse trade fairs.

### *Small entrepreneurs in Bolivia get a chance to build public works in rural areas.*

Daniel Torrico, a construction worker, is proud after having won his first contract to develop basic infrastructure for his local community. Eight other small entrepreneurs like him will receive similar purchase orders from the local government to provide water tanks, irrigation systems, and other small construction projects. This will enhance the overall infrastructure of San Benito, a poor rural municipality located in the highlands of Cochabamba, in the center of Bolivia.

The orders are a result of an innovative procurement system developed with USAID assistance called “Reverse Trade Fairs,” where the government advertises its projected demand for services and products for a given period and gives local businesses a chance to bid on contracts to provide them. Rodrigo Balderrama, Mayor of San Benito, explains the nature of these events: “In a reverse trade fair you don’t see people willing to sell: you meet institutions willing to buy.” The San Benito Trade Fair is one of four fairs to be organized in rural areas. The fairs have already facilitated approximately \$150,000 in business for local entrepreneurs, with the possibility to expand exponentially.

In the past, legal and financial restrictions made it impossible for small companies to work with the public sector. Now, they can compete and even obtain loans or support from municipal governments or local financial institutions to guarantee timely completion of their contracts.

Reverse trade fairs also allow entrepreneurs to build alliances with other service providers in their communities. Working jointly, they reduce costs, improve efficiency, and strengthen their businesses. By promoting transparent public solicitations and bidding, the trade fairs are expected to reduce corruption and generate savings of up to 25 percent for municipal budgets with the lower costs of working with small businesses. Those savings can have a big impact in poor communities.

Through this program, USAID is helping local governments in Bolivia build economic development strategies that provide a strong framework for entrepreneurship and transparency. As a result, rural towns such as San Benito can increase efficiency, reduce costs, create jobs, and enhance incomes.