

# Institutionality, logistics and international cooperation for the economic and social development

The case of the Plurinational State of Bolivia

**Oswaldo Barriga**



UNITED NATIONS

**ECLAC**

**Institutionality, logistics and international  
cooperation for the economic and social  
development**

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## Abstract

The limitations faced by landlocked countries have an impact upon economic and social development since landlocked countries are highly dependent on the transportation infrastructure of neighboring countries to access maritime routes. This results in an increase in the time and cost to trade —factors which can significantly reduce the competitiveness and complementarity of the exports of a landlocked country as well as increase the price of imports.

Studies indicate that the Plurinational State of Bolivia's landlockedness results in losses estimated at 0.5% to 2% of GDP annually. However, some studies, as well as international evidence, conclude that developing adequate logistics and infrastructure is a way of increasing efficiency and contributing to the overall economy. In some countries, the investment in logistics reaches almost 25% of GDP.

In this vein, investing in infrastructure, transportation and logistics are significant factors in fostering economic and social development. With this vision in mind, the Chamber of Exporters of Santa Cruz (CADEX in Spanish), has been developing initiatives to foster economic and social development in the Plurinational State of Bolivia over the last 28 years. These initiatives — accomplished through ongoing collaboration with the public sector and international organizations— include, among others, proposing public policies with measurable results.

A National Meeting of Exporters (ENEX in Spanish) took place in 2013. This national meeting —the first of its kind in the Plurinational State of Bolivia— was an open forum where the export sector, the public sector and international organization met to identify problems affecting the export sector and provide adequate solutions. The ensuing dialogue resulted in a public-private collaboration that will focus on addressing bureaucratic and administrative issues, trade facilitation matters and work toward establishing the development and improvement of logistics as an ongoing economic policy in the Plurinational State of Bolivia, both in the present and the future.



## I. Infrastructure and logistics in the Plurinational State of Bolivia

The Plurinational State of Bolivia is located in the center of South American region. This is a key fact to make it a hub for regional logistics integration because it is surrounded by 40% of South American countries including Brazil, Chile, Paraguay, Argentina, and Peru. The Plurinational State of Bolivia also has fluviarium access to the Plata and Amazon Basins through a mesh of 5.000 km navigable rivers. Moreover, it is also an air knot of central-west South America given its strategic position and equidistant position to major capital cities that surround it.

Due to logistics complementarity with neighboring countries, road networks, shared fluviarium access and inter-oceanic corridors, the country can —and has— all of the capacities to become an integral logistics area for the region.

According to the features described above, the Plurinational State of Bolivia's potential markets for goods and services are:

- Brazil (Rondonia, Acre, Mato Grosso, Mato Grosso do Sul, Goias), 12.743.811 inhabitants;
- Paraguay, 6.541.591 inhabitants;
- Argentina (Jujuy, Salta, Tucuman, Catamarca, Santiago del Estero, La Rioja), 4.911.412 inhabitants;
- Chile (Tarapaca, Antofagasta, Atacama), 1.186.002 inhabitants; and
- Peru (Arequipa, Puno, Juliaca, Puerto Maldonado, Moquegua, Tacna, Mollendo, Cusco), 3.610.387 inhabitants.

The border market potential for the Plurinational State of Bolivia totals around 28 million people. If the total population of the Plurinational State of Bolivia is included, the potential market is 38 million people within a thousand miles when using the city of Santa Cruz de la Sierra as reference.



**MAP 1  
PLURINATIONAL STATE OF BOLIVIA: RELATIONSHIP WITH THE DIFFERENT  
MACRO-AREAS AND POTENTIAL MARKET**



Source: Latin American Integration Association.

Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

### A. Transport and logistics in the Plurinational State of Bolivia

Despite its excellent geographical location, the Plurinational State of Bolivia has yet to develop its potential as a transport hub by integrating and offering logistics services. Greater investment in infrastructure and transport logistics in different modes is required, as well as changes in regulations that can attract investments in this sector.

**FIGURE 1  
PLURINATIONAL STATE OF BOLIVIA: LOGISTICS CIRCLE**



Source: Chamber of Exporters of Cruz (CADEX).

With respect to logistics, there are various deficiencies that affect not only the Plurinational State of Bolivia but also Latin America. This is what is referred to as the "vicious circle" of logistics. In other words, that despite the geographical features of the country there is insufficient infrastructure thus giving exclusivity to road and rail transport which carries 80% of total cargo.

These deficiencies affect the productive sector competitiveness, physical integration, raise construction costs and are not conducive to development of other modes of transportation.

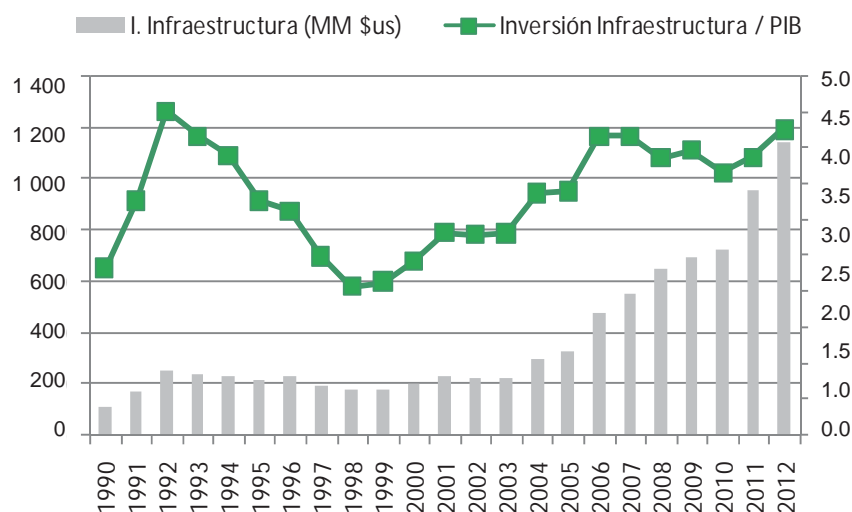
## 1. Infrastructure

For a country to achieve higher levels of development and progress it is fundamental to improve its infrastructure—a cornerstone of economic and inclusive growth, cost reduction, and higher productivity.

Between 1990 and 2003, public investment in infrastructure in the Plurinational State of Bolivia averaged nearly \$USD 200M and then gradually increased between 2004 and 2012 averaging USD\$ 650M. In 2011 and 2012, public investment in infrastructure reached billions of dollars.

Analyzing the stages of investment as a percentage of GDP, it can be seen that a peak of 4.5% of GDP was reached in 1992; in 2012, investment reached about 4.3%. In the last twenty years, the average public investment in infrastructure as a percentage of GDP is 3.3% and if the last eight years are analyzed, the average investment is 4.0% of GDP. In that sense, there is a gap in infrastructure as international evidence shows that the levels of infrastructure investment should be approximately 7% of GDP.

