

SECTION C - STATEMENT OF WORK

C.1 INTRODUCTION

USAID/Bolivia's Economic Opportunities Office seeks assistance for approximately four years to undertake Phase II of actions for the Bolivian Trade and Business Competitiveness (BTBC II) Activity, under the Strategic Objective "increased incomes for Bolivia's poor". This BTBC II activity will involve broader and longer-term interventions than Phase I and will be a fully competed four year contract. This Contract for activities is follow-on to an initial program of approximately two year's duration that concentrated on the implementation of discrete, priority activities to help Bolivia with respect to immediate trade related challenges. Those activities included assistance to expand benefits to Bolivia under the new Andean Trade Promotion and Drug Eradication Act (ATPDEA) and help prepare Bolivia for accession to the Free Trade Area of the Americas (FTAA) and other international trade agreements. For Phase II of BTBC activities, expert assistance is required to both follow-up with the implementation of a series of focused trade capacity building activities, and to initiate a limited number of more comprehensive macro- and/or micro-economic interventions with the potential to have longer term impact on Bolivia's overall competitiveness and potential for growth and job creation.

Since 1998 USAID/Bolivia has been implementing activities under a Strategic Objective Grant Agreement to increase incomes for Bolivia's poor. The program is managed by the USAID/Bolivia's Economic Opportunities Strategic Objective Team (EO SOT) and implemented by several contractors and grantees. In addition to programs carried out under BTBC I, activities have been geared to providing improved financial services for under-served areas and to expanding access to selected agricultural markets, while Title II activities have sought to improve economic stability in rural areas. While successful in their respective areas of influence, these efforts and those of other donors have not been able to significantly impact on overall levels of poverty in Bolivia. Convinced that assistance in increasing business competitiveness and fuller participation in multilateral trade regimes will reduce poverty by accelerating private sector-led growth, USAID, the Government of Bolivia (GOB) and other partners have focused on trade capacity-building measures in order to strengthen Bolivia's participation in these trading systems.

USAID/Bolivia's and the GOB's cooperation on the implementation of BTBC has served to improve Bolivia's overall trade capacity and business productivity, as demonstrated by 2003's 80% increase in non-traditional exports taking advantage of ATPDEA tariff preferences. BTBC II will seek to develop even more employment opportunities and reduce poverty while developing improved Bolivian business practices and further improving the trade-related enabling environment, so as to enable the negotiation of a bilateral Free Trade Agreement with the U.S. and eventual ratification of FTAA.

C.2 PROBLEM STATEMENT

Background: Even with the above mentioned bump in non-traditional exports, Bolivia's current pace of economic growth is insufficient to generate prosperity and significantly reduce poverty. The helpful fact that few restrictions remain in effect at the macroeconomic policy level is more than offset by the country's recent political and social turmoil. Poor physical infrastructure results in high transportation costs and limits competitiveness in regional markets. Lack of access to modern technologies limits productivity. A poorly functioning educational system is not producing the type of employee that will be required to assure quality control and manage export-oriented businesses. Fully 83% of the workforce is employed in the informal sector and there is evidence of lack of labor mobility. The current business regulatory and policy environment does not foster transparency, new business start-ups or promote investment in Bolivia. Bolivian entrepreneurs and Bolivian officials are not sufficiently well versed in how to negotiate trade agreements, nor do they understand all their obligations under agreements already

signed. The result of these and other constraints is that there are a very small number of firms that are truly competitive in the region, much less internationally.

Given the number and complexity of the issues involved, it is not possible for any activity to deal with all issues constraining trade and business competitiveness. The BTBC II activity will build upon and continue the successful elements of its Phase I approach, while expanding its capacity to address key structural impediments such as the scarcity of credit, inadequate and inappropriate policy environment, technological underdevelopment, and the public's lack of vision and appreciation of the role of trade as an engine for economic growth. This translates into a continuation of emphasis on production and marketing support for either individual or cooperatively grouped firms or companies (particularly small and medium sized enterprises – SMEs); maintaining efforts to help prepare the GOB to negotiate beneficial bilateral and regional trade agreements; and new initiatives to address the credit, technological, policy and public perception constraints mentioned above. As with BTBC I, massive and complex endeavors, such as bridging major infrastructure gaps, labor code reform, and other politically complex and costly institutional reforms are considered beyond this activity's capacity.

