Folder Title:	Bolivia - ENFE - Phase 2 - BOL/72/002 - Volume 1
Folder ID:	1075544
Series:	Technical assistance
Dates:	06/01/1971 – 06/01/1977
Fonds:	Records of the Office of External Relations
ISAD Reference Code:	WB IBRD/IDA EXT-10
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BOL/72/002 ENFE, Phase II
File #1

Closed

Oct. 4, 1973

See File #2

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mrs. Marjorie L. Foulon **DATE:** September 11, 1973

FROM: Mr. F. J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE - Phase I
Final accounts.

1. You may remember that the financing of Phase I was as follows:

	Total	Supplied by ~~UNDP~~ Subcontract	Government
Original Plan of operation (September 1970)	805.000 ? $765,000	$753,000	$12,000
First Amendment to Plan of operation (March 1972)	$190,000	$190,000	-
Second Amendment to Plan of operation (October 1972)	$145,000	$145,000	-
	$1.100,000 1.140	$1.088,000	$12,000

2. During my recent visit to La Paz. (August 13-18, 1973) I told Mr. T. Painter, acting UNDP President ~~Representative in~~ the absence of Mr. J. Pascoe, that the accounts ~~of~~ Phase I were now closed and showed a balance of $38,623 as follows: for Superrad.

Savings on UNDP total appropriation	$37,609
Savings on Government participation in cash	$ 1,014
	$38,623

3. I further reminded Mr. Painter that the $145,000 allocated for the 2nd-amendment to the Plan of operation were taken from the original appropriation of $1.135,000 made by the UNDP for Phase II. As a result, the actual allocation for Phase II was reduced to $1.125,000 - $145,000 = $990,000.

4. Our controller's office has informed me that the total saving on Phase I can be ~~de~~composed as follows:

Savings on original Plan of operations and 1st amendment	$ 2,945
Savings on 2nd amendment	$35,678
	$38,623

5. I consequently consulted Mr. Painter on the possibility of reintegrating the $35,678 into the Phase II allocation, since it was part of the $145,000 taken from the original $1,135,000 Phase II allocation. Mr. Painter thought that this was reasonable and should be easy to obtain.

6. Mr. Painter had in his possession a Project Revision Form prepared by Miss Hedlund and submitted on June 9, 1973, requesting an increase of $92,950 in the allocation for Phase II, to compensate for the consequences of the devaluation of the dollar. Since the UNDP Resident Representative in La Paz had as yet taken no action on this form. (he must discuss it with the Government since this money must be found within the IPF), Mr. Painter suggested that we send him as soon as possible a new Project Revision Form containing:

this is now out-of-date

a) a request for an increase of $92,950 to compensate for the devaluation of the dollar.

b) a rescheduling of the Consultant's work

c) a request for the reintergration of the balance of $35,678 into the Phase II allocation.

7. I believe that it's up to you to prepare such a Project Revision Form. I will of course, be glad to help in all I can. Maybe a preliminary meeting with Mr. Perera, from the controller's office, would be useful: we could discuss, inter alia, whether we should maintain the figure of $92,950, or increase it to take into account the further devaluation of the U.S. $ vis-a-vis the french franc occurred since June 1973, and also the steps that we should take to reintegrate the $35,678 into the Phase II allocation.

Cleared with and cc: Messrs. Perera
Chapman
Mates
Martinez
Bronfman

Miss Hedlund
File

August 9, 1973

Ing. Carlos Belmonte Ichazo
Gerente General
Empresa Nacional de Ferrocarriles
Casilla No. 428
La Paz
Bolivia

Dear Ing. Belmonte:

BOLIVIA - Technical Assistance to ENFE (Phase II)

On May 3, 1973, we sent you two copies of the contract which we had signed with SOFRERAIL for Phase II of the Technical Assistance Program to ENFE financed by the UNDP. On June 26, 1973, we sent you a letter asking for your assistance in having the Consultants' invoices approved by the Government Supervisor. We have not yet received any answer to our letter nor have we received any invoices from SOFRERAIL, duly approved by the Government, and covering services rendered since October 1, 1972.

Without approved invoices, we cannot proceed to adjust payments to actual expenditures. We must then pay the Consultants according to the schedule of payments indicated in Appendices C-6 and D-2 of their contract. As a result, our payments to SOFRERAIL are FF 220,350 behind in foreign currency and $b 732,076 ahead in local currency.

The impossibility to adjust payments impairs our orderly administration of UNDP funds entrusted to us, as Executing Agency, and makes it impossible for us to properly account to the UNDP for the use of their funds.

We are, therefore, extremely anxious to straighten out this accounting matter. Since this program is for the benefit of ENFE, we feel that we should be able to depend on ENFE to help us keep UNDP funds flowing in an orderly manner, and we, therefore, ask you to take whatever steps are necessary to have the Consultants' invoices approved by the Government representative and sent to us at the earliest possible date.

For your information, we are attaching a copy of a letter sent on November 26, 1971 to the Manager of ENFE, in which we suggest that ENFE's review of the Consultants' invoices be limited to the verification of the physical exactitude of the invoices (number of man-months of services in Bolivia, number of international trips, etc.).

As we have repeatedly explained to Mr. Osinaga, the Government Supervisor during Phase I, the purpose of the Government's approval of the invoices is not to make an audit of the invoices--which our Controller's Department does--but to give the Government the opportunity to certify that the Consultants were in the field as indicated in the invoices, that the number of international trips were really made, and that other expenses were really incurred. Our Controller's Department will make sure that all expenses are in accordance with the Consultants' contract and are properly billed.

The requested verification of physical facts and occurrences should not be difficult, since the Government's controller can always call on the counterparts to inform him if the invoiced expenditures were actually incurred. Should the Government's controller, however, have any problems concerning the invoices referring to the months prior to the signature of the contract, we would be satisfied that he write us a letter similar to the one Mr. Osinaga wrote us on January 29 (copy attached), asking us to approve them ourselves.

Your early attention to this matter will be greatly appreciated.

Sincerely yours,

Jose A. Bronfman
Section Chief
Transportation Projects Division
Latin America and Caribbean Regional Office

cc: Mr. Juan Pascoe
UNDP Resident Representative
Casilla 686
La Paz
Bolivia

FJDominguez:alv

Cleared with and cc: Mr. Perera

cc: Messrs. Bronfman, Chapman, Miss Hedlund

IRD Files

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

866 UNITED NATIONS PLAZA
NEW YORK, N.Y. 10017

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: BOL/72/002

19 July 1973

Dear Mr. Hoffman,

Subject: BOLIVIA: Technical Assistance to the ENFE (Phase II) - BOL/72/002

We wish to acknowledge receipt of the letter of Miss Inga-Lisa Hedlund of June 4, 1973 under the cover of which she sent us the signed project budget revision forms for the project referred to above. Since this revision requires the approval and signature of the Government, we have sent the above mentioned revision forms to the Resident Representative in La Paz. Needless to say, we will contact you as soon as we have received the duly signed copies.

Yours sincerely,

David H. Dunigan
for Carlos S. Vegega
Officer-in-Charge
Regional Bureau for Latin America

Mr. Michael L. Hoffman
Director
Department of International Relations
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

7/25/73

cc: Messrs. F. Dominguez - Projects, LAC
R. Jones - Controller's
S. Moini - CP II, LAC
C. Walser - Legal Dept
IRD

30 and 31 August, 1973
Reminded Mr. Dominguez again that Final report on Phase I (see other file) long overdue. Consultants representative called his headquarters in Paris.

JUL 25 1973

MH

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: July 16, 1973

FROM: S.A.W. Moini, Loan Officer, LACII

SUBJECT: BOLIVIA: Transport - UNDP Experts, Road User Charges Study, etc.

1. During my mission to Bolivia, June 11 - 22, I met Mr. Jose Vasquez Blacud, Director General de Planificacion y Coordinacion, Ministro de Transportes y Comunicaciones, to find out about the progress on securing UNDP experts to assist the Ministry in carrying out the various studies on the sector that it is committed to undertake. Messrs. Antelo (ENFE) and Martinez were also present.

2. Mr. Vasquez told us that the (detailed) request of the Bolivian Government had been received back from the UNDP with certain queries and as it was not presented in the current format. He had, therefore, revised and amplified the request and sent it to the UNDP Representative at La Paz (through the Ministry of Planning).

3. I got confirmation from Mr. Juan Pascoe, the UNDP Representative, that the request for the experts had been transmitted to New York. He said the experts should now be expected by October 1973, rather than July, due to the delay in processing. He said that he did not foresee any difficulties as the funds had already been allocated for the purpose.

cc: Messrs. Martinez, Loan Officer, LACII
Chapman, Projects, LAC
Mates, Projects, LAC
Dominguez, Projects, LAC
Mrs. Foulon, International Relations

SAWMoini:cc

BOL/72/002 June 4, 1973

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
866 United Nations Plaza
New York, N.Y. 10017

Dear Mr. Valdes:

BOLIVIA: Technical Assistance to EMFE

The recent devaluation of the US dollar has directly affected the costs of a number of projects, and as a result some adjustments in the dollar ceilings are now necessary. The dollar has devalued by 11% relative to the French franc, and therefore, in the case of the above-mentioned project, an allocation increase in the amount of $92,950 will be necessary.

We are attaching, for your consideration and approval, three copies of a Project Revision Form, which has been signed on behalf of IBRD. A rephasing of expenditures has also been made.

Yours sincerely,

Inga-Lisa Hedlund
International Relations Department

cc: Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, BOLIVIA

cc: Mr. H.L. Maggs
Deputy Director, Finance Division
Bureau of Administration and Finance
United Nations Development Programme
866 United Nations Plaza
New York, N.Y. 10017

cc: Mr. Patricio Silva
UNDP
1028 Connecticut Ave. N.W.
(Room 714)
Washington, D.C. 20006

Cleared in substance with & cc:
Messrs. Dominguez(Proj.Lat.Am. & Car.)
R.Jones (Controller's)

cc: Messrs. Moini(C.P.II,Lat.Am.&C.)
Walser(Legal)

ILHedlund/eps

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT REVISION FORM

COUNTRY: Bolivia

PROJECT TITLE: Technical Assistance to ENFE

PROJECT NO. BOL/72/002

It is requested that the above project be amended as shown on the attached revised budget. The main objective of this amendment is to provide for:

(i) the effect of the recent devaluation of the US dollar;

(ii) rephasing of expenditures.

Submitted on behalf of the Government	Date
Agreed on behalf of the Executing Agency	Date
Approved on behalf of UNDP	Date

PROJECT BUDGET COVERING UNDP CONTRIBUTION
(in US Dollars)

Country : BOLIVIA
Project No. : BOL/72/002
Title : Technical Assistance to ENFE

		Total	1973	1974
20.	SUB-CONTRACT COMPONENT			
21.	Sub-contracts	1,079,950	844,950	235,000
29.	Component Total	1,079,950	844,950	235,000
50.	MISCELLANEOUS COMPONENT			
54.	Direct Costs	3,000	2,000	1,000
59.	Component Total	3,000	2,000	1,000
99.	GRAND TOTAL	1,082,950	846,950	236,000

~~Miss Hedlund~~

~~① Mr. Riley, info~~

② FILE

TRANSMITTAL OF OFFICIAL DOCUMENTS

TO: OFFICIAL DOCUMENTS FILES

Date: May 14, 1973

FROM: Christian H. Walser, Legal Department

RE: BOLIVIA: Technical Assistance to ENFE (Phase II)

Attached hereto for your files ~~is~~/are the document(s) described below. Please distribute copies thereof according to applicable standing instructions and as may be additionally indicated below.

Description of Document(s)	Additional Distribution	
	Department or Name	No. of Copies
1. Signed copy of Project Document in English, dated March 29, 1973;		
2. Signed copy of Project Document in Spanish, dated March 29, 1973, as delivered to the Bank by UNDP representative in La Paz (i.e.without Part V and therefore incomplete);		
3. Photostat of complete version of document mentioned under 2., as delivered by UNDP representative in La Paz to the UNDP New York Office;		
4. Signed copy of Consultants' Contract between Bank and SOFRERAIL, dated April 18, 1973.		

Comments:

No. of pages attached: ____

cc (less attachments): Area Department:
Controller's Department
Legal Files
Miss Hedlund
Mr. F.J. Dominguez

File

Mr. Francisco J. Dominguez (Trans. Projs. Dept.) May 7, 1973

Inga-Lisa Hedlund (International Relations Department)

BOLIVIA: Technical Assistance to ENFE (BOL/72/002)

I would appreciate if you could prepare and distribute conformed copies of the Project Document for the above-mentioned project to the parties concerned within the IBRD. One conformed copy of the English version of the Project Document should be forwarded to this Department.

cc: Messrs. Walser (Legal Dept.)