**FIGURE 2**  
**PLURINATIONAL STATE OF BOLIVIA: PUBLIC INVESTMENT IN INFRASTRUCTURE**  
(In millions of dollars – left axis) - (In percentage of GDP – right axis)



Source: National Statistics Institute

In that sense, the low growth rate of transport supply in the country, together with the scarce infrastructure of the Plurinational State of Bolivia, creates a bottleneck that limits the Plurinational State of Bolivia's potential in international trade.

At the same time, logistics systems—linked to national and international trade—showed deficiencies in connections due to those factors mentioned above and thus inhibiting improvement in efficiency and productivity in those sectors connected to international markets.

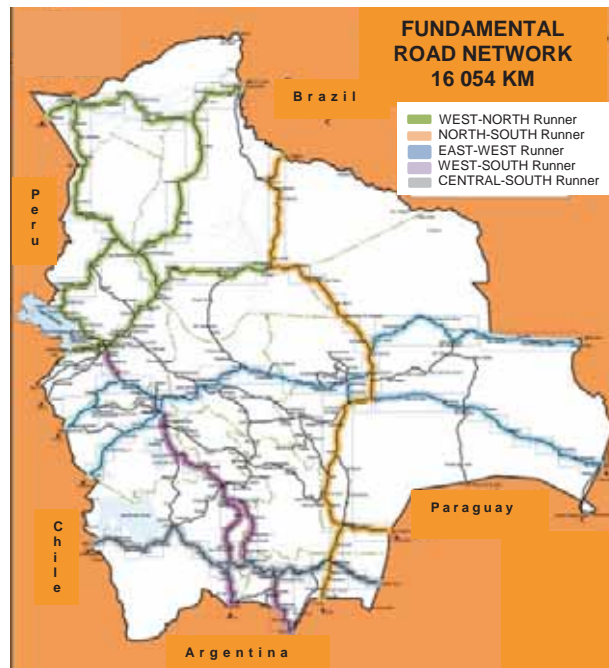
## 2. Transport modes

The Plurinational State of Bolivia has direct access to the following transport modes: air, water,<sup>1</sup> and land. In 2013, cargo volumes for imports and exports —transported by different modes— were approximately 8.5 million tones (excluding exports of natural gas). Seventy per cent of Bolivian imports are transported by road, 18% by rail, 9.5% by fluvial routes and 3.5% by air. In terms of exports, 60% are transported by roads, 19% by railways, 19% by fluvial routes and finally, 1% of air transport.

The Plurinational State of Bolivia’s road system is divided in three networks: (1) Main Road Network (RVF, in its acronym in Spanish); (2) Departamental Networks; and (3) Municipal Networks. The RVF consists approximately of 16.054 km, of which 35% of the surface is paved, the rest being of gravel and land.

The Plurinational State of Bolivia has two major rail networks: The Eastern Network (FCO) that is 1.222 km in length and that connects with Brazil and Argentina —currently the only functioning network that connects to Brazil and in which oilseed products for export are transported and imported manufactured goods are transported. The Western Network (FCA) which is 2.318 kilometers in length and connects with Chile and Argentina. It should be noted that mainly minerals are exported to Chile with Antofagasta and Asian markets being primary destinations; the connection with Argentina serves for food imports.

**MAP 2**  
**PLURINATIONAL STATE OF BOLIVIA: MAIN ROAD NETWORK**



Source: Plurinational State of Bolivian Roads Administrator (“ABC” in its acronym in Spanish).

Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

<sup>1</sup> But note that sea transport is indirect.

The fluvial transport in the Plurinational State of Bolivia is comprised of two systems: the Amazonian and the Plata. The fluvial transport is bimodal: road-fluvial transport in the Amazonian case and railway-fluvial transport in the Plata basin. The Amazonian region is made up of rivers and streams located in Cochabamba, Santa Cruz, Pando, Beni and La Paz, and which flow mainly to the central axis which has 2,900 kilometers of navigable rivers. Among the main axis rivers, the Ichilo-Mamoré (Beni) River and the Madre de Dios Rivers are among the most important.

The main river is the Ichilo-Mamore which has a navigable route of 1,430 kilometers between the terminal ports of Puerto Villarroel and Sucre. The Beni River follows in importance with a navigable route of 720 kilometers in length from Puerto Salinas to Riberalta and which continues up to Cachuela Esperanza for an additional 131 kilometers. The river Madre de Dios ties Puerto Heath with Riberalta for a fluvial route that is 483 kilometers in length and with Puerto Maldonado (Peru) for a fluvial route that is 100 kilometers in length. (UDAPE, 2011). This means that in the Amazonian system there are approximately 9 important ports.

### MAP 3 PLURINATIONAL STATE OF BOLIVIA: FLUVIAL AND RAILWAY NETWORK



Source: Plurinational State of Bolivia's Eastern Railway.

Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

The Plata Basin System is host to the Paraguay-Paraná waterway which serves as the main system. The waterway has an area of 3 442 kilometers from its headwaters in the port of San Luis Caceres (in the state of Mato Grosso, North of Brazil) to the delta of the Parana river at the height of the Uruguayan port of Nueva Palmira (mouth of the Uruguay river in the Plata river), allowing the Plurinational State of Bolivia's access to the Brazilian market, starting from Puerto Suárez (Plurinational State of Bolivia) and ending in Brazil Caceres.

The port system for imports and exports in the navigable rivers of the Plurinational State of Bolivia is quite limited. For example, the two main ports in the Plurinational State of Bolivia are Central Aguirre and the private port owned by the company Gravetal SA through which oilseeds and its derivatives are exported. The infrastructure of both ports have serious problems when barges attempt to cross the Tamengo Canal since the navigability of this area is limited to just a few months a year (between 6 and 7 months) due to the poor maintenance and dredging of these rivers.

This results in the Plurinational State of Bolivia having one of the lowest rankings in quality of port infrastructure, ranking 122nd in 2013; even Paraguay —also a landlocked country— and which attracted private investment in ports located in the Paraguay River —is ranked higher and hold the 105th position.

In terms of airport infrastructure, the Plurinational State of Bolivia was ranked 101 in 2007 but 118<sup>th</sup> in 2013; this situation is explained by the fact that many countries made significant investments to improve their airports and thus, led to the Plurinational State of Bolivia's decline in its relative position. The Plurinational State of Bolivia has 14 airports of which only four are international terminals: a) Viru Viru International Airport located in the city of Santa Cruz; b) Jorge Wilstermann International Airport located in the city of Cochabamba; c) El Alto International Airport located in the city of La Paz; and d) International Airport Oriel Lea Plaza located in the city of Tarija. It should be noted that the Viru Viru airport has a runway that is 3.500 meters long and 45 meters wide which allows the use of aircrafts of all sizes. Due to its infrastructure and strategic position, the Viru Viru Airport is considered the hub airport for passengers and cargo distribution.

### 3. Future prospects

Given the conditions in natural resources and the relative increase in the productivity levels in the agricultural and livestock sectors, many international organizations (FAO, World Bank, OECD) project that South America can be is a global food source. The Plurinational State of Bolivia cannot be left out of this important opportunity.