A specific objective of the original BTBC I project was to “define, develop, and analyze additional and alternative interventions that might be supported by BTBC during Phase II of implementation, including implementation requirements for each, and their respective impact with regard to key objectives”. The Mission has selected some aspects of this input in the definition and selection of various interventions for implementation under BTBC II. The document delineating that input, as well as annexes containing detailed activity descriptions and the results of a workshop identifying possible future interventions for trade capacity building held with public and private sector representatives is incorporated in this SOW and is available in full text in Attachment 8 to this RFP. Additionally, an English translation of this workshop report is included in this RFP at the end of referenced attachment.

BTBC II activities will continue to emphasize assistance to expand benefits to Bolivia under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and help prepare Bolivia for accession to FTAA and other international trade agreements. Concurrently, BTBC II should encompass a program of activities to improve Bolivia's trade capacity and competitiveness on a broader scale.

Contract Structure and Approach

Organization: This contract is structured in a component fashion. The first section (the core component) contains those activities considered to be of utmost priority, and which will be carried out over the entire term of the program. The second section (the optional component) contains a set of activities that may or may not be implemented over the life of the project (LOP) depending on the availability of funds. Offerors will be expected to prepare budget estimates for dollars and local currency expenditures for activities under both components, and the Mission will retain the right to expand the scope of the contract to include some or all of the activities listed in the optional component throughout the term of the contract without resorting to a waiver of competition. The work described herein is to be completed over a forty eight (48) month period following signature of the Contract and subsequent initiation of field implementation activities. The contract will include management of local-currency funds provided through the PL-480 Secretariat for activities included in the scope of the contract.

Approach: Overall, the approach will need to be extremely interactive. The contractor will need to work very closely with the private sector, the GOB and USAID and consult with other cooperating entities.

Background Review - The approach should begin with a comprehensive review of the current situation with respect to trade and competitiveness along with on-going efforts to assist Bolivia in these areas. The review will include background and status interviews with key actors (GOB, USAID, private sector, other cooperating agencies, etc.) as well as review of relevant documentation, including Bolivia's trade capacity

building strategy, which enables it to participate actively in the Hemispheric Cooperation Program managed through the FTAA process. It will cover the numerous assessments and studies benchmarking Bolivia's competitiveness, evaluating the business environment and analyzing the constraints to trade. It will also cover efforts to perform industry cluster analysis and development in Bolivia; efforts to establish private-public dialogue; and, the programs and plans of other cooperating agencies.

Travel - Work in country will involve extensive travel outside La Paz, especially to other major cities, for information gathering and the design and implementation of activities under the Contract.

C.3 SPECIFIC OBJECTIVES/STATEMENT OF WORK

General Guidance: The Mission anticipates that BTBC II will maintain its predecessor's focus on opportunities to improve the business environment and competitiveness of firms. These include activities to help Bolivia continue taking advantage of opportunities provided by the ATPDEA, especially in the area of textiles and wood products. Also, there continue to be a number of areas in which Bolivia needs assistance in preparing for the FTA, FTAA, WTO and other trade agreements that can be met with specific assistance under the Contract. Finally, additional opportunities to either support on-going efforts or to initiate new interventions for improving trade capacity and competitiveness overall should be examined and pursued, based on the availability of funding.

C.3.1 CORE COMPONENT ACTIVITIES

1. Direct Assistance to Firms in Selected Export Sectors

Given the interest in generating increased revenue and employment for Bolivia, the focus has been, and will continue to be, on areas that have proven their potential for delivering both these objectives. Consequently, we will continue to concentrate on supporting labor intensive non-traditional exports in sectors in which Bolivia has a natural competitive advantage, or in which it enjoys trade preferences. Wood and certified wood products are examples of the former, and garment manufacturing and exports to the U.S under ATPDEA are examples of the latter. To the extent possible, emphasis should be placed on assisting SMEs, both in their production processes and in helping them to access markets, either directly or through sub-contracting linkages with larger export firms.