Moini (Lat. Amer. and Carr. Dept.)

R. Jones (Controller's)

ILHedlund/eb

BOL/72/002 May 4, 1973

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
866 United Nations Plaza
New York, New York 10017

Dear Mr. Valdes:

BOLIVIA: Technical Assistance to ENFE

For your information, please find attached two copies of the Consultants' Contract for the above-mentioned project. One copy of the Contract is being sent to the UNDP Resident Representative in Bolivia.

Sincerely yours,

Inga-Lisa Hedlund
International Relations Department

Attachments

cc: Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia
(with copy of Contract)

cc: Messrs. S. Moini, CP II, LAC
F. Dominguez, Transportation
C. Walser, Legal
R. Jones, Controller's

IIHedlund:ml

Hand-carried to New York by Mr. Bouchard

on May 4, 1973

PERSONAL

BOL/72/002 May 2, 1973

Mr. Carlos S. Vegega
Deputy Director
Regional Bureau for Latin America
United Nations Development Programme
866 United Nations Plaza
New York, New York 10017

Dear Carlos:

BOLIVIA: Technical Assistance to ENFE

Thank you for sending us UNDP's signed copy of the Project Document for this project. Copies have now been made by the Bank and I am accordingly returning the document to you personally, as requested.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
International Relations Department

Attachment

VJRiley/eb

FILE

Form No. 27
(3-70)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: SOFRERAIL
PARIS

DATE: MAY 1, 1973

CLASS OF SERVICE: LT

COUNTRY: FRANCE

TEXT:
Cable No.:

REF BOLIVIA TECHNICAL ASSISTANCE ENFE STOP YOUR CONTRACT PHASE TWO NOW EFFECTIVE STOP WE ARE PROCESSING EARLY REMITTANCE PARIS FF 900,000 AND LA PAZ PESOS 695,000 STOP WILL ADVISE LA PAZ DATE REMITTANCE STOP REGARDS

GELI
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME: Paul Geli, Division Chief
Transportation Projects

DEPT.: Latin America and Caribbean Region

SIGNATURE: _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: FDominguez/mcm

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc.: Messrs. Walser
Perera

cc.: Messrs. Moini
Lefebvre
Miss Hedlund

For Use By Communications Section

Checked for Dispatch: _____

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bolivia - ENFE - Phase 2 - BOL/72/002 - Volume 1	1075544

Document Date	Document Type
05/01/1973	Memorandum

Correspondents / Participants

From: Christian H. Walser, Legal

To: Mr. F.J. Dominguez, Transportation

Subject / Title

Bolivia - Technical Assistance to ENFE - Phase II

Exception(s)

Attorney-Client Privilege

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Salma Berrada	April 29, 2025

INCOMING TELEX

Log 139

MN#

INTBAFRAD WSH

TELEX FROM LA PAZ VIA NEW YORK

UNATIONS NYK APRIL 30, 1973

Distribution

Mr. Hoffman
Mr. Van der Heijden
Mr. Wiese
Mr. Geli

IBO1 LN/78 (UNOTC) LAPAZ 26 30 2200GMT

INTBAFRAD

WASHIGTON DC(USA)

MISC344 HOFFMAN INFO VANDERHEIJDEN YOUR 26/4 ONLY THIS FRIDAY WE RECEIVED SIGNED ENGLISH COPIES RAILROAD DOCUMENT. OSCAR MORALES TOOK THEM WASHINGTON SUNDAY

PASCOE

cc: Messrs. Moini
Dominguez
Robert Jones
Walser
IRD

COL 344 26/4

MAY 1 1973

Bolivia
Tech. Assistance
to ENFE, phase II

SR. JUAN PASCOE
UNDEVPRO
LA PAZ

APRIL 26, 1973

IBF GOVT

BOLIVIA

REGARDING TECHNICAL ASSISTANCE TO BOLIVIAN RAILWAYS STOP BANK LAWYERS REQUIRE ENGLISH VERSION OF PROJECT DOCUMENT BEFORE DECLARING PROJECT EFFECTIVE AND ALLOWING PAYMENTS TO SOFRERAIL STOP REQUEST YOU SEND SIGNED COPIES THROUGH ING. OSCAR MORALES COMMA GENERAL MANAGER COMMA ENDE WHO IS TRAVELLING SUNDAY APRIL TWENTY NINTH TO WASHINGTON STOP

REGARDS

VANDERHEIJDEN
INDEVAS

Hendrik van der Heijden

LACII

SAMoini:cc

Cleared with and cc: Mr. Dominguez,
(Transportation Dept)

cc: Messrs. Bronfman, Projects LAC
Walser, Legal Department
M/s Hedlund, Development Services

Mr. C.H. Walser (Legal Department) April 23, 1973

Inga-Lisa Hedlund (International Relations Department)

BOLIVIA: Technical Assistance to ENFE - Phase II

Please find attached one copy in Spanish of the project document for the above-mentioned project. The date of the final signature is 29 March, 1973. In his cable Misc 315 of 17 April, copied to you, the UNDP Resident Representative suggests that IBRD attach the missing Part V of the document, and confirms that the copy retained by the Government is complete and includes Part V. In a telephone conversation the UNDP Resident Representative has also informed me that the English version of the project document is now with the Ministry of Foreign Affairs for signature, and that he will forward a fully signed copy to IBRD as soon as possible. We have been informed by UNDP headquarters (Mr. Valdes' letter of 11 April, copied to you) that a signed copy of the project document has been received by UNDP, New York, and that therefore budget B is being issued.

I would appreciate if you could prepare and distribute conformed copies of the document to the parties concerned within IBRD. One copy should be forwarded to this Division.

Attachment

cc: Messrs. Dominguez
Moini
Robert Jones
✓IRD

ILHedlund/eps

FILE Bolivia
Tech. Assistance
re
ENFE,
phase II

Log 73

INCOMING CABLE

RECEIVED

APR 18 10 41 AM 1973

COMMUNICATIONS
SECTION

RC27

ZCZC YW342 LZN251

URWA HL BXLA 039

LAPAZ 39/37 17 1925

Distribution

Mr. Hoffman

April 17, 1973

LTF

INTBAFRAD WASHINGTONDC

MISC315 HOFFMANN REMY PHONE CONVERSATION WITH HEDLUND AYE CONFIRM THAT MINFORAFF COPY BOL/72/002 PROJECT DOCUMENT HAS PART FIVE ATTACHED THEREFORE SUGGEST YOU ADD PART FIVE TO YOUR SIGNED COPY AS NO CHANGES MADE

PASCOE

cc: Messrs. Dominguez
Moini
Walser
Robert Jones
IRD

COLL LTF MISC315 BOL/72/002

APR 18 1973

Files

April 17, 1973

F.J. Dominguez

BOLIVIA - Technical Assistance to ENFE (Phase II)

1. On March 9, 1973, eight signature copies of the Project Document (four in English and four in Spanish) were hand-carried to the UNDP Resident Representative in La Paz, Mr. J. Pascoe. These copies, as compared with an earlier version of the Project Document, included some minor language alterations suggested by Mr. Pascoe. They had been signed by Mr. G. Wiese, and Mr. Pascoe was to sign them and to obtain the Government's signature.

2. On April 9, 1973, we received one copy of the Project Document, in Spanish, signed by Mr. Wiese, Mr. Pascoe and the Government. Upon review of the document, it appeared that:

i. Chapter V, which is a standard legal document covering the basic relationship between the UNDP, the Government and the Bank, was missing.

ii. The text of the Project Document was not the one signed by Mr. Wiese, but an earlier text.

iii. The front page, bearing Mr. Wiese's signature was taken from the text sent on March 9 and stapled on the earlier text.

3. I brought the matter to the attention of Mr. Walser, the lawyer; Mr. Moini, the loan officer; and Miss Hedlund from the International Relations Department.

4. Since the differences in the text of both versions of the Project Document are not significant, Mr. Walser agrees to accept the text received; however, Chapter V is an essential part of the document, and we should make sure that the Government agrees to it and that it is a part of the copy of the Project Document which was retained by the Government. Mr. Walser stated that we should also have a signed English version of the contract. Miss Hedlund cabled Mr. Pascoe on April 10, 1973, asking him to provide us with one such copy.

5. Late in the afternoon, Miss Hedlund spoke to Mr. Pascoe on the telephone, and asked him to ascertain that the Project Document in the possession of the Government included Chapter V. He will call back in a day or two to let us know.

6. On March 27, 1973, Mr. Pascoe cabled us that he was pouching three copies of the Project Document to the UNDP headquarters in New York. We ignore if these copies are in English or in Spanish, whether they are the final text, or the earlier text which does not contain the alterations suggested by Mr. Pascoe.

FJDominguez:alv

Cleared with and cc: Mr. Walser

cc: Miss Hedlund, Messrs. Geolot, Moini, Geli, Bronfman

Miss Sidlund

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: April 11, 1973

FROM: F.J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE (Phase II)
Visit by Mr. Broca

1. On April 9, 1973, Mr. Broca, from Sofrerail, stopped in Washington to report on the results of his recent visit to Bolivia. During the week he spent in La Paz, he discussed with the Sofrerail staff and with the ENFE management the scope of the technical assistance during the next year, and also the points that we had raised with him during his previous visit to Washington on March 16-19, 1973.

2. In line with the Bank's recommendation, and with the agreement of ENFE management, the Sofrerail experts will now dedicate their activities to concrete practical actions, giving great emphasis to the training of their counterparts.

3. Following our suggestion, Mr. Broca prepared a revised bar chart limited to 181 man-months, with the possibility of an additional fourteen man-months, should the UNDP agree to a sufficient compensation for the effects of the dollar devaluation.

4. The following is a resume of the changes made to the proposed bar chart:

i. Rolling stock. The chief of the rolling stock section, Mr. Milovidoff will be replaced. His replacement will arrive later in the year in order that he may stay as long as possible after the workshops have been improved (about October 1973). The total time for Mr. Milovidoff and his successor will be fourteen months, with a possible addition of one month.

ii. Diesel maintenance. The present expert will be substituted by a more practical man who will work full time at the Viacha shop, starting October 1973.

iii. Maintenance of wagons. The present expert will stay on for a total of fifteen months, plus a possible extension of two months. This extension beyond the original six months was requested by ENFE.

iv. Reorganization of workshops. The first phase of the modernization of the Viacha workshop will take place in October/November 1973. Sofrerail still has to study the details for the ancillary shops and to establish specifications for the procurement of heavy machine tools. This study will be undertaken at the head office of Sofrerail in Paris in the very near future.

Regarding the workshops of Uyuni and Robore, plans for their modernization will be established by ENFE with the cooperation of Sofrerail.

v. Permanent way. The home leave of Messrs. Chabot and of his assistant, Mr. Fety, will take place before the new experts arrive end of May or early June. Consequently, Mr. Fety has already left for France and Mr. Chabot will take his leave in May. Eventually, the arrival of the two track maintenance instructors, scheduled for early May, may have to be postponed until early June, to coincide with Mr. Chabot's return, and also because the track materials to be purchased by ENFE will probably not be available before that date.

vi. Operations. The expert on station organization will leave at the end of May, after completing his work on the movement of trains and on the distribution of empty wagons. A new specialist in the organization of work at the stations will be appointed for a period of eight months, plus a possible additional month. The total time of these two experts will be sixteen months, plus one possible additional month.

vii. Diesel traction. The work to be performed consists mainly of establishing train schedules based on actual experiments on line. It should be possible to complete this work in seven months.

viii. Commercial sector. Because ENFE substituted their commercial director, Sofrerail's expert will have to stay a little longer to train the new director. ENFE had requested an additional three months, but agreed to one and a half months.

ix. Accounting. It is believed that the work program can be completed in eleven instead of twelve months. The presence of the expert has been postponed to allow for his being in La Paz for four months in 1974, which will be the first year when the new accounting plan will be enforced.

x. Computer. It is estimated that the scope of work can be performed in six months instead of seven.

xi. Telecommunications. It is recommended that the three months' stay of the specialist be divided into two, since the planning should be done at Sofrerail's home office in Paris. The expert will come first to collect the necessary information and then a second time to finalize in Bolivia the study prepared in Paris.

xii. Complementary actions. The first one concerns the protection against floods. ENFE agreed that Sofrerail supply one high level expert for about one month to study all existing data, indicate possible solutions and suggest a program of action. ENFE would wish that this expert visit Bolivia during the month of May since the yearly program of consolidation along the lines will be started in June/July.

xiii. Training of personnel. A specialist in training should come for one month towards the end of 1973, when the studies on personnel management will be under way.