At the same time, the development of productive chains and the emergence of Multi-Latin firms in the region require adequate logistics and infrastructure. Brazil, Argentina, Paraguay, Peru and Chile are demanding goods and services that the Plurinational State of Bolivia can provide.

In that sense it is imperative to improve the logistics infrastructure in the Plurinational State of Bolivia; this will attract investment in the export sector and further enliven tourism.

## B. Status of the export sector in the Plurinational State of Bolivia

The Plurinational State of Bolivia has a close business relationship with countries in the region — especially with neighboring countries— so it is crucial that they maintain increasing levels of consumption and investment given that 65% of Bolivian exports are to MERCOSUR and the Andean Community of Nations (ACN) market.

Foreign trade in the Plurinational State of Bolivia recorded a record cash flow in exports and imports during 2013. Flows from sales minus purchases resulted in a trade of surplus of goods in the amount of USD\$ 2.8804 B, positively adding to the current account of the balance of payments, and hence to the net international reserves (RIN, for its acronym in Spanish).

On the one hand, accumulated exports through December 2013 reached USD\$ 12.0427 B, registering an increase of 2% compared to the same period the previous year. Similarly, imports amounted to USD\$ 92.823 B, representing a positive change of 12% respectively. Over the last several years, Bolivian exports have sharply focused on traditional production with little added-value or technological content. A high concentration is also evidenced for a group of products and target markets which make the Plurinational State of Bolivia vulnerable to the manufacturing export sector and macroeconomic stability.

In the last five years, the agricultural and livestock sectors have an average share of 5% of total export value, extraction of metallic and non-metallic minerals averages 18%, manufacturing industry has a 22% share, and the exploitation of oil represents has a 55% share.

The Plurinational State of Bolivia shows high sensitivity in its economy given the vulnerability and dependence on international markets. In this sense, it is urgent to strengthen the

national economy through innovation and public policies for productive development to overcome the structural challenges in the context of a public-private partnership for:

- Production diversification;
- Increase in productivity;
- Increase in capabilities of human capital; and
- More efficient use of revenues generated by natural resources.

## **1. Plurinational State of Bolivia’s national exporters meeting (ENEX)**

The National Chamber of Exporters of the Plurinational State of Bolivia (CANEB, for its acronym in Spanish) —a private association that brings together all of Plurinational State of Bolivia’s Chamber of Exporters— organized the first National Exporters Meeting jointly with the Chamber of Exporters of Santa Cruz (CADEX). The meeting was held in Santa Cruz in November 2013.

## **2. ENEX’s objectives**

The event organized by CADEX and attended by members of the remaining Chambers around the country was led by CANEB and had the following objectives:

- Inclusion of the productive export sector in the “Patriotic Agenda 2025” as a strategic pillar to increase the production, productivity and industrialization of the country;
- Synergies through a public-private partnership for long-term agreements and consensus, with the aim of developing the export sector;
- Promote a commitment by the government of the Plurinational State of Bolivia to diversify the Productive Matrix to boost Innovation and Technology; and
- Work together to develop strategic guidelines for the National Plan for Exports Development (PDDEX).

## **3. National exporters survey**

The purpose of the 2013 National Exporters Survey was to obtain statistical information about the main difficulties, needs, and requirements of the manufacturing export sector. The survey was conducted between November 7th and 12th, 2013.

There are 2.622 registered exporters in the Plurinational State of Bolivia (See Annex IV, Biministerial Resolution (021/2013); 809 enterprises were surveyed nationwide with a confidence level of 97%. The survey was made online, via phone and interviews; it was conducted from November 7th to 22th; it had a national task force made up by 22 people was in charge of the survey data. The computer processing and analysis of the results was made by 5 Technical Professionals from CADEX.

## **4. Data Sheet**

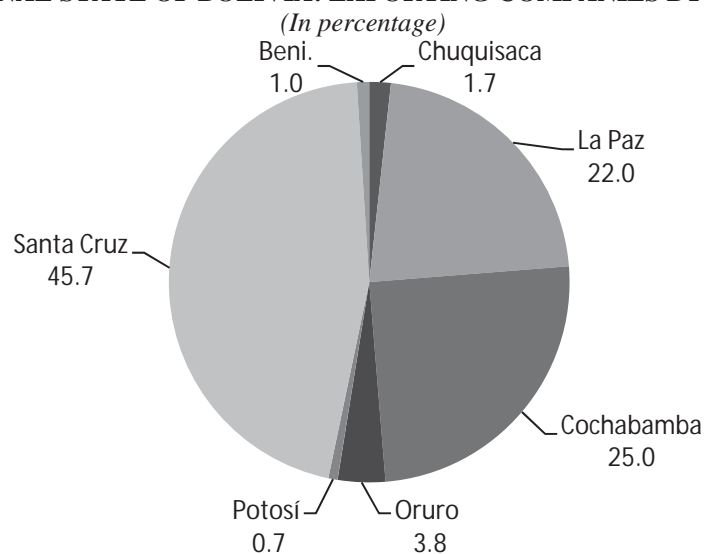
There are 2.622 registered exporting companies in the Plurinational State of Bolivia (See Annex IV, Biministerial Resolution (021/2013)). Eight hundred and nine national companies were surveyed with a reliability level of 97%. These surveys were conducted online, via telephone and in person (interviews). The survey was conducted between November 7th and 22nd; there was a team in place, at the national level, made up by 22 professionals who were in charge of collecting data. The processing and analysis team was made up by 5 technical professionals from CADEX.

## 5. National exporters survey: results

Described below is an overview of the major findings of the National Exporters Survey of Bolivia 2013; it contains scientific and practical evidence to determine the state of the Bolivian productive export sector.

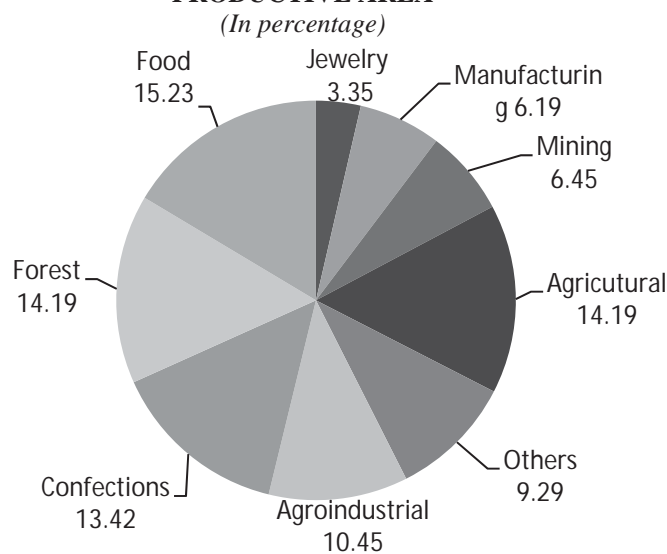
It is noted that the largest number of exporting enterprises surveyed are based in Santa Cruz (45.7%), Cochabamba (25%), and La Paz (22%) —a total of 93% of exporters thus indicating a high degree of the concentration in just a few Departments.