Under Phase I of BTBC, the identification and selection of beneficiary sectors and firms was made essentially on an ad-hoc basis, relying on familiarity with export firms and assumptions as to what sectors could best benefit from existing trade preferences. Inasmuch as this was a new and untested approach to directing technical assistance, this was fully appropriate to the first phase's circumstances. For the follow-on however, a more formal and structured approach should be established and utilized for selecting future emphases and beneficiaries for direct business assistance in production methods, training and technology transfer. Consideration will be given to facilitating the emergence of private sector-led clusters, complementing this direct assistance, and helping them to address common production, management or industry-specific policy constraints. Offerors will be expected to propose how they will develop and implement their technical assistance programs as well as the means for determining the level and extent of cost-sharing, taking into consideration the guidelines and conditions stipulated above. Proposals should also include recommendations for "leveraging" BTBC II assistance activities with other donor initiatives geared to supporting similar sectors or firms.

One of the lessons learned in Phase I of BTBC was that an efficient mechanism for meeting the varied needs of the many companies willing to share the cost of such services is the establishment of a "pool" of local consultants, whose members can be called on, as needed, to address problems and bottlenecks. The Mission expects that such an approach of pooled consultants will be utilized in the follow-on Phase II as well. However, care must be taken to ensure that this "pool" of consultants does not unfairly compete

with established in-country providers of similar services (e.g., CADEFOR in the wood sector and CPTS in industrial clean production under the USAID Environment Portfolio).

Another technical assistance approach which has proved useful is support for the training and/or recruitment of new workers required to fill large orders or transfers of production operations from other countries. Because of the substantial increases in employment generation and reduced poverty that derive from such circumstances, the Mission believes that BTBC II should have the capacity to provide similar assistance when and if the need arises. Offerors should therefore include in their proposals a mechanism and funding program to channel such support to beneficiary companies as needed.

Although the areas and sectors in which Bolivia can be competitive internationally are limited, the Mission feels that additional sectors and/or niche markets should be explored to determine their suitability and overall degrees of competitiveness. Under this core component, bidders should delineate the means they would use to identify additional areas for support, and how such support would be provided since there may not be sufficient volume or demand to justify the pool approach cited above.

The outputs expected from these efforts and interventions that are directly attributable to BTBC II activities are:

- Number of new SME firms participating in export chains – 250
- Cumulative value of new non-traditional (excluding mining, soy and hydrocarbons) exports - \$35 million
- Number of new (full-time equivalent/permanent) jobs generated in non-traditional export industries – 8,000

2. Creation of Three Regional Competitiveness Promotion Hubs

An additional means of providing enterprise level assistance should be through the establishment and utilization of regional competitiveness hubs, most likely in the three leading business and manufacturing areas in the country, commonly referred to as the *eje troncal*. More specifically, these establishments would operate in Santa Cruz, Cochabamba and La Paz/El Alto. In the case of La Paz/El Alto, Mission priorities regarding development of El Alto would argue strongly for establishment of this hub directly in El Alto. USAID experience in other countries has shown that local familiarity with the business culture of a particular region, coupled with genuine entrepreneurial leadership, can unearth and generate interesting business opportunities, such as niche market opportunities, that are not otherwise readily apparent to even interested outsiders.

The structure and staffing of such competitiveness development centers can and does vary considerably. Approaches include utilizing the services of local private business development services providers, chambers of commerce, or private operatives, working directly for, or independent of a main contractor. Experience has also shown that the particular methodology used to operate a specific business competitiveness operation center is not nearly as important as the degree of entrepreneurial leadership that underlies it. Offerors should feel free to propose those mechanisms that they feel are most appropriate to the goals of generating additional business and employment opportunities in the enterprises, sectors or markets that may be identified. Regardless of the operating structure proposed, USAID would expect that these operations would work parallel to, and in conjunction with, the central BTBC II office and staff.