5. The above matters were thoroughly discussed with Mr. Broca and I asked him to send us as soon as possible the curricula vitae of the new experts, together with their proposed rates. To this effect, I gave him a copy of our form "Breakdown of Agreed Fixed Rates in Consultants' Contract."

FJDominguez:alv

cc: Messrs. Geolot, Geli, Bronfman, Chapman, Buratti, Karman, Mates, Moini, Miss Hedlund

FILE Bolivia
Technical Assistance
to ENFE, Phase II

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

UNITED NATIONS
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: BOL/72/002

11 April 1973

Dear Mr. Hoffman,

Subject: BOLIVIA: Assistance to the National Railways (Phase II) - BOL/72/002

The Resident Representative in Bolivia has transmitted a signature copy of the document for the above project, which he signed on behalf of 29 March 1973.

The corresponding Budget B is being issued accordingly.

Yours sincerely,

Gabriel Valdés S.
Assistant Administrator
and
Director, Regional Bureau for Latin America

Mr. Michael L. Hoffman
Director
Department of International Relations
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

cc: Messrs. Robert Jones
Walser
Dominguez
Moini
IRD

APR 19 1973

UNDEVPRO

APRIL 10, 1973

LA PAZ
BOLIVIA

LT

PASCOE REFERENCE TELEPHONE CONVERSATION RAILWAYS PHASE II STOP WOULD APPRECIATE YOU APPROACH GOVERNMENT IN ORDER OBTAIN SIGNATURE MINIMUM THREE COPIES ENGLISH VERSION PROJECT DOCUMENT WHICH ALREADY SIGNED BY IBRD AND FORWARDED TO YOU FROM MOINI THROUGH MISS KOENIG STOP PLEASE NOTE ENGLISH AND SPANISH VERSIONS WILL BE LEGALLY EQUALLY BINDING STOP WOULD APPRECIATE ONE FULLY SIGNED COPY

REGARDS
HEDLUND
INTRAFRAD

Inga-Lisa Hedlund

International Relations Department

ILHedlund/eps

CL. & cc. Messrs. Walser (Legal)
Moini
Dominguez

cc: Robert Jones

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date April 16

NAME	ROOM NO.
Miss Hedlund	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

From F. J. Denning

FILE
Techn Assistance
to ENFE

April 3, 1973

Gentlemen:

BOLIVIA - Technical Assistance to ENFE (Phase I)

We have received no answer from you to our letter of December 15, 1972, forwarding our comments on your Draft Final Report for the above project.

However, a copy of these comments was sent by us to ENFE, who, on January 26, 1973, replied point by point to our comments; ENFE's reply was prepared in cooperation with your mission in La Paz; we assume that you have received a copy of this reply. Should we consider that you fully endorse ENFE's reply? If so, you may now proceed to complete your Final Report, Phase I, of which the Bank will need twenty copies in English and ten copies in Spanish. You should inquire from ENFE the number of copies they will require.

If you do not endorse ENFE's letter of January 26, 1973, we would appreciate your sending us your answer to the comments contained in our letter of December 15, 1972.

Sincerely yours,

Edward V.K. Jaycox
Director
Transportation Department

SOFRERAIL
37-39, rue de la Bienfaisance
75008 Paris
France

cc: Mr. D.C. Lefebvre
1825 Jefferson Place, N.W.
Washington, D.C. 20036

FJDominguez:alv

Cleared with and cc: Messrs. Bronfman and Chapman

cc: Messrs. Karman, Buratti, Mates

FILE Bolivia
Assistance to ENFE
(Railways phase II)

INCOMING CABLE

LOG 83

RQED ZCZC Y.392 LZN.392

URWA CQ LNLA 044

LAPAZ 44 30 1736

RECEIVED

MAR 31 2 28 PM 1973

COMMUNICATIONS SECTION

MARCH 30, 1973

ETAT

INTDAFRAD

WASHINGTONDCUSA

Distribution
Mr. Hoffman
Mr. Van Der Heijden
Mr. Wiese
Mr. Geli

MISC2SE HOFFMAN INFORMATION VANDERHEIDEN PHASE TWO RAILWAYS TECHNICAL ASSISTANCE BOLIVIA SIGNED YESTERDAY BY MINISTER FOREIGN AFFAIRS AND MYSELF WITH PARTICIPATION MINISTER TRANSPORT SIGNATURES ON DIRF'S OWN SPANISH VERSION NOT REPEAT NOT MY OFFICE'S TRANSLATION YOUR COPY POUCHED TODAY UNDP INFORMED

PASCOE

APR 2 1973

cc: Messrs. R. Jones
Walser
Dominguez
Moini
IRD

COLL MISC2SE

FILE

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

March 30, 1973

Miss Hedlund:

BOLIVIA - Technical Assistance to ENFE (Phase I)

In answer to your memo of March 28, 1973, and in accordance with our telephone conversation of this morning, I am sending two extra copies of the Consultants' Draft Final Report, Phase I.

This Report gives the situation of the project as of June 30, 1972.

Please note that, although it is labelled "FINAL REPORT", this is only the Draft Final Report.

F.J. Dominguez

/alv

FILE BOLIVIA ASSISTANCE TO ENFE (Railways Phase II)

PROGRAMA DE LAS NACIONES UNIDAS
PARA EL DESARROLLO

UNITED NATIONS DEVELOPMENT PROGRAMME

UNITED NATIONS NATIONS UNIES

NACIONES UNIDAS
CASILLA 686
AV. ARCE No. 2419
LA PAZ - BOLIVIA

TELÉF. 52448 - 23279 - 23403 - 50415

CABLES: "UNDEVPRO" LA PAZ
Nos. "TELEX"
ALL AMERICA (ITT): 3560030
WEST COAST BX5245

rcq

REFERENCIA: BOL/72/002/920

30 March 1973

Dear Miss Hedlund,

Please refer to my cable No. MISC 243 of 27 March in response to your cable of 24 March requesting copies of the Plan of Operation of Phase II of project BOL/72/002 "Assistance to the Railways".

In this connexion, please find enclosed one signed copy of this document, which was signed on 29 March 1973 in an official ceremony at the Ministry of Foreign Affairs. You will note that no changes have been made to the document sent by the IBRD.

Yours sincerely,

Juan Pascoe S.
Resident Representative

Miss Inga-Lisa Hedlund
International Bank for Reconstruction
and Development
Washington, D.C. Washington

cc: Messrs. Moini
Dominguez
Robert Jones
Walser
~~KK~~
IRD

APR 9 1973

FILE

Bolivia
Assistance to ENFE
(Railways phase II)

SOFRERAIL
PARIS

MARCH 30, 1973

LT

FRANCE

RESURCAB DECEMBER 29 1972 AUTHORIZING MR LEFEBVRE TO SIGN CONTRACT BOLIVIA PHASE TWO OF TECHNICAL ASSISTANCE TO ENFE STOP CONFIRMATION LETTER NOT RECEIVED STOP PLEASE CABLE CONFIRMATION MR LEFEBVRES AUTHORITY TO SIGN CONTRACT NOW READY STOP REGARDS

JAYCOX
INTBAFRAD

Edward V.K. Jaycox
Director
Transportation Department

Cleared with and cc: Mr. Walser

cc: Mr. R. Jones, Miss Hedlund

FJDominguez:slv

FILE
BOLIVIA
TECHNICAL
ASSISTANCE
TO ENFE

With the compliments of the
Resident Representative

Interamerican Bank for Reconstruction
and Development
1818 H Street N.W.
Washington D.C., 20433

yes, it is
for IBRD

1 copy sent to
Mr. Dominguez

UNITED NATIONS DEVELOPMENT PROGRAMME
CASILLA 686 - TELEFONOS: 52448 - 23279 - 50415
LA PAZ - BOLIVIA

UNITED NATIONS  NATIONS UNIES

TP/cag

BOL/71/525/984

29 de marzo de 1973

Estimado señor Chabot:

La Agencia Transamericana, que se hace cargo de los despachos aduaneros de los equipos que llegan a Bolivia destinados a los programas de asistencia de los organismos de Naciones Unidas en Bolivia, me ha hecho llegar un estado de cuenta hasta el 28 de los corrientes, del cual se desprende que SOFRERAIL tendría obligaciones por liquidar con Transamericana por un monto total de Pesos 5,471.55. ..... Acompaño a la presente un detalle de estas obligaciones.

Usted comprenderá que esta situación está perjudicando los intereses de nuestro Agente y -en consecuencia- está retardando el movimiento de la carga que llega para esta oficina y para todos los proyectos en Bolivia. Por lo tanto, mucho agradecería que usted dispusiera el pago inmediato de dichas obligaciones tanto más porque corresponden todas las gestiones a 1971-72.

Le saluda cordialmente,

Juan Pascoe S.
Representante Residente

Señor
Lucien Raymond Chabot
Jefe de Misión
BOL/71/525
Casilla 6004
Presente.-

APR 11 1973

cc.: Interamerican Bank for Reconstruction and Development
Transamericana
R. Maceda

Bolivia

LOG 155

INCOMING TELEX

INTBAFRAD WSH
FROM LA PAZ VIA UN NEW YORK

RECEIVED
MAR 29 12 10 PM 1973
COMMUNICATIONS SECTION

UNATIONS NYK

IB42 LN/69 (UNOTC) LAPAZ 20 27 2200GMT

INTBAFRAD MARCH 27,1973

WASHINGTON DC (USA)

Distribution: Miss Hedlung

MISC243 HEDLUND REUR CABLE 24 MARCH AM POUCHING THREE COPIES
PLANOP PHASE TWO TECHNICAL ASSISTANCE TO ENFE

PASCOE

cc: Messrs. Dominguez
Moini
R. Jones
Walser
IRD

COL MISC243 24

MAR 29 1973

ICD

Mr. Francisco Dominguez (Transportation Dept.) March 28, 1973

Inga-Lisa Hedlund

BOLIVIA: Assistance to the National Railways - Phase I

As discussed earlier, could you please provide me with copies of the Final Report for the above-mentioned project for forwarding to UNDP headquarters and to the Resident Representative in La Paz. If the report is not yet finalized, please indicate when you expect that it will be available for distribution.

cc: Mr. Moini

ILHedlund/eb

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Cable Address - INTBAFRAD

INTERNATIONAL DEVELOPMENT ASSOCIATION
Cable Address - INDEVAS

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.
Area Code 202 • Telephone - EXecutive 3-6360

March 27, 1973

Ing. Carlos Belmonte Ichazo
Gerente General
Empresa Nacional de Ferro-
carriles
Casilla No. 428
La Paz, Bolivia

Dear Ing. Belmonte:

BOLIVIA - Credit 346-BO, First Railway Project

I wish to thank you and your officers for the cooperation and hospitality extended to the mission and to myself during our recent visit to Bolivia. Referring to the discussions in Bolivia we would like to call the following points to your attention.

Procurement

We appreciate the recent visit to Washington of Ing. Antelo. Various tender documents have been reviewed with him and approved by the Bank (our cable of March 16). Please expedite the drafting of the remaining tender documents and proceed with the procurement of those items already approved.

Regarding the procurement of spares and components, particularly for diesel locomotives, you should prepare lists and obtain quotations, not only from the original equipment manufacturers, but also from any possible alternative sources; for instance, brake equipment or roller bearings, are generally supplied by makers other than the locomotive supplier. The lists, together with the price quotations, should be sent to this office, and after approval, orders can be placed.

Finances

The mission was given only rather tentative figures for 1972 operating results. As soon as firm figures become available please send them to us, together with Balance Sheet Data.

Regarding the 1973 budget, although by exercising economies, costs can be reduced (some of the forecast increases over 1972 costs appear somewhat generous), it is essential for ENFE to be granted an early tariff increase of

at least 15 percent if the agreed on working ratio target of 101 is to be approached. In our view it may be better to make one immediate tariff increase, as against ENFE's proposal for three small tariff increases. We are writing separately to the Government regarding this matter.

We are pleased to note your proposals for speeding up the retirement of over-age staff in supplementing the funds to be received from Government by securing a loan from the Banco del Estado, for paying retirement benefits. We would appreciate being kept informed of progress in this matter, which should also help you to reduce costs.

Operations

Operations have shown little improvement, largely due to the shortage in diesel motive power, caused by engine crankshaft and bearing failures in the Japanese made locomotives.

Until a satisfactory solution is found to this technical problem, ENFE should repair, where necessary, and bring into service, more steam locomotives. The mission noted that there were serviceable steam locomotives at Uyuni, not being used, and that the operating department had not been notified. This seems to imply a lack of coordination between operational requirements and the programming and control of repair in workshops, and this should be rectified without delay.