**FIGURE 3**  
**PLURINATIONAL STATE OF BOLIVIA: EXPORTING COMPANIES BY DEPARTMENT**



Source: CADEX

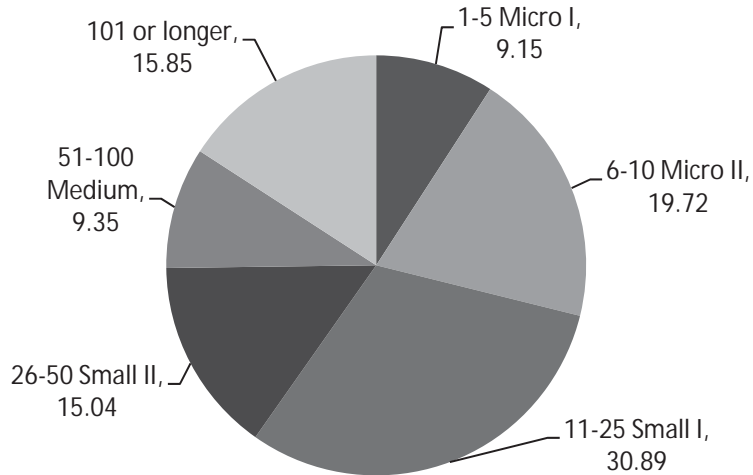
**FIGURE 4**  
**PLURINATIONAL STATE OF BOLIVIA: EXPORTING COMPANIES, ACCORDING TO PRODUCTIVE AREA**



Source: CADEX.

The main representatives that answered the national survey of exporters belong to the following sectors and economic areas: food and beverages (15.2%), forestry sector (14.2%); agricultural sector (14.2%); textiles and garments (13.4%); and agribusiness (10.45%), respectively. From these results we can note that there is significant representation of the manufacturing sector in these exporting companies even though their production is low-tech.

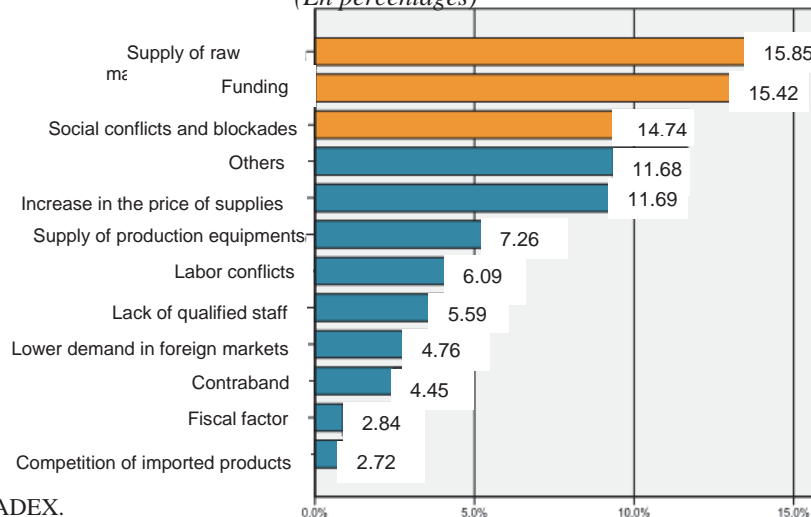
**FIGURE 5**  
**PLURINATIONAL STATE OF BOLIVIA: EXPORTING COMPANIES**  
**BY NUMBER OF EMPLOYEES**  
*(In percentage)*



Source: CADEX.

According to the results of the survey, the companies that have about 11 to 25 employees represent almost 31% of total firms, followed by companies with between 6 and 10 employees which represent an almost 20% share, companies that have more than 101 employees represent 16%, the ones with 26 to 50 employees represent 15% of all firms, companies that absorb a labor force between 51-100 employees represent 9.35%, and finally, firms that have 1 to 5 employees represent a 9.15% share. This implies that the company network in Plurinational State of Bolivia is composed by micro-, small- and medium- sized enterprises (Mi SME's), considering the number of employment that is generated.

**FIGURE 6**  
**PLURINATIONAL STATE OF BOLIVIA: FACTORS THAT LIMIT THE EXPORT GROWTH**  
*(En percentages)*

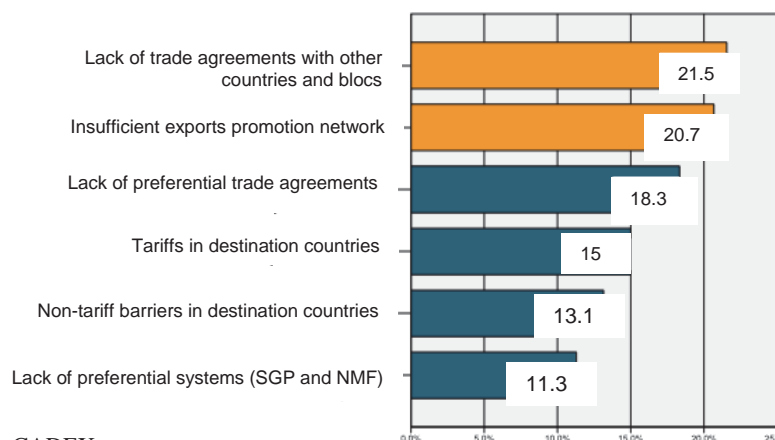


Source: CADEX.



Bolivian exporters consider that the main internal factors that limit their development and company growth are: availability of raw materials and supplies (18.8%), financing (15.4%) and social conflicts and road blocks (11.7%).

**FIGURE 7**  
**PLURINATIONAL STATE OF BOLIVIA: FACTORS THAT LIMIT THE**  
**INTERNATIONALIZATION PROCESS**  
*(In percentages)*



Source: CADEX.

Companies in the Plurinational State of Bolivia were also asked about what they would consider to be the main reasons that hinder their internationalization process to export their products or services. Almost 60% of the companies' responses relate to a lack of trade agreements, tariff preferences and trade promotion.

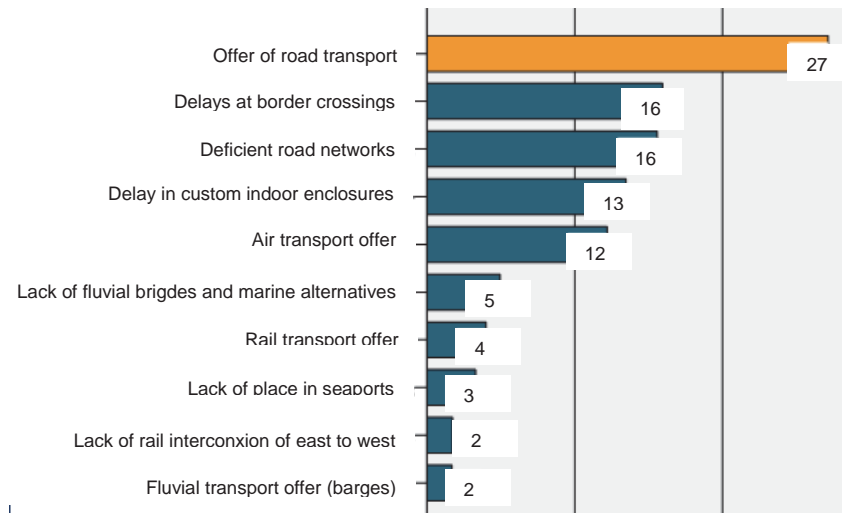
The Plurinational State of Bolivia has Integration Agreements with the Andean Community of Nations (CAN) and MERCOSUR -both of which are free trade zones. Additionally the country has partial agreements with Chile and Mexico. There are no trade agreements with other geo-economic zones and the preferential rates received from developed nations are through multilateral and unilateral systems. (WTO-MFN) and (UNCTAD-SGP).