These regional hubs, and particularly the one located in El Alto, could also be responsible for organizing and coordinating any localized training or business support events such as fairs, workshops or seminars. These may include low-cost initiatives to address management and production deficiencies that constrain large numbers of firms across the private sector. Offerors should ensure that their proposals include adequate funding for both the operation of the hubs and other ancillary events.

The outputs expected from this activity are:

- Establishment and full operation of hubs within six months of contract signing
- Business training and support events, at least two events per year per hub (24 total)
- Generated value of signed contracts for new sales by local industries - \$10 million

3. Training Program for Bolivian Trade Negotiations

Under BTBC I, introductory trade negotiations training was provided to selected representatives from both the public and private sectors. The launch of bilateral free trade agreement negotiations between the United States and Ecuador, Colombia and Peru, and the expected eventual inclusion of Bolivia in these talks, makes it imperative that Bolivia be fully prepared to engage in these and other trade negotiations.

The United States will help Bolivia in this process through activities that may include: training on negotiating topics, support for civil society outreach and feedback mechanisms to solicit comment and provide transparency, support for analytical work, and other related activities. Assistance will be demand-driven and respond to expressed needs arising from the negotiations and in trade capacity building forms such as the Hemispheric Cooperation Program. The assistance will not develop or suggest policies, but rather help the Bolivians obtain the skills and tools they need to develop policies and positions that respond to the country's needs. Training assistance and support may cover trade-related topics such as: Market Access; Agriculture; Government Procurement; Investment; Competition Policy; Intellectual Property Rights; Services; Dispute Settlement; Subsidies; Antidumping and Countervailing Duties.

Offerors will be expected to present an activities plan, agenda and budget for the training and other assistance that will be needed. The expected outcomes from this activity are:

- Training programs that address at least five of the topics prioritized in Bolivia's trade capacity building strategy
- Note and comment mechanism on trade negotiation issues operational under government management

4. Support to GOB Offices Responsible for Competitiveness and Trade Negotiations

The manifold objectives of BTBC, particularly fostering competitiveness and preparing the GOB for various trade negotiations, have mandated that USAID assume various government counterparts for this activity. There is no one GOB entity that oversees all the areas that BTBC encompasses. Responsibility for business development and export promotion resides primarily in the Ministry of Economic Development (MDE), while foreign trade negotiations are generally acknowledged as within the purview of the Ministry of Foreign Relations (MRE). Despite this apparently clean division of authority, there are nevertheless, numerous areas of overlap, confusion and institutional jealousies that complicate relations and make institutional dealings and interactions difficult and cumbersome.

Further complicating matters is the GOB's ongoing fiscal crisis, which has necessitated significant cutbacks in all ministerial staffs and salaries. Throughout the term of BTBC I, various GOB ministries have requested USAID support for either the payment of staff salaries or the performance of specialized studies deemed critical to that particular ministry's functioning. One example of the latter is underwriting the cost of the preparation of Bolivia's Hemispheric Cooperation Program Strategy (see Attachment 3). Despite USAID's overall policy of not paying or supplementing GOB line staff salaries, there have been cases where BTBC funds were used to pay the salaries of special temporary advisors and to carry out

essential studies and analyses. We expect the same situations and demands to arise under BTBC II, and want to be prepared to meet some of these requests as expeditiously as possible.

Offerors are therefore requested to include in their proposals a mechanism for channeling needed resources to such activities. This may be in the form of a technical assistance fund, sub-contracting, or any other means that a bidder sees fit. While utilization of the resources made available under this objective will be demand-driven, the Mission feels that appropriate parameters for this activity would be \$75,000 per year for the four year program.

5. Increased Financing for Trade Related Activities

An unvarying constraint to business sector growth, whether export related or purely domestic oriented, is the lack of financing in the form of either credit or capital. Bolivia's regulated financial institutions, commercial banks and *Fondos Financieros Privados* - FFPs, have not been active lenders, particularly to SMEs, despite a reported glut of liquidity in the market. Commercial banks have shown no interest in this segment, and their collateral guarantee requirements are considered excessively onerous. FFPs would seem to be a more appropriate credit fit for SMEs. While they do make loans to some export oriented firms, their participation in this area could be expanded substantially.