The mission was pleased to note that arrangements are being made at Uyuni to abolish the present system of making payments under contracts to the workshop staff, over and above their pay, and to replace it with a proper bonus system, depending on actual output of work.

The mission also observed that, at Uyuni many workers were virtually idle, due to the lack of components and parts for rehabilitation of rolling stock. We would suggest that in the meantime this surplus labor could perhaps be usefully employed in breaking up over-aged and obsolete rolling stock and equipment thereby making it easier to be sold for scrap.

Traffic Forecasts

In your letter of January 26, 1973, replying to our letter of November 29, 1972, regarding SOFRERAIL's final report of July 1972, you gave some revised total traffic forecasts for 1977, (this was in reference to our query concerning page 11 of the Spanish language version of the report). These show much higher forecasts for freight ton-km than given in the Appraisal Report, particularly for the East Line, as shown below:

	Appraisal Report	ENFE Revised Figures
Freight ton-km (million) West Line	339	367
" " " " East Line	126	188
TOTAL	465	555

Could you kindly review these figures and revise them if necessary? We would also request you to support them on a major commodity basis, comparable with Annexes 8(a) and 8(b) of the Appraisal Report.

Progress Reporting

The Association's progress reporting requirements were discussed in detail with Sr. Alfaro. The draft forms to be used to give the required statistical and financial information, as translated by Sr. Alfaro into Spanish, were reviewed and agreed on by the mission. We look forward to receiving the first report when available.

Action Program

(i) Track Rehabilitation

The mission understood that ENFE will commence implementing the plan as from July 1, 1973, and during this year will:

(a) rehabilitate 33 km of track between Oruro-Viacha, consisting of ballasting, new sleepers and welding of existing rail; and

(b) carry out spot maintenance over 40 zones; depending, of course, on the availability of materials -- sleepers should begin to arrive in May, but imported fastenings and other materials will take longer.

(ii) Diesel Motive Power

We are glad to note that you are requesting the French Railways to send a senior diesel locomotive expert to investigate, together with a representative from Hitachi, the many failures experienced on the Japanese locomotives. We hope that you can reach a satisfactory agreement with the manufacturers on rectifying the trouble, also on ensuring a more speedy supply of spares.

(iii) Rolling Stock Rehabilitation

We note that, due to various causes, the agreed on targets for 1972 had to be revised downwards, by more than 50 percent. It is hoped that the 1973 targets of 22 passenger cars and 140 freight cars will be met.

(iv) Concentration and Modernization of Workshops

(a) Viacha - little progress appears to have been made, in the absence of equipment to be financed from the Credit, and of local funds to carry out civil works; the storage of valuable spares urgently

needs to be improved, and there is a real need for extensive retraining of personnel, all used to steam locomotive maintenance, in diesel locomotive maintenance procedures. Now that Stage II of the technical assistance has commenced, and local funds for investment have been secured, ENFE should pay special attention to these points.

(b) Uyuni - the mission was pleased to note that reorganizing is progressing well, together with proposals for the improvement in the method of payment to avoid delays in completing rolling stock repair.

(c) Robore - here again, the mission was pleased to note good progress; output should improve when parts and components, to be procured under the Credit, begin to arrive.

(v) Operations - Reorganization

In general, improvements appear to have been delayed due to (a) lack of motive power, already referred to, and (b) poor communications. Improvement to the motive power situation has been discussed above. We understand that improvement of telecommunications must await the recommendations of the SOFRERAIL expert.

(vi) Commercial Policies

It is hoped that a new passenger fare structure, based on SOFRERAIL's recent study, will soon be introduced. We note that, due to staff changes, the target date of March 1973, for the commercial department to be fully operational, will not be met. However, we hope that recruitment and training of personnel will make good progress with the aid of the SOFRERAIL expert, and that the delay in the department being fully operational will be minimal.

(vii) Planning Unit

The mission was pleased to note that this unit was fully operational and that its new chief is an experienced engineer.

(viii) Personnel and Welfare

Good progress is being made in implementing the consultants' recommendations; it is hoped that the recommendation for delegation of certain responsibilities (promotion, increment, movement) will soon be approved.

(ix) Accounting

The present difficulty in obtaining, readily available, reliable accounting data and explanations, was discussed by the mission with you and Sr. Aramayo. It does appear that, in general, ENFE's

accounting staff lacks proper instruction and training -- recent audit reports have also been commented on this aspect. There has also been a lack of contact between head office in La Paz, and the East Line office, in Santa Cruz, which you promised to investigate so as to improve the system.

On the arrival of SOFRERAIL's accounting expert, ENFE should, with his assistance, prepare a proper training scheme, covering all levels of accounting staff. You should explore all locally based possibilities, including the resources of the accounting training institute under the Minister of Planning (who has promised to give assistance to ENFE) and local professional accounting firms.

We are writing to you separately on your proposals to change the investment plan and the items to be financed by the IDA Credit.

We look forward to receiving at an early date your comments on the above points. Meanwhile, we wish every success to you and your staff in your task of carrying out the rehabilitation of ENFE.

Kindest regards,

Sincerely yours,

Jose Bronfman

Jose Bronfman, Section Chief
Transportation Projects Division
Latin America and Caribbean Regional Office

cc.: Messrs. van der Heijden, Division Chief, LAC II
Karman, LCP/TR
Mates, LCP/TR
Dominguez, Transportation, CP
Walser, Legal
McCarthy, Controller's
Miss Hedlund, Development Services

FChapman/SAPbini/cc/mcm

March 27, 1973

Gentlemen:

BOLIVIA - Technical Assistance to ENFE (Phase II)

The recent devaluation of the Dollar has decreased the amounts of French Francs available for Phase II of this project. Two courses of action are now open to us: (a) we can request UNDP and the Government for an increase in the Dollar allocation in order to compensate for the effects of the devaluation of the Dollar; or (b) we can reduce the scope of work under the program. In either case, we should wait until the rates of exchange have reached their equilibrium, before taking any action.

In order to avoid further delays, we suggest that we sign the contract as it is, and that we arrange with the Government to apply to the UNDP for a compensatory increase in the allocation. Should this request not be successful, we would then amend the contract to bring the total of the services required in line with the allocation. Please indicate your agreement with this procedure by signing and returning the attached copy.

Sincerely yours,

A. David Knox
Director
Regional Projects Department
Latin American and Caribbean
Regional Office

Attachment

SOFRERAIL
37-39, rue de la Bienfaisance
Paris-VIII
France

CONFIRMED:

SOFRERAIL

By: _____
Authorized Representative

FJDominguez:alv

Cleared with and cc: Mr. Cabezas
Mr. Ridley

March 27, 1973

Sr. Ambrosio Garcia Rivera
Ministro de Transportes y Comunicaciones
Ministerio de Transportes y Comunicaciones
La Paz, Bolivia

Dear Mr. Minister:

In our letter of January 3, 1973, concerning the Bolivian Railway Project, we referred to three matters that required the attention of your Ministry, viz., the need to (a) increase ENFE's tariffs to compensate for higher wage and fuel costs, (b) provide adequate funds in the 1973 Government Budget for ENFE, and (c) augment the staff of the Transport Planning and Coordination Directorate in your Ministry and to secure the services of UNDP financed experts to assist the Directorate.

Regarding (a) and (b) above, the recent Bank railway mission to Bolivia met with the Minister of Finance in February 1973, at which time the Minister expressed tentative agreement to the provision of about $b105 million to support ENFE's investment, foreign debt service and operating budgetary needs in 1973. The Minister also agreed to give early consideration to the raising of ENFE's tariffs. I am attaching a copy of my letter to the Minister of Finance, for your information. In view of the urgency of these matters, we would be most grateful if you would pursue them with the Ministry of Finance.

Regarding the third point, we were pleased to learn that the Government's approach to the UNDP has been favorably received, and that the two experts are expected to arrive by June of this year. We have already written to Ing. Jose Vasquez about the preparations required to utilize the services of these experts.

I am sending a copy of this letter to the Minister of Planning, for his information.

With kind regards,

Yours sincerely,

Hendrik van der Heijden
Chief
Argentina Bolivia Division
Latin America and Caribbean
Regional Office

Cleared with and cc: Mr. Chapman
Projects, LAC
cc: Messrs. Bronfman, Mates, Karman
(Projects, LAC)
Dominguez, Transp. Dept
Miss Hedlund, Dev. Services
SAWMoini:cc

March 26, 1973

Lic. Bedregal Rodo
Ministro de Finanzas
Ministerio de Finanzas
La Paz, Bolivia

Dear Mr. Minister:

I am writing with reference to the discussion that Messrs. Bronfman, Chapman and Moini had with you in February 1973, about the Bolivian Railway Project.

We are pleased to note that you are giving favorable consideration to the provision of about $b105 million in 1973 to cover ENFE's requirements for operating deficit, foreign debt service, investment and for staff retirement benefits.

ENFE's budget estimates, however, indicate that even after receiving the $b105 million from the Government there is likely to be a financial gap of about $b16 million. Besides the need to fill this gap, the financial rehabilitation of ENFE has to be borne in mind. Apparently, the increased costs resulting from the October 1972 Stabilization Plan would result in ENFE's financial performance deteriorating considerably in the absence of an adequate tariff increase. On present estimates the working ratio for 1973 would be 130, as against the target of 101. Evidently, ENFE requires a tariff increase to compensate for the increased operating expenses. Allowing for the automatic increase in the freight tariff for minerals (being quoted in US dollars) and the possibility of some reduction in budgeted expenditures, we estimate that a general tariff increase (excluding minerals) of no less than 15 percent is required. We would urge that such a tariff increase be implemented promptly, not only to comply with the Credit Agreement but also to avoid further deterioration in ENFE's financial position and to fill the financing gap.

I am sending a copy of this letter to the Ministers of Transport and Communications and of Planning, for their information.

With kind regards,

Yours sincerely,

Hendrik van der Heijden
Chief
Argentina Bolivia Division
Latin America and Caribbean
Regional Office

Cleared with and cc:
Mr. Chapman, Projects, LAC
cc: Messrs. Bronfman
Mates, Karman, (Projects LAC)
Walser, Legal Dept.

SAWMoini:cc

UNDEVPRO

LAPAZ

MARCH 23, 1973

LT

BOLIVIA

PASCOE

REURCAB MARCH TWENTYONE ON PROJECT DOCUMENT PHASE TWO TECHNICAL ASSISTANCE TO EMPE STOP PLEASE ADVISE WHAT CHANGES WERE MADE TO SIGNED COPIES OF PROJECT DOCUMENT HANDCARRIED TO YOU MARCH NINE FOR YOUR AND GOVERNMENT SIGNATURES STOP REGARDS

HEDLUND
INTRAFRAD

Inga-Lisa Hedlund

International Relations

Cleared with and cc: Mr. Walser, Legal
cc: Messrs. Dominguez, Transportation
Moini, Country Prog. II, LAC

ILHedlund:ml

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: March 22, 1973

FROM: F.J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE (Phase II)

1. At the request of the Bank, Mr. B. Broca, Director of Sofrerail, visited Washington from March 16 to March 19, 1973, on his way to La Paz.

2. On Saturday, March 17, a first meeting was held in Mr. Karman's office. Present were Messrs. Broca and Lefebvre, both from Sofrerail, and Messrs. Karman, Buratti, Mates, Moini and myself. Mr. Antelo, from ENFE, was present during the latter part of the discussions.

3. We told Mr. Broca that the recent change in ENFE's management, added to the recent effectiveness of the IDA credit and to the impending signature of the Project Document and of the new contract for Technical Assistance to ENFE, Phase II, made it necessary for him to spend some time with Sofrerail's experts in Bolivia, to review the composition of the team and the work programs, taking into account (1) the dates when the materials and equipment to be purchased under the IDA credit agreement will become available and (2) the requests submitted by ENFE's new management for some alterations and additions to the Bar Chart (contained in ENFE's letter of March 2, 1973 to Mr. Moini). A list of points which we would like Mr. Broca to review in La Paz is attached (Annex I).

4. It was agreed that Mr. Broca would return to Washington on April 9, 1973, to discuss his findings and recommendations with Mr. Karman and other Bank staff. It is expected that the UNDP Resident Representative in La Paz, to whom revised copies of the Project Document were hand-carried on Saturday, March 10, will by then have sent us the signed Project Document within the next few days, and that, consequently, the Consultants' contract will have become effective.

5. A tentative revised Bar Chart, incorporating all alterations discussed, was drafted at a work meeting held in my office on March 19 (see Annex II). I suggested to Mr. Broca that, after holding his discussions with ENFE and with Sofrerail's staff, he propose a Bar Chart containing the additional man-months requested by ENFE's management (for a total of 195 man-months), with an indication of which man-months should be cut-off should financial constraints resulting from the devaluation of the U.S. $, oblige us to maintain (or even to reduce) the originally approved total of 181 man-months. We informed Mr. Broca that the Bank was consulting UNDP the possibility of increasing the allocation for this project to compensate for the devaluation of the dollar.