Another finding by the 2013 National Exporters Survey, is the lack of infrastructure, logistics and means of transportation.

It should be noted that the difficulties with logistics and transport are directly related to the public services delivered by governmental institutions such as: customs, sanitary services, quality standardization, permits, licenses, and road maintenance, among others.

Due to the exponential growth of imports —contrary to the situation of exports— the range of modes of transportation, especially trucks, did not grow in the same manner as international trade grew in the Plurinational State of Bolivia. Another one of the difficulties that are limiting the normal flux on the Plurinational State of Bolivia's trade relates to the limited space of the maritime ports that brings goods closer to the Pacific Ocean.

**FIGURE 8**  
**PLURINATIONAL STATE OF BOLIVIA: MAIN DIFFICULTIES**  
**IN TRANSPORT AND LOGISTICS**  
*(In percentages)*



Source: CADEX.

## 6. Conclusions by national exporters survey of the Plurinational State of Bolivia

After a close reading of the Bolivian exporting sector from the the 2013 National Survey of Exporters, it is necessary to describe some strategic guidelines that can help the public and private sectors in working toward the growth and development of the sector:

- 86% of the exporting sector is represented by SME's. Therefore, exports should be diversified and developed in areas other than the main cities of the country.
- 73% of exports have a high manufacturing component and it is necessary to take advantage of the potential of the national industry.
- The obstacles that are limiting the growth of the exporting sector are attributable to external factors: infrastructure, paper work, bureaucracy, and financing). Thus, it is imperative to solve these limitations through public and private sector consensus mechanisms.
- 67% of the companies surveyed consider it vital to generate an integration and trade policy with the most important markets in the world.
- The companies surveyed agree that infrastructure, logistics and transport are determinative in rating their economic and financial performance.
- The results demonstrate many limitations regarding trade promotion of our production capacities in international markets. It is important to maximize this activity through strategic alliances between the private and public sectors, trade promotion organizations and international cooperation agencies.
- Tax neutrality is vital to keep exporting companies sustainable.
- Bolivian exporters agree that the procedures related to registers and exporting procedures. So are the quotas and export licenses are a barrier to exporting productive development.



## **II. International cooperation: recent experiences**

### **A. International cooperation in context**

International Organizations emerge to keep world peace in order. This is why the United Nations was founded after World War 2 and, presently, it is considered the most important international organization in existence.

#### **1. International cooperation in the world**

Multinational corporations have become important promoters of development agencies and have improved the globalization process for world economies, by supporting the social sectors by more than 40% and productive sectors by more than 25%. Through the years, countries such as the United States, China, Australia and the European Union have become larger supporters of international aid which has benefitted countries such as Haiti, as well as African, Central American and South American countries.

#### **2. International cooperation in Latin America and the Caribbean**

Latin America and the Caribbean (LAC) is a region that for many years has been trying to improve its presence in the international system in diverse ways. International development aid has proved to be a fruitful road to reach development targets. This is due, in part, because presently, CID integrated into a dynamic process of revising the means of intervention, in order to renew the support mechanisms to deliver capacity to achieve its purposes, particularly those relating to the Millennium Objectives (MDG) that must be delivered by 2015.

Latin America and the Caribbean is experiencing the changes that are being reconfigured by the International development aid, since this generates important challenges on an individual and collective level, wherein a consensual position regarding key issues could raise the possibilities for Latin American and the Caribbean to obtain an improved position in this process.<sup>2</sup>

Over the last several years, multilateral-based cooperation has been present in the Latin American region —at the regional and subregional levels— in matters such as science, technology and

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<sup>2</sup> <http://www.fundacioncarolina.es/es-ES/publicaciones/avancesinvestigacion/Documents/AI78.pdf>.

innovation and, in certain cases, in novel ways such as within the framework of the Biregional Association of Latin America and the Caribbean with the European Union (ALC-EU) or the Iberoamerican Community. The presence of these subjects on political agendas demonstrates the importance of these matters among the countries of the region. Such is the case of the Inter-American Development Bank (IDB) —the main point of reference for international cooperation in science, technology and innovation in the region. Other related initiatives have been approached in the framework of LAC-EU cooperation and Iberoamerican cooperation, where Spain has played an active and relevant role. Finally, South-South cooperation must be highlighted as it has been an important boost for cooperation in Latin America as well as on an international level.

Spanish cooperation in research and innovation should be highlighted as it has undertaken activities that place a special emphasis on Latin America. The main Spanish international organizations/agencies donors are:<sup>3</sup>

- The Inter-American Development Bank and its Multilateral Fund of Investment (FOMIN);
- The *Organización de Estados Iberoamericanos para la Educación, la Ciencia y la Cultura* (OEI)
- Economic Commission for Latin American and the Caribbean (ECLAC) of the United Nations.

The IDB's main initiatives related to innovation has been through its multilateral fund, FOMIN. This fund was established in 1993 with the purpose of stimulating private sector growth in Latin America and the Caribbean. FOMIN has a wide and flexible mandate to attend the continuously changing needs of the private sector with a special emphasis in labor force needs and the competitive environment in which SME's must participate.

By way of the General Funds of Spanish Cooperation, Spain has been one of FOMIN's main donors since its early days. Moreover, ECLAC, in collaboration with AECID, has developed different programs that are improving innovation, training, infrastructure, productive sustainability, among many others.

### 3. International cooperation in the Plurinational State of Bolivia

International cooperation in the Plurinational State of Bolivia can be separated into 4 different groups:<sup>4</sup>

- Multilateral Institutions made up by Development Banks and other organizations;
- Bilateral Cooperation Agencies made up in part from country representatives present in the Plurinational State of Bolivia;
- Organizations that are part of the United Nations, nine of which are present in the Plurinational State of Bolivia; and
- Technical Cooperation from Developed Countries.

The Plurinational State of Bolivia is a founding member of the United Nations. Since its inception, the United Nations has supported the country's development goals.

The Country Team is formed by 9 United Nations agencies working in the Plurinational State of Bolivia. These include: the World Bank, FAO, UNHCR, PAHO-WHO, WFP, UNDP, UNFPA, UNICEF and UNODC. There are also six additional agencies or programs in the country: UNIC IFAD, IOM, UNIDO, UN Women and UNDSS.