The Mission is currently conducting a study to determine the particular impediments to additional credit, from both the FFP and SME perspectives, with the expectation to identify and break specific logjams to additional credit access. There are also various USAID-sponsored financing initiatives, including the Development Credit Authority (DCA) and the Global Development Alliance (GDA), which could be utilized over the term of the proposed contract to mobilize additional resources to SMEs and other export oriented firms. While the DCA might not be immediately practicable due to Bolivia's current high credit risk as determined by the OMB's Credit Review Board, opportunities to stimulate increased lending through DCA portfolio guarantees with FFPs or banks could be feasible once the credit risk is lowered.

GDA mechanisms focus on profitable initiatives in which government resources can be matched with those of private investment to bring about employment generating activities that might not otherwise come to fruition without the impetus that government funds can provide. BTBC I is currently pursuing the development of a central collection, drying and distribution hub for lumber and other wood products called a *centro de acopio*. Offerors should provide details on how their management of BTBC II would facilitate increased financing opportunities for SMEs and other export oriented enterprises. This should include discussion of DCA and GDA, as well as other possibilities such as liberalization on the use of pension fund resources for productive investment, inclusion of financial institutions in industry cluster programs, factoring bills of lading, and the use of bonded warehousing for raw materials and other production inputs.

The expected outcomes from this activity are:

- One viable proposal per year for a GDA-type public-private partnership supporting new investment in productive enterprise
- An increase of at least \$10 million in the loan portfolios of FFPs to SME exporting companies

6. Groundwork and Trade Management Efforts

Throughout the LOP, the contractor will be expected to coordinate its efforts with those of the GOB, other donors and the private sector. Although this is a follow-on activity, we still foresee that a number of activities such as team-building exercises involving BTBC stakeholders from the Mission, private sector, GOB and other counterparts and partners will be necessary. In addition to the support cited elsewhere in

this RFP, this may require limited assistance to public and private sector counterparts/partners to clarify roles and strengthen their commitment and capabilities as stakeholders and associates in BTBC implementation.

C.3.2 OPTIONAL COMPONENT ACTIVITIES

The activities listed below are seen as important to developing and enhancing Bolivia's trade capacity and competitiveness, and will be carried out if sufficient funding resources are made available. Offerors should include plans and budgets for carrying out these activities in their proposals. The offerors are requested to propose activities and results within the total budget limitation of \$5,000,000 for the Optional Components activities detailed below. Determination as to whether and when any of these activities will be carried out will be made when the precise level of funding commitments is known. As stated earlier, the Mission will be able to incorporate any or all of these activities into the terms of the contract over its expected four year term without requiring additional competition.

7. E-Commerce Capacity Development

E-commerce does not necessarily mean conducting transactions over the internet, but rather using information and communication technology to improve business practices and access new markets and customers. Bolivia has a relatively good information and communications technology infrastructure, with cellular coverage and inexpensive internet cafes in most cities throughout the country. The mission feels that using these technologies would speed up communication with customers and could yield significant savings over phone and in-person meetings.

This component will train Bolivian businesses, associations and communities on when and how to use the Internet and electronic media in practical, cost effective ways to augment their efforts to attract and better support overseas customers. The assistance must focus on the program's core business objectives, for which information and communications technology (ICT) is one means to these ends. ICT includes Internet usage, Internet presence, CDs, digital photography, and other technology, and integrating these approaches with more traditional methods. All technical assistance provided should include financial or in-kind contributions from recipients to ensure that the technical service is truly of business value. Assistance should explore ways to build upon existing ICT initiatives in Bolivia, such as www.enlared.org.bo, *Universidad Real's* e-commerce and e-procurement promotion program, private sector e-commerce initiatives, and related activities.