6. We agreed, furthermore, that the unused 28 man-months of the diesel power group should be studied as a whole and possibly reallocated to give maximum assistance to the Viacha shop once the buildings are repaired and the workshops reorganized. The Bar Chart which Mr. Broca will prepare in La Paz will be discussed in the Bank at the April 9 meeting in Washington. If necessary, the contract will then be amended to include the approved alterations.

7. I also asked Mr. Broca to make recommendations for the intensification of the training of personnel.

8. It was agreed that the commercial and tariff expert should stay some additional time. Mr. Broca is to see how much longer he could stay. It was also agreed that the telecommunications expert should go to Bolivia at the earliest possible date.

9. I asked Mr. Broca to impress on Mr. Chabot that a closer contact with the Bank is necessary. For instance, the arrival and departure of the experts should be communicated in advance whenever possible, and not several months after the fact, if at all.

Attachments

JFDominguez:cf

cc: Messrs. van der Heijden
Bronfman
Karman
Buratti
Mates
Chapman
Moini
Walser
R. Jones
Miss Hedlund

ANNEX I

Points discussed with Mr. Broca and on which he was asked to submit recommendations when he returns to Washington on April 9, 1973

I. Need for a redifinition of tasks, goals and target dates.

II. Emphasis on technical assistance in the field, at the execution level.

III. Alterations to Bar Chart, in order to coordinate the work of experts with the arrival of IDA- (or Government-) financed materials and equipment.

IV. The request made by the new Manager of ENFE, that the commercial and tariff expert stay in La Paz for an additional three months, Mr. Broca is to see if such an extension of time is possible, or if a shorter period would be sufficient and acceptable to ENFE.

V. Mr. Broca will look into the Viacha shop and make recommendations for the possible substitution of the diesel power maintenance expert. He will consider the total time unused by the three experts in diesel power (totalling 28 man-months) and will submit recommendations for the possible reallocation of the 28 man-months, bearing in mind the repair of the Viacha workshop buildings, and the arrival of equipment, parts, and tools to be purchased under the IDA credit.

VI. The Manager of ENFE has requested that the station organization expert stay in Bolivia for an additional eight months. Mr. Broca will submit recommendations as to whether the eight months' extension should be now or postponed until the telecommunications equipment is purchased and in operation. He will also investigate the possibility of a temporary solution to the communication problem by using short-range radio equipment.

VII. The management of ENFE has requested that a soils specialist be sent to Bolivia for four months to help ENFE plan the defense of the Oruro-Cochabamba line against mountain slifes. Mr. Broca will make recommendations concerning the type of expert required and the length of his services.

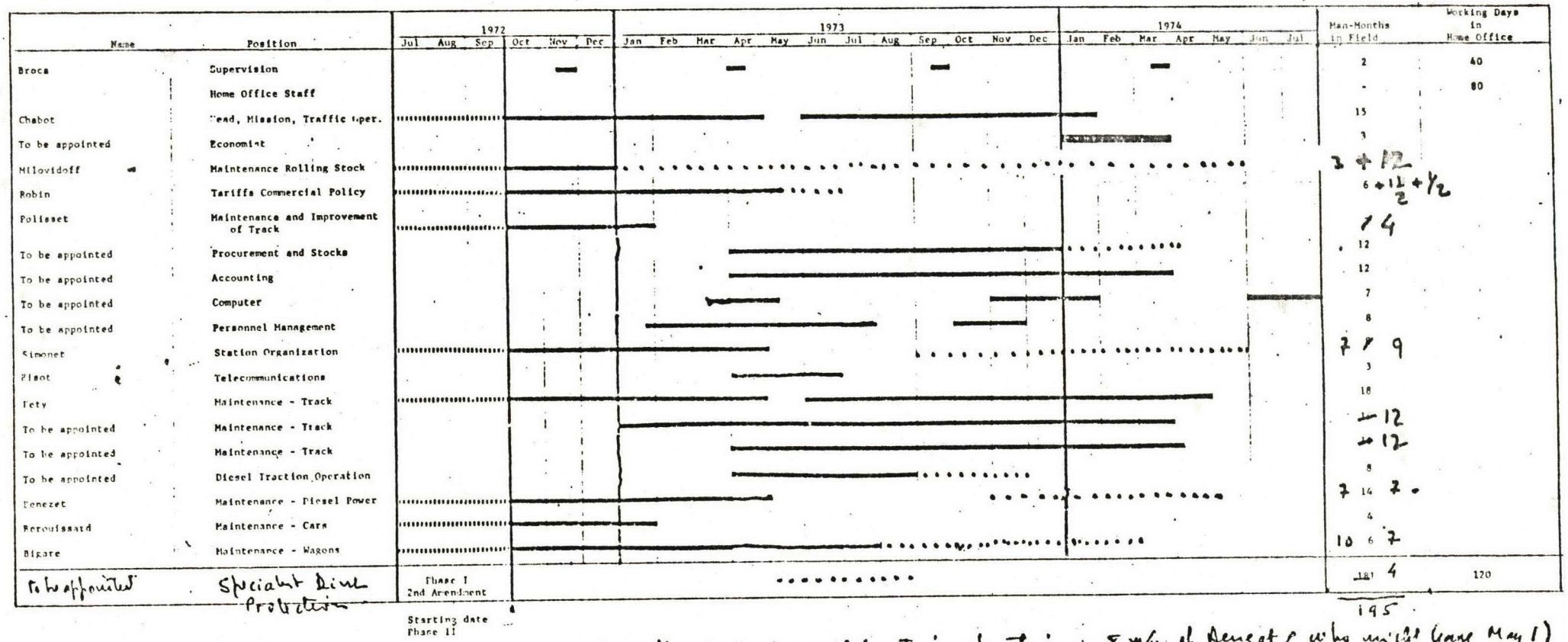
VIII. Reorganization of ENFE. Mr. Broca will give us his opinion as to whether Mr. Duran should return to La Paz for a short period or whether Mr. Chabot can follow up the progress of the reorganization.

IX. Training of ENFE personnel. Mr. Broca will let us have his opinion concerning the means required to intensify the training of ENFE personnel.

Tentative Bar Chart discussed in Washington w/ Mr. Broca prior to his leaving for Bolivia — March 19 - 1973

BOLIVIA: TECHNICAL ASSISTANCE TO ENFE - PHASE II

BAR CHART DIAGRAM



1- Diesel Group 17 m/m balance unused of Mr. Milovidoff, 8 m/m of Diesel traction operation + 8 m/m of Dengot (who might leave May 1) on a total of 28 m/m. Mr. Broca will make recommendations for distributing these 28 m/m of Diesel group, Office emphasis & reorganization of Viacha

2- Commercial and Tariffs — Mr. Broca will discuss w/ Mr. Belmonte the extension of Mr. Robin for 1½ to 3 m/m — we agree in principle to the extension.

3- Mr. Broca will make recommendations for postponing further station organization until telecommunications are in flo (or at least any short wave substitute is available), and also for delaying track specialists until materials are available.

Agreed

J. J. Lopez (March 20-26, 1973)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: March 22, 1973

FROM: S.A.W. Moini, Loan Officer, LACII

SUBJECT: BOLIVIA: Railways (ENFE) - UNDP Financed Technical Assistance: Sofrerail

1. In view of (a) Ing. Belmonte's (General Manager: ENFE) letter of February 23, 1973, proposing certain changes in the program of technical assistance, and (b) the observations of the recent railways project supervision mission, on the technical assistance, the matter was discussed with Ing. Eduardo Antelo, (Coordinator of Investments: ENFE), who was visiting Washington, on March 16. The following Bank staff participated: Messrs. Karman, Chapman, Mates, Buratti, Dominguez and Moini. On March 17, the discussions were continued at a meeting attended by:

ENFE: Ing. F. Antelo (who attended the latter part of the meeting).

SOFRERAIL: Messrs. Bernard Broca (Technical Director: Sofrerail)
D. Lefebvre (Sofrerail Representative: Washington)

BANK: Messrs. Karman, Buratti, Dominguez and Moini.

2. The following matters were discussed at these two meetings:

(1) Need for more accurate reporting:

It was pointed out that the periodic reports from the Sofrerail mission have tended to be too general. They have glossed over problems and not highlighted the areas where inadequate progress has been made; such as the changes in Bolivian counterparts and the less than satisfactory progress in training. Mr. Broca explained the difficulty of more frank reporting but agreed to send for Bank use the confidential reports, sent by the Sofrerail mission to its Paris office.

(2) Need to re-orient assistance:

The need to re-orient the assistance from the planning and reporting emphasis of Phase I to greater emphasis on assisting in the implementing of the action programs and in training the Bolivian staff, was pointed out. The "deskbound" approach of some experts was criticized. This was evident in the experts continuing to recommend the phasing out of steam locomotives, although the diesel motive power is and will continue to be inadequate for the next two years. Mr. Broca explained that studies and planning were an essential element of Phase I. He undertook to re-emphasize to the mission the need for a change in approach during Phase II, on his forthcoming visit to Bolivia.

(3) Premature and inadequately studied recommendations:

The Sofrerail experts had, for instance, significantly changed their recommendation on workshops and this had caused considerable confusion in the drawing up of the 5-year rehabilitation and investment plan and our appraisal report. We felt that it would have been better for the mission to frankly admit that some aspects of the program needed further study before conclusions could be arrived at. Mr. Broca made note of this observation.

(4) Better coordination with UNDP Representative in La Paz:

To allow him and his staff to monitor the progress of the technical assistance, the UNDP Representative had requested for a more precise time-table for each expert and more specific and regular reporting to him. To accommodate his request, during their February 1973 visit to La Paz, Messrs. Bronfman and Moini had agreed with Messrs. J. Pascoe (UNDP Representative) C. Belmonte (General Manager: ENFE) and R. Chabot (Head of Sofrerail mission in Bolivia) that

(a) a timetable would be drawn up for each expert, and

(b) a monthly meeting would be held between the three to discuss the progress of each expert in the field.

Mr. Broca said he agreed with this arrangement and had already endorsed it wholeheartedly. He, however, commented that previously Mr. Juan Pascoe had not shown much interest in the details of the technical assistance program.

(5) Uncertainty about extension of Contract:

Mr. Broca made the point that prolonged uncertainty about the extension of the technical assistance (related to the Bank's delaying of the Development Credit) had created much confusion, dislocation and demoralization in ENFE and among the Sofrerail mission. It had entailed repeated re-scheduling of experts. This should be borne in mind in assessing the experts' performance. He requested that further rephasing not be allowed to delay the signing of the (Consultants) Contract. He was assured that such a delay was not envisaged. While revisions in the scheduling of experts would be necessary to respond to the changing situation, we propose to finalize the Contract nevertheless and had already despatched the Project Document to La Paz, for signing by the UNDP Representative and the Bolivian Government.

(Mr. Antelo joined us at this stage of the discussion.)

(6) Rephasing and modification of program:

ENFE has proposed (in Ing. Belmonte's letter of February 23, 1973) the extension of the period of two experts and the reduction of two others, with the net result of increasing the total number of man-months from 178 to 195. In addition the delay in the IDA Credit warrants re-scheduling of

the "station reorganization" and "track work" experts. The details of these proposals are being covered by Mr. F. Dominguez's memorandum of March 21, 1973, on the discussions. Mr. Broca said he agreed, in principle, with these proposals and promised to discuss them with Messrs. Belmonte and Chabot in La Paz.

(7) More intensive Training

It was noted that in certain aspects the middle and lower level staff of ENFE require fairly intensive training in both theory and practice. In the workshops, for instance, mere instruction on the job is not likely to be sufficient as the basic "know-how" is lacking. This calls for establishing formal classes equipped with the necessary apparatus. Mr. Broca explained that this sort of intensive and formal teaching had not been envisaged when the program was designed. The staff time and equipment required to undertake such an effort is just not available under the present program. Mr. Dominguez said that other technical assistance programs had also revealed the same deficiency. Bank staff would have to make an effort and study how some of the funds available for this program could be diverted towards the formal teaching that was said to be required.

(8) Need for two additional experts:

It was pointed out that two major problems confronting ENFE and requiring specialized assistance are not presently provided for in the technical assistance program. These problems are:

(i) the re-designing of the Viacha workshop, and

(ii) the need to study and possibly re-design the alignment of the sections of the Oruro-Cochabamba line which are lower than the adjoining river's flood -level.

It was agreed that Mr. Broca will discuss these problems in La Paz and attempt to propose a solution that would allow the required assistance to be provided as a part of the present program.