Other entities from the UN have activities in the Plurinational State of Bolivia are: UNHCR, IMF, HABITAT, ICAO, OCHA, OAS, ILO, WMO, UNAIDS, UNEP, ITU, UNESCO y UNV.

<sup>3</sup> [http://cooperacioninternacional.mx/documentos/09\\_Polucy\\_Visiones%20enfoques%20y%20tendencias%20de%20la%20CID.pdf](http://cooperacioninternacional.mx/documentos/09_Polucy_Visiones%20enfoques%20y%20tendencias%20de%20la%20CID.pdf).

<sup>4</sup> Vice-Ministry of Public Investment and External Financing.

The Bolivian Government and the United Nations system interact together and in consultation with civil society. They have agreed the new frame of Development International Cooperation (UNDAF – United Nations Development Assistance Framework), for the period 2013-2017.

This framework of cooperation serves as a reference point for joint and coordinated actions between the government of the Plurinational State of Bolivia and the different United Nations agencies, funds and programs that support the Plurinational State of Bolivia's development goals.

Cooperation activities are focused on human rights in order to guarantee harmony and respect among people and create basic conditions to foster equality everyone.

In order for these principles to apply, there are four strategic and determinative areas must be focused on: Civil rights and political and social rights, social and cultural rights, economic rights and environmental rights.

The United Nations defines its mission as:

- To contribute to a culture of peace and to reduce poverty by promoting sustainable human development and the full respect of human rights.
- Consolidate the democratic rule of law and promote modernization of the State; and
- The values that guide these actions are based on intercultural respect, reciprocity and solidarity to achieve a prosperous, inclusive society with equity and justice.

As can be observed by Highest United Nations Commission for Human Rights (UNHCR), is the one with most funds (22.7%), followed by the United Nations Industrial Development Organization (UNIDO) with 22.5%; the Food and Agricultural Organization (FAO) contributes 17.9% of the total finance resources to be used.

**TABLE 1**  
**PLURINATIONAL STATE OF BOLIVIA: COOPERATION INDICATIVE RESOURCES TO MOBILIZE (2013-2017)**  
*(In dollars)*

Agency	Financial resources	Agency	Financial resources
WORLD BANK	28 000 000	PAHO-WHO	6 860 000
FAO	9 200 000	PMA	36 650 000
UNHCR	150 000	UNDP	46 270 000
OCHA	100 000	UNEP	800 000
OAS	550 000	UN DESA	100 000
OIM	400 000	UNESCO	650 000
ILO	5 460 000	UNFPA	13 600 000
ONUDI	1 520 000	UNICEF	45 900 000
UN WOMEN	1 300 000	UNODC	5 600 000
UN AIDS	170 000	UNV	1 000 000
<b>Total</b>			<b>204 280 000</b>

Source: CADEX with information from UN in the Plurinational State of Bolivia.

**TABLE 2**  
**PLURINATIONAL STATE OF BOLIVIA: COOPERATION FUNDS**  
**TO BE MOBILIZED (2013-2017)**  
*(In dollars and percentages by area)*

Area and results	Indicative financial resources	Fundraising goal	% Per area
Civil and political rights	53 520 000	64 470 000	26
1.1 Protection and guarantee of rights	39 600 000	45 350 000	
1.2 Political participation, peaceful culture and cohabitation	9 070 000	13 570 000	
1.3 Non-discrimination and respect for human rights	4 850 000	5 550 000	
Social and cultural rights	77 650 000	82 400 000	38
2.1 Terms and access to universal education	23 850 000	23 850 000	
2.2 Improving health conditions	29 670 000	29 870 000	
2.3 Right to food and nutrition	24 130 000	28 680 000	
Economic Rights	20 730 000	21 650 000	10
3.1 Social expenses	1 730 000	1 850 000	
3.2 Productivity and employment.	11 530 000	11 330 000	
3.3 Ecological production	8 470 000	8 470 000	
Environmental Rights	52 380 000	52 380 000	26
4.1 Reduction of risk of disaster	29 320 000	29 320 000	
4.2 Concessions and sustainable use of the environment	12 660 000	12 660 000	
4.3 Mitigation and adaptation to climate change	10 400 000	10 400 000	
<b>Total</b>	<b>204 280 000</b>	<b>220 900 000</b>	<b>100</b>

Source: CADEX with information from the United Nations in the Plurinational State of Bolivia.

## B. Experiences in managing cooperation programs and projects

CADEX has been making efforts for nearly 28 years to seek the best opportunities for the Bolivian exporting business and its progress and is the entity that best knows the characteristics and needs of this sector. CADEX has supported various entrepreneurship company initiatives (big, medium and small) through the implementation of programs and projects - with international cooperation funds - that include training, technical assistance, international coaching, creating partnerships between Bolivian and foreign companies, supporting the ongoing improvement process of the Plurinational State of Bolivia's productive capacity in international markets, value added, international marketing management, and others that are equally important.

### 1. CADEX institutional profile

The Chamber of Santa Cruz Exporters (CADEX), is a private entity that was founded on July 1, 1986 as a not-for-profit association that represents all persons and legal entities engaged in the export of goods and / or services and which are located in the Department of Santa Cruz or other regions where there are not similar institutions. CADEX has a network of close to 400 exporting companies from all over the Plurinational State of Bolivia. Its main objective is to provide competitive solutions for the development of the exporting sector through the continued contribution and support to the development, diversification, value-added and support to enter new markets.

CADEX gives support to the export sector through strategic alliances with national and international entrepreneurs. Enabling and improve added value to the production activity, is primary.

### **(a) Institutional Infrastructure**

CADEX has a range of services tailored to the needs of the exporting sector.

- Representativeness and support to exporting activities including: (i) Project Management, (ii) Management in Trade Agreements and (iii) Management Policies on Exports Promotion.
- Support and advice to exporters and potential exporters in formalities and procedures, information on legislation, trade agreements, etc. We provide technical assistance and advice depending the sector and in specific needs.
- Logistics and transport that facilitates and transfers knowledge of the variables related to International Distribution Channels and Logistics as well as the cost structure for exports from the Plurinational State of Bolivia to the world. The methodology used is the one developed by the International Chamber of Commerce (ICC), based in Paris.
- Market research and trade promotion. The main objective is trade promotion of Bolivian exports including:
  - Trade Fairs and Missions: An annual corporate calendar of trade missions is provided. We encourage participation as the trade missions , are held in international major which have been identified as potential buyers of Bolivian exports.
  - Exporters Lounge "Oswaldo Barriga Cuellar" has been a specialized pavilion since 1986 and serves as a display of Bolivian nontraditional export supplies at the International Santa Cruz Fair "EXPOCRUZ".
  - CADEX has successfully promoted Bolivian participation in national and international trade fairs and business missions in recent years to several destinations including: Andean Community, MERCOSUR, CENTRAL and NORTH AMERICA, EUROPEAN UNION AND ASIA (Japan).
- Consultation and advice through the Client Assistance Unit - geared toward companies and the public in general on key issues related to foreign trade.
- Advice on export procedures and requirements.
- Business opportunities: Trade Point Santa Cruz provides a link to global information networks and information sources on trade. Facilitates trading and provides access to all the services offered by those involved in foreign trade transactions such as Customs, dispatchers, banks, insurance companies, and transportation, among others.