Assistance will help businesses present their products or services, prices and other key information to potential clients, as well as more effectively interact with potential and actual clients. This may include preparation of catalogs or other promotional material to answer inquiries. Given Bolivia's tourism potential and the importance of the internet for tourism promotion, assistance should help tourism-related businesses develop and link their on-line presence to other tourism sites in Bolivia and in the region. Topics addressed may include: marketing and reservations; defining and targeting the appropriate tourism sub-sectors, adjusting marketing, sales and customer services approaches, and on-line promotion as part of a tourism circuit.

Offerors will provide an activity plan and budget for implementation of this activity, carried out either independently, or in conjunction with other ICT initiatives underway in Bolivia.

8. Increased Capacity for Economic and Competitiveness Analyses

As Bolivia proceeds with its regional, bi-lateral and multi-lateral trade negotiations over the next few years, it will need a technical arm capable of providing sound advice on the implications and impact of the issues raised in negotiations. At present, there are a number of organizations that perform analyses

and provide reports and information to their members or clients. In virtually all cases, the analyses and conclusions are geared to the sector or regional interests of their patrons or sponsors. This is not meant, in any way, to disparage the analytical capabilities of these organizations. In fact, any one of a number of organizations could be assisted to carry out impartial foreign trade impact studies, analyses of integration systems, and examinations of the effects of various commercial and exchange policies on Bolivia's trade partners. These include the *Instituto Boliviano de Comercio Exterior* (IBCE), the *Confederación de Empresarios Privados*, and various universities and private sector groups.

The Mission is interested in further developing the technical capacity of at least one of these organizations to conduct national economic and competitiveness analyses, and to disseminate their findings on foreign trade issues to government and private sector officials, as well as civil society in general. Offerors are requested to propose both a candidate organization and a mechanism to achieve this. Given the limited time-frame for the BTBC-II intervention and the probable ongoing need for solid information on regional, hemispheric and world-wide foreign trade issues, emphasis should be placed on means to making this information available on a self-sustaining financial basis.

9. Public Information Outreach and Feedback

BTBC I is financing a nationwide public information campaign to inform the public on the value and benefits of foreign trade and, more specifically, exports from Bolivia. While this might seem self-evident to most, there is a genuine need to promote this concept here because a great many citizens believe that Bolivia would only be taken advantage of in a more globalized economy, and that the majority of its small producers are not capable of competing internationally. While there will, undoubtedly, be winners and losers in the liberalization of trade, one of the points the campaign emphasizes is that Bolivia is already competing successfully in a number of export markets and with a surprising variety of products. Many of these exports are non-traditional in the sense that they are manufactured or processed with value added, with more benefits in revenues and employment accruing to the country than with traditional raw materials. An important benefit of the firm-level work included in the project is its capacity to demonstrate, to the general public in very concrete ways, that Bolivian companies can succeed in global markets and that an open trade regime is, therefore, in the nation's interest.

The campaign includes mass media messages on television and radio, jingles and posters, as well as a series of national and regional seminars and workshops to debate and discuss the role of foreign trade and the advantages and challenges related to expanding markets. The public face for this campaign is a group of national and regional chambers of exporters. Currently it is being implemented and will be completed before BTBC II is under way. Depending on the results of this campaign, a follow-up effort may be in order to go beyond the rudimentary appreciation of the value and importance of exports, to a more pedagogical phase regarding international trade regimes and Bolivia's role in same.

Any follow-up campaign would be more limited in scope and probably not include additional mass media efforts. Offerors are not required to spell out all the details and costs of a follow-on campaign, but should discuss the general parameters of how they would go about implementing one. This should include the themes to be addressed, and the media and the forums utilized to promulgate the information to be transmitted.

Support for the GOB's civil society outreach efforts would be addressed in the trade negotiations section of the core component. However, the level and extent of public support for GOB positions is something that could potentially be gauged and monitored using resources from this public information section.

10. Trade Related Institutional Strengthening

While the Mission is not interested in undertaking major institution building of Bolivian government ministries, there may be offices or divisions that focus on trade related issues where relatively modest interventions to improve overall capacity and efficiency could provide significant positive returns. Under BTBC I, the Mission invested program resources to develop an institutionalization plan for the GOB's intellectual property oversight and enforcement agency, SENAPI. The GOB is following through with an incremental plan to effect the changes in procedures and personnel suggested.