4. It was agreed that Mr. Broca will stop in Washington on his way back from Latin America. He expected to be in Washington on April 9. He would then report on his findings in the field and his discussions with Messrs. Belmonte and Chabot.

Cleared with and cc: Messrs. Karman, Projects, LAC
Dominguez, Transportation Department

cc: Messrs. van der Heijden, Division Chief, LACII
Bronfman, Section Chief, LAC
Mates, Projects, LAC
Chapman, Projects, LAC
Buratti, Transportation Department
R. Jones, Controllers,
Walser, Legal Department
Miss Hedlund, Development Services

SAWMoini:cc

22/3
5 p.m.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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March 22, 1973

Ing. Jose Vasquez Blacud
Director General de Planificacion y Coordinacion
y Aeronautica Civil
La Paz, Bolivia

Dear Ing. Vasquez:

I am writing to you regarding the two UNDP experts, in transport economics and transport policy, that have been requested for by the Government, to assist your Directorate.

To fully utilize the services of the UNDP experts, it is important to complete the necessary preparations before June 1973, when they are expected to arrive. Decisions regarding the following matters should be taken as early as possible:

(a) the work the experts are expected to undertake,

(b) the Bolivian counterparts and other supporting staff who will be working with them, and

(c) the provision of other facilities for these experts.

I am attaching a proposed outline of the work that the experts should undertake. This "scope of work" is a revised version of what we had sent to you as "terms of reference", in March 1972, for requesting the UNDP for these experts. The "scope of work" has been drawn up on the following assumptions:

a. the duration of the technical assistance would be about two man-years,

b. the experts will be expected to perform two types of functions:

(i) establish systems for collection and analysis of transport statistics and for evaluation of proposed transport investments, and

(ii) undertake, with the assistance of Bolivian counterparts, certain specific studies.

Should these assumptions, especially that about duration of the assistance, be changed, it would be necessary to discuss the need to modify the "scope of work" accordingly. I would, therefore, request that this outline be studied and commented on by your Ministry. We propose, thereafter, to discuss it with the UNDP.

You will notice that this draft "scope of work" does not contain anything on the reporting that will be required of the experts. We would suggest that the Ministries of Planning and of Transport establish these reporting requirements, in consultation with the Office of the UNDP Representative in La Paz. We would, however, expect to receive periodic reports regarding the progress of studies that the Government has agreed to undertake (Section 4.04 of the Development Credit Agreement of the Railway Project - copy attached - and the Memorandum of Understanding of November 18, 1971).

I am sending copies of this letter to the Subsecretario in the CONEPLAN Secretariat and to the General Manager of ENFE.

With regards,

Yours sincerely,

S.A.W. Moini
Loan Officer
Argentina Bolivia Division
Latin America and Caribbean
Regional Office

Attachments

cc: Dr. Fernando Paz B.
Subsecretario del Consejo Nacional
de Economia y Planificacion
La Paz, Bolivia

Ing. Carlos Belmonte
Gerente General
Empresa Nacional de Ferrocarriles
Casilla No. 428
La Paz, Bolivia

BOLIVIA - TRANSPORT PLANNING AND COORDINATION

Proposed Scope of Work for UNDP Experts

The UNDP experts in transport economics and transport policy requested for assisting the Ministry of Transport, Communications and Civil Aviation, should work with the Directorate of Planning and Coordination in the Ministry. The expert or experts should work with and train the staff of the Directorate of Planning and Coordination, so that at the termination of the mission, the local staff will be able to carry on the below-mentioned tasks without further outside assistance.

The experts are to assist the Directorate to:

(a) Review and evaluate existing transport information: identify areas where additional or more accurate information is required; and install a system that will collect, at the lowest cost, the minimum volume of data necessary to generate the information demanded in paragraphs (b) to (e).

(b) Formulate and install procedures to make available on a regular basis:

  (i) Traffic flows for freight and passengers, by main origins and destinations, for the major modes of transport;

  (ii) Transport costs by all modes;

  (iii) Forecasting of traffic demand and growth.

(c) Review existing pricing policies and transport regulations: determine the extent to which these policies and regulations are actually carried out; isolate the economic and social objectives these policies and regulations were designed to support; evaluate how efficient these policies and regulations have been in supporting these objectives.

(d) Review the relation between charges in all transport modes and the cost to the economy incurred by each mode (with special emphasis on road users) and suggest all corrections necessary to assure adequate user charges covering economic cost (except where specific subsidies or cross-subsidies are justified).

(e) Formulate economic criteria to evaluate investment in the transport sector and train the personnel available in project appraisal.

(f) Establish procedures for review of possible transport investments to determine their economic feasibility. In particular, study the feasibility of:

i. a road extension between Cochabamba and Aiquile and determine whether this would be a more economic transport alternative than the existing railway service.

ii. the proposed railway extension from El Pico, on the Rio Mamore, to Trinidad;

iii. the interconnection of the eastern and western railway systems.

(g) Commence work on the identification and analysis of transport bottlenecks to be able to recommend the development of transport projects.

(h) Initiate work on creating a comprehensive five-year transport plan for Bolivia which will be based on economically and socially justified projects in all transport modes.

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MISC 230 HOFFMAN MOINI'S CABLE 11/3 DRAFT PROJECT DOCUMENT SUBMITTED TO GOVERNMENT 14/3 AS PER YOUR INSTRUCTIONS WITH MINOR IMPROVEMENTSTECHNICAL LANGUAGE AS SUGGESTED CHIEF SOFRERAIL MISSION

PASCOE

cc: Messrs. van der Heijden
Moini
Dominguez
R. Jones
Walser
IRD

COLL 230 11/3 14/3

MAR 22 1973

Miss Okel Rind

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. J. Bronfman, Section Chief, LCP/TR

DATE: March 15, 1973

FROM: F. Chapman, LCP/TR; and C. Buratti, TRPOP

SUBJECT: Full Supervision Report - BOLIVIA - Supervision of Credit 346-BO

In accordance with Terms of Reference dated January 9, 1973, we visited Bolivia from January 29 to February 9, for supervision of the First Railway Project. During the second week Mr. S. Moini, loan officer, joined us for some meetings. A list of officials met of the Bolivian Railway (ENFE) and of Government ministries, is in Annex 1.

1. Project Data

1.01	Amount of the Credit	US$8.0 million
	Amount disbursed, January 31, 1973	Nil
	Amount in awarded contracts	Nil
	Date of Credit Agreement	December 1, 1972
	Effective date of Credit	February 21, 1973
	Closing date of Credit	December 31, 1975
	Date of last supervision visit	Nil
	Current exchange rate	US$1.00 = $b 20.00

1.02 The Project consists of the first two years, 1973-1974, of a Five-Year Plan (1973-1977) for the technical and financial rehabilitation of ENFE.

2. Summary

2.1 Some progress has been made in the Action Program, but delays have occurred due to diesel locomotive technical troubles, lack of funds, which halted investment, and slowdown in technical assistance. (paras. 4.1-4.3)

2.2 Bidding documents for procurement under the credit still have to be finalized and agreed on with the Association. (para. 4.4)

2.3 Little improvement can be made in operations until ENFE has a more reliable motive power fleet. More steam locomotives should be brought into action until the diesel problem is solved. (para. 4.5)

2.4 Both freight and passenger traffic rose slightly in 1972 -- more in the East than in the West; due mainly to the new freight tariff, average revenue per ton-km rose by about 6 percent. (paras. 4.6-4.8)

2.5 Progress reporting requirements were discussed and agreed on with the Chief of Planning, the officer responsible for submitting them. (para. 4.10)

2.6 Construction of the new railway line in Eastern Bolivia has reached about 145 km north-west of Santa Cruz. It is hoped to complete the remaining 300 km, to Trinidad, by about 1978. (para. 4.12)

2.7 Tentative figures for 1972 show operating revenues and expenses slightly higher than forecast, with the working ratio, 113, not quite reaching the expected 112. (para. 6.1)

2.8 The cost increases caused by devaluation of the peso, a wage award, and local cost rises have not been met by compensatory rail tariff increases. Consequently ENFE's 1973 budget forecasts a working ratio of 130, as against the agreed on target of 101. With some pruning of expenditure, (some budgeted cost increases appear over generous), and more vigorous action in retiring employees, tariff increases of about 15 percent, as proposed by ENFE, could bring the working ratio to an acceptable figures of 103. Government should be urged to grant ENFE an early tariff rise. (paras. 6.4-6.6)

2.9 In 1972, ENFE received from Government funds sufficient, in general, to cover its deficit and debt service, but nothing for investment. For 1973 the $b 105 million tentatively agreed to be provided by Government is about $b 16 million short of the funds required by ENFE's budget for working deficit, debt service, investment and retirement benefits. Prompt approval of a tariff increase of about 15 percent would eliminate the gap (paras. 6.8-6.11)

2.10 ENFE's new chart of accounts is only now being introduced. ENFE must accelerate the training of accounting staff. (paras. 6.12, 6.13)

2.11 The recent changes in ENFE top management seem, in general, to be good, and should result in an improvement in discipline and in performance. (paras. 7.1-7.3)

2.12 Due to uncertainty regarding the financing, and start, of Phase II, the UNDP-financed technical assistance program slowed down somewhat during 1972, and this also affected progress on the Action Program. The consultants' contract for Phase II should soon be approved by all parties and signed. (paras. 8.1-8.3)

2.13 ENFE has revised the costs of the Project, and the Five-Year Investment Plan, to take into account the devaluation of the peso, and local currency cost increases. Also, as Government is willing to supply the local currency funds, ENFE wishes to utilize US$800,000 of the credit, allocated to finance local costs, for purchasing additional imported equipment -- the major item being 45 ballast hopper cars for the track rehabilitation program. There is no objection to ENFE's proposals, which seem reasonable. (paras. 9.1-9.6)

2.14 Little progress has been made in transport planning and coordination at Government level, nor in the carrying out of studies agreed on under the Credit, due to lack of trained staff. Government has now finally applied to UNDP, to provide technical assistance in this matter and two experts are expected to arrive in June 1973. (paras. 10.1-10.3)

Draft Paragraph for President's Report

2.15 Implementation of Railway's Program of Technical and Financial Rehabilitation has only now started. The Action Program is under way, with some delays due to lack of imported materials and equipment. Draft tender documents have been prepared, but have to be agreed on by the Association. Technical difficulties with diesel motive power still remain to be resolved and the railway is seeking expert assistance. The UNDP-financed technical assistance is now starting on its second phase, with emphasis on the training of railway staff. A revised freight tariff was introduced in mid-1972; a revised passenger tariff is now being studied. The agreed on financial target for 1973 is not expected to be met unless Government approves an early tariff rise of at least 15 percent. The local currency costs of the project, of foreign debt service and of operations have increased due to peso devaluation and local cost rises; however the Government is prepared to provide the necessary additional funds.

3. Action Recommended

3.1 Letters should be sent (a) to ENFE dealing with the principal matters discussed in Bolivia and (b) to the Government regarding the tariff rise required by ENFE and the studies to be carried out by the planning unit in the Ministry of Transport. Draft letters are attached (Annexes 2,3, and 4).

3.2 The next Supervision Mission should be scheduled for about August/September 1973.

4. Physical Implementation of the Project

A. Action Program

4.1 The current situation regarding the Action Program is detailed in Annex 5. Although progress has been made, delays have occurred due to (a) technical troubles with diesel motive power, (b) lack of funds, both local and foreign (the latter due to delay in processing Credit 346-BO), (c) some slowdown in the pace of technical assistance (referred to in paragraphs 8.1 and 8.2), and (d) staff changes.

4.2 A major problem has been the shortage of diesel motive power, due to an increase in engine failures, aggravated by delays in obtaining spares from Japan. ENFE is requesting French Railways to send a senior diesel expert to examine the situation, together with an engineer from Hitachi, to determine the contractual liability of the Japanese firm in the matter of rectifying deficiencies in the diesel power units.1/ ENFE has been requested to keep the Association informed of progress in this matter.

B. Investment and Procurement

4.3 During 1972, virtually no investment was carried out due to lack of local funds, and to the credit not being signed until December 1972.

1/ It is now learnt that the French and Japanese experts have arrived in Bolivia.

4.4 ENFE, with the help of the consultants, has prepared specifications for the rail-tractors, diesel railcars and freight cars to be purchased under the credit; drafts of their general and special conditions of contract have been received in the Bank for approval. Some questions have to be settled, and ENFE has been requested to send a procurement official to Washington to speedily settle these points, so that bidding invitations can be issued.