In addition to its physical infrastructure, CADEX 20 professionals with experience in international trade and business are available to support initiatives to pursue commercial and investment opportunities to its members and related companies. CADEX covers several sectors and products including: jewelry, food (fresh, dried, organic, natural ingredients, rice, sugar, etc.), nutraceuticals ( Chia, Quinoa, Sesame) lumber & wood manufacturing, clothing (cotton), tannery and leather articles, coffee, crafts, oleaginous chains (soy bean, sunflower), and minerals, wines, and fruits.

CADEX interacts with large, medium and small businesses, in order to help generate necessary diversification and tailored services processes according to the needs of each of the sectors.



## 2. CADEX's project experience

CADEX has extensive experience in foreign trade and knowledge of national and international regulations related to the export sector. It has expertise in the internationalization process of companies. It is important to mention that CADEX has 30 professionals with specialties in areas related to commerce, international trade, law, and human resources, among others subjects. It also has knowledge in the technical areas of international business such as logistics, customs, taxes and others.

To complement and strengthen the export sector as well as the capabilities of enterprises, CADEX has executed programs and projects funded by multilateral agencies such as the Inter-American Development Bank (IDB), World Bank, CAF; FAO as well as with the cooperation of the Netherlands, Denmark, the United States, Japan and the European Commission, among others.

Throughout its existence, CADEX has worked with twenty international cooperation programs and projects. Some of the most important projects and programmes are described below.

Similarly, other programs were implemented with its institutional funding for the sole purpose of creating high quality services in matters related to exports, investment, and production, among other issues, and which can provide substantial support to Bolivian companies, particularly small and medium-sized enterprises (SMEs), in order to find partners abroad. These partnerships foster sustainable businesses that generate employment that can reduce poverty in the Plurinational State of Bolivia through programs such as: Private Sector Investment - PSI, Match Making Facilities - MMF, Business-to-Business - B2B and Danida Business Partnership - DBP.

With respect to "strategic partners" that have been working with the CADEX in different areas and activities, it is important to highlight the following:

### (a) AI invest IV program experience

The the European Union's AI Invest IV project supports internationalization of SMEs in the Andean Community with the objective of taking advantage of the opportunities offered by globalization, regional integration and free trade agreements.

One of the program's main objectives is to improve the competitiveness of SMEs and to foster internationalization. The program contemplated as the starting point, the initiation of associative mechanisms ("*nucleos empresariales*" in Spanish). As indicated by the SMEs, one of the ways of generating capabilities is through group consultancies (sectoral business cores and NES methodology). The NES methodology has allowed identification, prioritization and resolution of problems experienced by SMEs through the exchange of knowledge, external consultancies and through implementation of joint activities.

As a final outcome, there are now experiences in at least 8 sectors (leather, food, clothing, timber products, nutraceuticals, cosmeceuticals, handicrafts and services) which have allowed generating capabilities for the internationalization of some 300 companies through trainings, technical assistance, consultancy, associations (15 core business sectors), promoting of female entrepreneurship, participation in trade fairs, business round tables, and international missions, among others.

CADEX facilitated the participation of 30 Bolivian SMEs in 12 promotion events (fairs and trade missions) in Europe and in the Latin American region. It has also made contacts and established links to carry out business meetings. These efforts have resulted in businesses garnering more than 251 potential buyers and business promises worth more than €15.000.000.

Some of the most important trade fairs by sector and country were MADERALIA (forestry - Spain), ANUGA (food - Germany), Alimentaria (food - Spain), SIAL PARIS (food - France), BIOFACH (food - Germany), and INTERZUM (forestry - Germany).

**(b) Centre for the promotion of imports from developing countries (CBI): The Netherlands**

The objective of the joint work between CBI and CADEX was, and still is, to contribute towards the Plurinational State of Bolivia's economic prosperity by promoting the capabilities of exporting companies with a focus on the European Union market. The agreement allows a promotion of synergies between the two organizations under a common mission: contribute to the development of trade through the strengthening of the competitiveness of enterprises and the promotion of their products to inside the European Union.

The contributions of the association include, among others:

- Strengthen CADEX to support the inclusion of Bolivian companies in the European Union market; and
- Expand CBI's services for the benefit of the Plurinational State of Bolivia's business community.

Over the last three years, CADEX, with the support of CBI, has worked intensively to promote and develop the forestry sector. Among the most important activities are:

- Develop and Export Sector Marketing Plan;
- Develop a Sector Market Intelligence System (SMIS) website;
- Train and enhance the capabilities of the companies (in the Netherlands and the Plurinational State of Bolivia);
- Provide assistance to participate in European fairs specialized in certain sectors; and
- Facilitate business meetings between legal timber suppliers and companies.

**(c) BDM (Business Development Module – CBI, the Netherlands)**

BDM is a project to improve the capacities of SMEs in production management, business management and commercial management of timber non-exporting enterprises to direct them towards its internationalization and international call for bids by CBI. This project was awarded to CADEX in order to lead Bolivian Timber Consortium which is comprised by: CANEB and its network, CADEFOR, IBNORCA, the Forestry Engineering program at the University in Santa Cruz, and the National Indigenous Forestry Association (AFIN).

**(d) Export Coaching Program (ECP)**

CADEX's role was to oversee the program developed and implemented by CBI. The goal of the program was to assist 15 companies in the forestry sector to increase its exports to the European Union. Activities in this regard included: training, technical assistance, trade missions, and other productive exercises.

**(e) Private Sector Investment Program (PSI)**

The Private Sector Investment Program, funded by the Dutch Government, seeks to encourage established firms as well as investment in new businesses in developing countries like, for example, the Plurinational State of Bolivia.

This program provided reimbursement, under certain conditions (environmental sustainability, CSR, gender equality and innovation), up to 50% of the investment costs of a joint project between a Bolivian company and a foreign company.

CADEX, alongside other Bolivian institutions, has been a promoter of this program that managed to match 30 national companies with foreign companies in 2013 alone.

**(f) PROCOIN: The Delegation of European Commission to the Plurinational State of Bolivia and the Deputy Ministry of International Trade and Integration**

The work of the PROCOIN with CADEX related to:

- Provide support to SMEs in forming consortiums. In this regard, three consortia were formed: furniture, clothing and leather;
- Implementation of the Road Map Program: Business plans for 20 SMEs were developed and implemented;
- Institutional strengthening: three publications were developed (transportation, export and promotion guides), an institutional video and CADEX's website;
- Participation of SMEs in trade missions: 5 SMEs in the furniture sector participated in a trade mission in Buenos Aires, Argentina which was organized by PROCOIN in coordination with CADEX;

**(g) JETRO – Japan**

CADEX was hired by Jetro Lima to conduct a study on "Legumes in the Plurinational State of Bolivia". The resulting publication was a detailed description of the productive situation, developed industrial and commercial plans (both for the local market and at an international level) and detailed the major legumes that are produced in the country. The study was delivered to the consultant whom indicated a high level of satisfaction for the study.