Offerors should analyze various institutions' trade related needs and prepare and present a plan and budget for addressing those needs. Possible candidates for targeted support could include the Bolivian export promotion agency, CEPROBOL, and a committed trade negotiations group within the Ministry of Foreign Relations. In analyzing needs and recommending support, the contractor will consider the extent to which proposed trade programs will complement the industry, cluster, and firm-level work undertaken by the project.

11. Improved Business Climate

Bolivia's business and investment climate is one of the weakest in the world. This constrains all firms, but hits exporters – who must compete with firms from other countries that do not face such constraints – and small businesses the most. The problems are deep-seated and diverse and beyond the capacity of any donor alone to address. Nor can they be effectively addressed without GOB leadership. Some donors are doing limited work in this area and it promises to become a larger focus of donors generally. BTBC II will, funds and opportunities permitting, look for ways to address one or two key business climate constraints that would particularly enhance the export sector's competitiveness and employment. Offerors are requested to identify possible efforts that could be undertaken and the general parameters of such interventions, including potential partners and a notional budget for proposed activities.

C.4 SUBCONTRACTS/SUBGRANTS

It is anticipated that the Contractor may manage some subcontracts/subgrants for selected activities. The Contractor should recognize that, in some cases, the subgrantees/contractors will likely not have significant experience working with USAID and may require guidance in: (1) preparing well thought-out programs and fundable proposals; (2) understanding and conforming to USAID regulations during implementation; and (3) effectively monitoring and evaluating their activities.

C.5 ENVIRONMENTAL IMPACT ASSESSMENTS

The Offeror shall take into consideration and discuss in its proposal the environmental impact of all proposed and planned activities according to USAID's regulation. An Initial Environmental Examination was completed in 2002 for the Bolivia Trade and Competitiveness activity and an Environmental Threshold Decision was issued for it on 12 July 2002 (see Attachment 18)). In summary, a Categorical Exclusion was issued for education, technical assistance, training, analyses, studies, research, and institutional development. A Negative Determination with Conditions was issued for the sectors of forestry/wood, tourism, and certain textiles, with the understanding that this activity will work to complete the following conditions a) improve the overall business environment in Bolivia; b) seek to improve a firm's profitability through the adoption of improved cleaner production technologies; and c) increase the application by business of environmental measures that ensure access to sophisticated and demanding markets for selected products, e.g. in certified tropical wood products. The contractor will also be responsible for following recommendations of an external annual environmental review.

Any activities expected to have any negative impacts to the environment either direct, indirect, short-term or long-term will be required to develop a mitigation plan for those impacts, to monitor the implementation of those mitigation measures and report to USAID on the outcomes of those mitigations. Any projects that fail to mitigate negative environmental impacts or that have unforeseen impacts will be responsible for repairing the results of those impacts. Environmental evaluations and plans are subject to review and approval by USAID, but the financial responsibility of identifying, mitigating and monitoring impacts should be included in the project's budget.

The Contractor shall take into consideration and discuss in its proposal the environmental impact of all proposed and planned activities according to USAID's regulations. Annual work plans and budgets shall include mitigations planned and the outcomes of these efforts will be reported as part of the semi-annual and annual reports. Potential environmental problems will be identified in each subsequent annual work plan. The Contractor shall be responsible for actions that will be required to mitigate any potential impacts. Semi-annual and annual reports must include a summary of environmental issues and mitigation actions.

C.6 WORKING RELATIONSHIPS

The Contractor will report to the Cognizant Technical Officer (CTO) (i.e., the EOSOT IR3 Team Leader). The Contractor is expected to closely coordinate its work with other USAID Contractors and other donors working in the sector, as well as the Ministry of Economic Development (MDE) and Ministry of Foreign Affairs (MRE) and the PL-480 Secretariat (PL-480).

[END OF SECTION C]