C. Operations

4.5 Reorganization under the Action Program is referred to in detail in Annex 5. The shortage in diesel motive power, referred to in paragraph 4.2, has inhibited any real improvement in operations. ENFE was advised to repair and put in service more steam locomotives, using the facilities at Uyuni workshop, in order to fill the gap. ENFE appears to lack a strong coordination between operational requirements for motive power and the programming and control of repair in workshop -- this should be rectified without delay.

D. Traffic and Revenues

4.6 Final statistics for 1972 are not yet available, but tentative figures give the following results for 1972, with 1971 shown for comparison:

	Traffic (million unit/km)		Revenues ($b million)	
	1971	1972	1971	1972
Freight ton-km - West Line	261	250	82.4	84.5
East Line	86	117	22.1	32.5
Total	347	367	104.5	117.0
Passenger - West Line	210	213	20.4	21.7
East Line	59	62	7.3	8.5
Total	269	275	27.7	30.2

4.7 During 1972, the average revenue per ton-km rose by about 6 percent, due largely to the introduction of a new cost based freight tariff in July, which raises tariffs on all commodities, except minerals and essential foodstuffs, by about 10 percent; in addition, due to the devaluation of the peso in late October, the peso value of tariffs on minerals, which are expressed, and paid, in US dollars, was automatically raised by the amount of devaluation, 68 percent.

4.8 The rise in freight traffic on the East Line, in 1972, reflects the growing importance of the eastern region, in particular the increased production, and export, of cotton. Incidentally, ENFE operated some trains on the new line being built from Santa Cruz to the North -- with over 800,000 ton-km of cotton being brought from Montero to Santa Cruz, for onward transportation for export.

4.9 ENFE has revised its overall traffic forecasts for the year 1977 as given below:

	West Line			East Line			Total		
		1977			1977			1977	
	1971 Actual	Appr. Report forecast	Revised forecast	1971 Actual	Appr. Report forecast	Revised forecast	1971 Actual	Appr. Report forecast	Revised forecast
Freight (mill.T/Km)	261	339	367	86	126	188	347	465	555
Passenger (mill.P/Km)									
in trains	140	133	139	39	53	54	179	186	193
in railcars, etc.	70	108	108	20	26	26	90	134	134
Total Passengers	210	241	247	59	79	80	269	320	327

The revised freight forecasts seem optimistic, and ENFE should be requested to give a breakdown over major commodities, and over the years 1973-1976, as in Annex 8 of the Appraisal Report, together with explanations for significant variations.

E. Progress Reporting

4.10 The Association's reporting requirements were fully discussed with Sr. R. Alfaro, the Chief of Planning Department, who has been made responsible for preparing and submitting the periodic reports. Draft forms to be used to give the required statistical and financial information, as translated by ENFE into Spanish, were reviewed and agreed on. Sr. Alfaro was confident that the reporting requirements could be fulfilled in a timely manner.

F. New Line Construction

4.11 The mission met in Santa Cruz with members of the Argentino-Boliviana mixed commission, responsible for constructing the new line going north from Santa Cruz and eventually to reach Trinidad. In addition a visit was paid to the new line up to the end of present construction -- about 40 km beyond Santa Rosa.

4.12 The mixed commission members explained that all studies have been completed for the line to reach El Pico (about 300 km from Santa Cruz) at the confluence of the Rios Ichilo, Yapacani and Grande, which then becomes the

Rio Mamore, and which is navigable from August to December each year. Preliminary studies have been done for the final section of 140 km up to Trinidad which it is hoped to reach by 1978. Although Trinidad is on the Rio Mamore, the rail line will not exactly parallel the river, and thus will serve a different area. (See attached map.) There are plans to build feeder roads in this area.

4.13 Between Santa Cruz and Montero (about 60 km), on either side of the line could be seen extensive cotton fields, with some sugar cane. Between Montero and Santa Rosa (about 45 km) there has been some clearing of the land, but not much cultivation, while beyond Santa Rosa very little activity can yet be seen.

4.14 The new line is being laid with 37 kg., new imported rails, on local quebracho colorado sleepers (1600 per km); 80 flat cars have been brought from Argentina, plus five, wood burning steam locomotives, to transport materials for the construction.

5. Disbursements

5.1 At this early stage in the project it is somewhat premature to revise the disbursement schedule. The first batch of procurement documents, (draft specifications and draft general and special conditions),have only recently been received by the Association. Questions have arisen which require explanation and possible revisions to the documents. A cable has been sent with suggested amendments to the documents; the visit of an ENFE official to Washington was requested to speed up the completion of tender requirements.

6. Finances

A. Operations

6.1 Operating results for the years 1970-1972 are given in Table 1, together with forecasts for 1972 and 1973, and ENFE's proposed budget for 1973; a summary is given below.

	1970	1971	1972		1973	
	Actual	Actual	Appraisal Forecast	Actual (tent.)	Appraisal Forecast	Proposed Budget
	($b millions)					
Operating revenues	138.9	139.1	150.9	158.0	166.0	178.1
Working costs	142.5	162.6	168.5	178.0	168.1	231.0
Depreciation	7.5	7.0	24.0	24.0	24.0	40.4
Net working loss	3.6	23.5	17.6	20.0	2.1	52.9
Loan interest	6.1	5.5	4.6	5.5	3.7	6.3
Working ratio %	103	117	112	113	101	130

6.2 Revenues were better than forecast in 1972 due largely to increased traffic on the East Line. The higher costs were due to the effects of the financial measures undertaken by the Government in October -- devaluation of the peso, a pay increase and increased taxes, leading to rises in the costs of materials and services. The introduction of a new railway freight tariff in July raised the average revenue per ton-km of all goods, except minerals and foodstuffs, by about 10 percent. However, the Government has not yet authorized ENFE to raise tariffs to compensate for the subsequent rise in costs referred to above, despite the undertaking given in Section 4.01(c) of the Credit Agreement.

6.3 ENFE's proposed budget for 1973 reflects the full effect of the pay award and other cost increases (about 33 percent in the cost of fuel and 40-50 percent in the costs of materials and services), but takes no account of any possible tariff increases. It would give a working ratio of 130, far above the agreed target of 101. The mission's opinion is that some expenditure estimates are excessively conservative and in Table 2 a further column is added giving a more reasonable forecast, with a ratio of 116.

6.4 Any tariff increase granted by Government is likely to be limited to passenger fares and to freight commodities other than mineral exports and foodstuffs. In the case of minerals, as noted in paragraph 4.7, the Bolivian currency devaluation automatically increased the peso value of rail freight charges by 68 percent, and no further increases can be considered for some time; in the case of foodstuffs and some other articles, the Government is unwilling to increase freight tariffs, thereby increasing the cost of living.

6.5 On the basis of this budget, and on ENFE's estimate of $b 110.8 million as revenues from passengers and freight (other than minerals and foodstuffs), to achieve the agreed on working ratio of 101 percent ENFE's tariffs on the above should have been raised by about 25 percent, effective January 1, 1973. However, the general manager hopes to reduce costs by (a) retiring early in the year as many workers as possible, as thus saving on their wages -- this is subject to obtaining from the Government in one sum the $b 7.4 million provided for this purpose, to enable about 200 to retire in 1973, and to securing a credit from the Central Bank (as was done in 1969) for paying retiring benefits to a further 200-300 workers; and (b) by exercising economies wherever possible. By this means it may be possible to reduce working costs from $b 231 million to about $b 200 million, with a working ratio of 111 percent. In this case tariff increases as proposed by ENFE, (increasing revenues by some $b 17-18 million as noted in paragraph 6.11), would, if introduced soon, be sufficient to achieve a working ratio of about 103 percent, which could be regarded as acceptable.

6.6 The Government should be urged to grant ENFE an early tariff rise, to comply with the Credit Agreement, and to prevent ENFE's finances from deteriorating. This was discussed at a meeting held with the Ministers of Finance and Transport, and should be followed up by a letter.

6.7 Depreciation figures quoted in 1972 and 1973 are estimates -- ENFE is still carrying out the identification and valuation of fixed assets, and more accurate figures cannot yet be produced. The higher figure given in the 1973 budget is merely an attempt to reflect the effect of devaluation.

B. Funds

6.8 In 1972 ENFE received $b 48.9 million from government funds -- $b 26.1 for deficit reimbursement and $b 22.8 million for debt service on the Japanese and German credits, (the second half yearly payment to Japan was actually paid on January 10, 1973). The $b 26.1 million for deficit reimbursement is more than the expected working loss of b$20 million for 1972, but includes $b 8.4 million under provided in 1971.

6.9 For 1973, the Government has tentatively agreed to provide $b 104.7 million made up of:

i)	Investment: local currency costs	$b 24.0 million
ii)	Foreign debt service	26.5
iii)	Increased costs: wage award	17.8
iv)	"Caja de Seguro": (retirement fund)	14.0
v)	Year end personnel benefits	11.0
vi)	Retirement benefits	7.4
		100.7
vii)	Plus additional investment	4.0
		104.7

Items (i) to (vi) will be paid to ENFE as follows: (i) according to a monthly budget prepared by ENFE; (ii), as required, half yearly; (iii) and (iv) in monthly installments; (v) as required in December, and (vi) according to a program still to be presented by ENFE. Item (vii) will come from the "Programa de Emergencia", being financed by USAID funds and will be charged against the 1974 budget.

6.10 Against this, ENFE's Statement of Funds required is as follows:

Net working loss as per budget			$b 52.3 million
Add additional costs:	medical	2.5	
	family bonus	4.3	
	travelling costs	3.4	10.2
			62.5
Debt service			29.8
Investment: local currency			28.0
			120.3

6.11 This results in a cash short-fall of $b 15.6 million, to cover which ENFE proposed three small tariff increases (not affecting minerals or foodstuffs), effective February 1, May 1, and September 1, giving a total increase of about 16 percent, and providing about $b 17-18 million additional revenues. At the time of the mission's visit, no tariff increase had yet been given.

C. Accounts and Audit

6.12 ENFE's chief accountant has prepared a new chart of accounts, more suitable than that installed in 1968 by a UNDP-financed expert. It was planned to be introduced in November 1972, but detailed instruction will commence being given to the staff in late February 1973. ENFE's accounting staff in general still need proper instruction and training, the lack of which has been commented on in recent audit reports. Due to this, it is difficult to obtain, readily, reliable accounting data and explanations. This is compounded by a lack of contact, and dissemination of information, between the head office, in La Paz, and the East Line Office, in Santa Curz, which is self-accounting. This matter was discussed with the General Manager and the Chief Accountant, who have promised to investigate and improve the system.

6.13 On the arrival of SOFRERAIL's accounting expert, ENFE should, with his assistance, prepare a proper training scheme, covering all levels of staff. The Minister of Planning promised to give any required assistance, within the resources of the training institute, presently giving accounting instruction to government officers, which is under his jurisdiction. ENFE is also considering seeking assistance from a local professional accounting firm.

6.14 The audit section of the Comptroller General's Department, which completed the audit of 1970 accounts (in October 1972), is now working on 1971 accounts. It is hoped to complete the audit and issue the report in March 1973. Work will then immediately continue on auditing ENFE's 1972 accounts, so as to issue the report within the deadline of June 30, 1973.

7. Management and Staff

7.1 Several changes in ENFE's top management have occurred in recent months, viz:

(i) General Manager - Ing. R. Navajas was replaced by Ing. C. Belmonte, previously manager of ENFE's East Line. Ing. Belmonte is an ex-Army colonel, an engineer, and has strong political backing. He is energetic, anxious to improve staff discipline and establish authority of management. He seems eager to proceed with the project, and appears to have a good grasp of the situation. He has relocated many higher qualified officers according to their aptitudes;

(ii) Administrative Manager - Sr. Gottret was replaced by Ing. E. Valenzuela, an engineer with little or no previous administrative or financial experience, (however, he is well supported by Sr. Aramayo, who has been chief accountant for two or three years); this appointment also appears to have been politically inspired;

(iii) Investment Coordinator - as provided by Section 3.05(d), of the Project Agreement, ENFE was to "appoint a senior officer ... to be solely responsible for carrying out the Plan Quinquenal". A young engineer, E. Antelo, has been appointed "Coordinador de Inversiones". He seems to be able and energetic, and also has strong political backing.

(iv) Others - the previous chiefs of Commercial and Personnel Departments have also been replaced by more energetic staff (Commercial: Ing. C. Azurduy; Personnel: Sr. A. Rodriguez).

7.2 In addition to re-establishing management authority and improving staff discipline Ing. Belmonte intends to replace the present system of promotion based solely on seniority to one based on ability and performance.

7.3 In general, the recent changes seem good, and the mission received an impression of a more vigorous and purposeful management team.

7.4 During 1972 ENFE was able to retire 154 staff, however 88 new staff were engaged -- mainly for the track maintenance program -- the net effect being a reduction from 6457 as at the end of 1971, to 6391.