**(h) DANIDA business partnership program**

DANIDA hires CADEX as a local partner to match Bolivian and Danish companies.

This experience in a variety of substantive areas and with different strategic partners and customers, is evidence that CADEX can work effectively and efficiently in promoting exports and encouraging investments. Moreover, it also promoted Bolivian companies in order to create business ties, investments and partnerships mutually beneficial and with a long-term view.

**(i) Strengthening program for female leaders**

Cadex and the Yente Foundation from the Netherlands have implemented a program to strengthen female leadership in the business world. It has formed a network of Bolivian women entrepreneurs (25 in the city of La Paz and 25 in Santa Cruz) in order to support and to develop their management skills, leadership, build decision-making skills, and provide them with business management tools. The goal is to create a benchmark of female national and international entrepreneurship. The businesswomen who participate in this programme are involved in the productive and services sectors.

**(j) Training and technical assistance for the timber sector in the "Chiquitania" region (Santa Cruz)**

Cadex, in coordination with *Pro Bolivia* —a governmental entity to promote exports— implemented programs to support the timber sector with funds from the European Union. The programs provided vocational training, technical assistance transfer of technology, and best practices of production units in the Chiquitania region in order to effectively manage its resources. Moreover, other goals included increase in sales, access new markets through management tools and training in the export business area.

### **III. International cooperation and its importance for economic and social development: Lessons learned**

#### *Problem 1- Business Environment Reforms better focused*

1. Is it possible to collaborate more effectively with representatives from the private sector to identify the needs of the business environment?

Promoting the best practices achieved through reforms, as has been done in certain countries and in certain sectors, foster development. In addition encouraging a dialogue between the business sector with the public sector helps build consensus in work agendas to create reform to improve business, economic and social environments.

2. Should collaboration with intermediate-level business organizations be intensified to improve awareness about reforms and support businesses?

Yes. This collaboration should be because intermediate-level organizations are those that have direct contact with micro-enterprises and with the government. Business Organizations can provide this link. Public policy can also play a positive or a negative role in the productive sector. Therefore international cooperation must focus on, and support, the strengthening intermediary business organizations. At the same time, this dialogue can reduce costs.

3. Do international agreements and forums play a useful role in improving the business environment in your country?

If we analyze the recent past, international agreements and forums can play a useful role if they are accompanied by efforts that establish or promote public – private agreements.

#### *Problem 2- Increase the impact of programs designed to the private sector create jobs and reduce poverty.*

1. What actions should the EU follow in relation to limitations women and young people face in developing countries and which limit their ability to be entrepreneurs or workers?

It should support public policies that encourage broad participation by the private sector in promoting the participation of women and youth in firms or in becoming entrepreneur (e.g., business start-ups.). The EU should also work with universities and training centers to create a labor market that can meet present day needs. Moreover, it should also encourage the adoption of good practices such as learning-by-doing and training methodology.

2. What could companies do to contribute to the improvement of labor standards and worker's rights?

Bolivian firms in the export sector should comply with current international norms and regulations and work with public the actors to promote mechanisms to ensure compliance of same by the private sector.

### *Issue 3-Strengthen support for SMEs*

1. What best practices in SME support are available at European level that could be relevant in development cooperation?

Training programs for strategic alliances between European SMEs and Latin American SMEs (e.g., PSI and the MMF from Holland, B2B and DBP of Denmark) have had positive results in assisting SMEs to develop capacities and access financial resources to support their internationalization process.

2. How can policies for the internationalization of SMEs contribute to the achievement of the development goals?

Public policies can serve as a model that can later be adapted to adequately address the needs and issues of Latin America. Another interesting issue is that the EU promotes initiatives focused on innovation, research and development, market access, joint and business cooperation and SME financing to support the development and consolidation of SMEs in the international context.

3. What instruments could be used by the EU to promote innovation, development and transfer of technology, and to ensure learning opportunities and the adaptation of new technologies in developing countries, including clean and low carbon technologies?.

PSI (Netherlands) and DBP (Denmark) which promote strategic alliances between European firms and Latin American firms. These alliances are based on principles of social, environmental and economic alliances and also promote the exchange of good practices between them.

### *Issue 4-Training and capacity building*

1. How can a collaborative public-private partnership be built that is more systematic in implementing reforms and programmes related to vocational training?

A comprehensive study of the labour market shows that there is ample demand for qualified human resources and a desire to engage the private sector to define guidelines for public policies related to the vocational and technical training.

### *Issue 5-Access to financial resources*

1. What strategy should the EU follow to support microfinance and financial inclusion?

This should be achieved through innovative business models such as those developed in Europe including model matching-funding, establishment of mobile banks, and soft loans, among other things.

*Issue 6-Working closer with the private sector*

1. Should the EU become more involved in supporting a public-private dialogue that can contribute to creating policies, programs and partnerships?

Yes. Many times the public sector creates policies that apply to the private sector without taking into account the real needs of the private sector. Ultimately, this results in little impact. On the contrary, increased collaboration would yield greater achievements.

*Problem 7-Use the private sector as a distribution channel for the development*

1. Under what conditions can public-private collaborations be an effective tool to provide infrastructure services and public goods?

It is important that cooperation play a role in establishing effective public-private partnerships.



## IV. Conclusions

Limited access to maritime ports on the Atlantic and Pacific Oceans, along with deficits in productive infrastructure, have resulted in transport and logistical costs being more onerous in the Plurinational State of Bolivia compared to other economies in the region. In this sense, the Chamber of Exporters of Santa Cruz in the Plurinational State of Bolivia, has been working toward the development of logistics, investments and trade facilitation as important alternatives to foster growth and economic efficiency.

Intermediate institutions in the Plurinational State of Bolivia, such as trade chambers, have been fulfilling a transcendental role in the development of productive capacities in the business sector. Moreover, they have created bridges with the public sector for increased coordination by way of a dialogue that promotes important social and economic initiatives. The First National Exporters Meeting has become a public-private platform to unblock the main problems that affect the exporting productive sector in the Plurinational State of Bolivia.

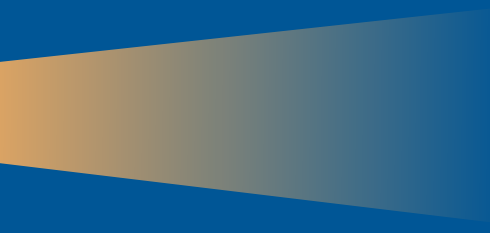
Throughout CADEX's institutional life, it has formulated and executed more than twenty international cooperation programs and projects in different productive areas and with different financing sources. This has allowed it to develop capacities in institutional management and in the exchange of experiences and knowledge. In the same way, there are high levels of reliability when working with international cooperation networks due to the impact of programs and projects upon beneficiaries as well as financial-economic management.





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