7.5 ENFE's budget for 1973 is for an average labor force of 6124 -- a net reduction of 267. Achievement of this target depends on getting sufficient funds to pay retirement benefits, as discussed in paragraph 6.5.

8. Technical Assistance

8.1 The Phase I program of UNDP financed technical assistance to ENFE was originally scheduled to end March 31, 1972. Because of the delays in presenting Credit 346-BO to the Executive Directors, and to avoid a break in the provision of the assistance, UNDP authorized extension to September 30, 1972. There was some uncertainty regarding the start of Phase II, as UNDP was reluctant to proceed in the absence of a firm commitment by the Association to go ahead with the projected first railway project. Consequent on the signing of Credit 346-BO, UNDP agreed to commence Phase II, retroactively, on October 1, 1972.

8.2 This uncertainty has led to a certain slowdown in the technical assistance effort, and a delay in scheduling the arrival of several experts; as noted in Annex 2 this has also affected the pace of the Action Program.

8.3 The UNDP representative in La Paz had delayed presentation of the Project Document for Phase II, to the Bolivian Government, for signing, in order to discuss with the mission his view that a Project Supervisor be appointed, responsible to the Bank for overall, day-to-day supervision of the consultants' work. He finally agreed not to press the point on the following understandings:

(a) there would be more frequent Bank supervision of the project;

(b) Messrs. Belmonte (ENFE) and Chabot (SOFRERAIL) would have monthly meetings with him to discuss progress; and

(c) Messrs. Chabot and Belmonte would prepare, and give him a copy, a detailed timetable and action plan for each SOFRERAIL expert, giving the names of ENFE staff to work with him, and brief details of the kind of work to be performed over the time period.

Copies of these timetables have now been received in the Bank, and we expect to hear soon that the project document, as amended, has been approved and signed by the Government.

9. Investment Plan (1973-1977)

9.1 ENFE has revised its Investment Plan in the light of the recent devaluation of the peso and of internal cost rises; in addition, due to government funds becoming more readily available, ENFE wishes to utilize that portion of the credit previously intended to help finance local currency costs of track rehabilitation, (US$800,000), to purchase additional equipment abroad. Apart from additional tools and equipment to assist in way and works rehabilitation and maintenance, amounting to about US$290,000, adjustment to the cost of the three diesel railcars, of US$100,000, and a reduction in the number of locotractors from 13 to 10, saving US$200,000, the major additional item is a request to purchase 45 ballast hopper cars, to facilitate track rehabilitation.

9.2 Ballasting is an important item of the track rehabilitation plan. Over the five year Investment Plan, ENFE aims to rehabilitate 205 km of main line, between La Paz and Oruro; it is intended to continue the work after 1977, and to eventually rehabilitate, (including ballasting), the whole rail network. Thus the ballast hopper cars would be usefully employed for 20-30 years. ENFE has produced a study which justifies the purchase of the cars on the grounds of savings in the cost of labor required to unload these cars as against using existing gondolas.

9.3 ENFE has estimated the cost of the 45 cars at US$500,000, i.e. a unit cost of about US$11,000, which seems rather low, in view of the sharp rise in rolling stock prices over the last year or so -- although of course, Argentina and Brazil may be able to give very competitive bids.

9.4 According to the revised Plan -- summarized in Table 2, ENFE now estimates the total costs of the Project (1973-1974) and of the Plan (1973-1977) as given below, together with original estimates for comparison

		Local $b million	Foreign US$ million	Total $b million	Total US$ million
Project:	original	43.91	7.91	139.02	11.59
	revised	50.34	8.79	226.14	11.30
Plan:	original	106.86	27.70	439.57	36.63
	revised	132.97	28.57	704.37	35.21

9.5 ENFE's proposals seem reasonable, and the Railway should be informed that the Association agrees. They may involve slight amendments to the amounts in the list of goods, viz., Category III (motive power) reduced from US$1.2 million to US$1.1 million, and Category V (locomotive and car maintenance) increased from US$800,000 to US$900,000. However, no action is required at present, pending the outcome of bids being received.

9.6 When issuing invitations to bid for the ballast hopper cars, ENFE should make some provision for exercising an option regarding the number of cars, to depend on the bid unit costs and the availability of funds under the credit at the time of making an award.

10. Transport Planning and Co-ordination

10.1 Under the Ministry of Planning is a transport co-ordination office, consisting of a chief and three engineers (Highways, Railways and Aviation). This office does not initiate action, however, it only reviews projects proposed by other ministries.

10.2 In accordance with Sections 4.05 and 4.06 of the Credit Agreement the Government undertook, (a) to carry out economic studies of the Oruro-Cochabamba highway, and of the alternatives of continuing the uneconomic operations on the Cochabamba-Aiquile railway line as against improving the highway between these two points and closing down the railway line, and (b) to consult with the Association before implementing the conclusions of such studies.

10.3 The Ministry of Transport, Communication and Civil Aviation (MTCCA) is responsible for carrying out the studies, as part of its general responsibility for transport planning and co-ordination. However, due to lack of trained staff, little or no progress has been made; no action has yet been taken to implement the Government's expressed proposal to augment the staff in the Ministry to undertake require studies and to prepare investment programs; an approach has only recently been made to the UNDP to provide technical assistance for training these staff and initiating the studies. The two experts are expected to arrive by June of this year.

cc.: Messrs. A.D. Knox, Director, LCP
O.H. Calika, Assistant to Director, LCP
G.K. Wiese, Director, Country Programs Department I
H. van der Heijden, Program Division Chief (2)
P. Geli, Division Chief, LCP/TR
C. Buratti, TRPOP
J.D. Elliott, Controller's
J.A. Lee)
W.J. Armstrong) PAS (3)
M.A. Burney)
E.V.K. Jaycox, Director, CP/TR (6)
P.J. Bowron, Jr., Programming and Budgeting
C.H. Walser, Legal
M.A. Cruz, Controller's
B. Shields, Senior Economist, LCP/TR
S.A.W. Moini, Loan Officer, Program Division
A. Mates, LCP/TR
E. Karman, LCP/TR
F. Dominguez, TRPOP
Miss I.L. Hedlund, Development Services
Central Files
Division Files

FChapman/mcm

ANNEX 1

BOLIVIA

BOLIVIAN RAILWAY (ENFE)

List of Officials Met During Mission

ENFE - La Paz

Ing. Carlos Belmonte Ichazo, General Manager
Ing. Adhemar Velarde Ortiz, Chief of Operations
Ing. Eduardo Valenzuela Aviles, Chief of Administration
Ing. Carlos Azurduy Trigo, Chief of Commercial Department
Ing. Ruben del Castillo, Chief of Traction and Workshops
Sr. Jose Aramayo Anze, Chief Accountant
Sr. Bruno Reintsch V., Chief of Procurement
Sr. Amado Rodriguez, Chief of Personnel
Ing. Guillermo Gallardo S., Chief of Way and Works
Ing. Ruben Alfaro Auza, Chief of Planning
Dr. Hugo Rodriguez P., Chief of Legal Department
Ing. Eduardo Antelo, Investment Coordinator

Argentino-Boliviana Mixed Railway Commission - Santa Cruz

Ing. Petisco (Argentina), Engineer in Charge
Ing. Rademaker (Bolivia), Assistant Engineer in Charge

UNDP - La Paz

Sr. J. Pascoe, Resident Representative

Bolivian Government

Sr. Ambrosio Garcia Rivera, Minister of Transport and Communications
Lic. Julio Prado Salomon, Minister of Planning and Coordination
Lic. Bedregal Rodo, Minister of Finance

Ing. Carlos Belmonte Ichazo
Gerente General
Empresa Nacional de Ferrocarriles
Casilla No. 428
La Paz, Bolivia

Dear Ing. Belmonte:

BOLIVIA - Credit 346-BO, First Railway Project

I wish to thank you and your officers for the cooperation and hospitality extended to the mission and to myself during our recent visit to Bolivia. Referring to the discussions in Bolivia we would like to call the following points to your attention.

Investment Plan

ENFE's five-year investment plan, revised to reflect (a) the effects of devaluation of the peso, and of rises in internal cost levels, and (b) ENFE's proposals for using US$800,000 of the credit, originally allocated for financing local currency costs, to purchase additional equipment, has been reviewed by the Association. In general we have no objection to your proposals, which may involve minor changes to the amounts in two categories of the list of goods, i.e., Category III (Motive Power) may have to be reduced from US$1.2 million to US$1.1 million, while Category V (Locomotive and Car Maintenance) may have to be increased from US$0.8 million to US$0.9 million. Any changes found necessary, of course, need only be made after the outcome of bidding is known.

We are of the opinion that your estimated unit price of US$11,000 for the proposed ballast hopper cars is too low, and there may not be sufficient funds in the credit for ENFE to purchase all 45 cars. Therefore the bidding documents for this item should make provision for alternative quantities, so that ENFE can procure the maximum number possible, (up to 45 cars), within the limits of available funds.

Procurement

The documents sent to Washington are being reviewed, and you should have received our cable of March 5, 1973, detailing points regarding the general and special conditions which require modifying or explaining.

Regarding the procurement of spares and components, particularly for diesel locomotives, you should prepare lists and obtain quotations, not only from the original equipment manufacturers, but also from any possible alternative

services; for instance, brake equipment or roller bearings, are generally supplied by makers other than the locomotive supplier. The lists, together with the price quotations, should be sent to this office, and after approval, orders can be placed.

Finances

The mission was given only rather tentative figures for 1972 operating results. As soon as firm figures become available please send them to us, together with Balance Sheet data.

Regarding the 1973 budget, although no doubt by exercising economies, costs can be reduced (some of the forecast increases over 1972 costs appear somewhat generous), it is essential for ENFE to be granted an early tariff increase of at least 15 percent if the agreed on working ratio target of 101 is to be approached. In our view it may be better to make one immediate tariff increase, as against ENFE's proposal for 3, small spaced tariff rises. We are writing separately to the Government regarding this matter.

We are pleased to note your proposals for speeding up the retirement of overage staff in supplementing the funds to be received from Government by securing a loan from the Banco del Estado, for paying retirement benefits. We would appreciate being kept informed of progress in this matter, which should also help you to reduce costs.

Operations

Operations have shown little improvement, largely due to the shortage in diesel motive power, caused by engine crankshaft and bearing failures in the Japanese made locomotives.

Until a satisfactory solution is found to this technical problem, ENFE should repair, where necessary, and bring into service, more steam locomotives. The mission noted that there were serviceable steam locomotives at Uyuni, not being used, and that the operating department had not been notified. This seems to imply a lack of strong co-ordination between operational requirements and the programming and control of repair in workshops, and this should be rectified without delay.

The mission was pleased to note that arrangements are being made at Uyuni to abolish the present system of making payments under contracts to the workshop staff, over and above their pay, and to replace it with a proper bonus system, depending on actual output of work.

The mission also observed that, at Uyuni many workers were virtually idle, due to the lack of components and parts for rehabilitation of rolling stock. We feel that in the meantime this surplus labor could very usefully be employed in breaking up over-aged and obsolete rolling stock and equipment thereby making it easier to be sold for scrap.

Traffic Forecasts

In your letter of January 26, 1973, replying to our letter of November 29, 1972, regarding SOFRERAIL's final report of July 1972, you gave some revised total traffic forecasts for 1977, (this was in reference to our query concerning page 11 of the Spanish language version of the report). These show much higher forecasts for freight ton-km than given in the Appraisal Report, particularly for the East Line, as shown below:

	Appraisal Report	ENFE Revised Figures
Freight ton-km (million) West Line	339	367
" " " " East Line	126	188
TOTAL	465	555

Can these figures be reviewed and revised as necessary? Also can you please support them on a major commodity basis, comparable with Annexes 8(a) and 8(b) of the Appraisal Report?

Progress Reporting

The Association's progress reporting requirements were discussed in detail with Sr. Alfaro. The draft forms to be used to give the required statistical and financial information, as translated by Sr. Alfaro into Spanish, were reviewed and agreed on by the mission. We look forward to receiving the first report when available.

Action Program

(i) Track Rehabilitation

The mission understood that ENFE will commence implementing the plan as from July 1, 1973, and during this year will:

(a) rehabilitate 33 km of track between Oruro-Viacha, consisting of ballasting, new sleepers and welding of existing rail; and

(b) carry out spot maintenance over 40 zones. This will, of course, depend on the availability of materials -- sleepers should begin to arrive in May, but imported fastenings and other materials will take longer.

(ii) Diesel Motive Power

We are glad to note that you are requesting French Railways to send a senior diesel locomotive expert to investigate, together with a representative from Hitachi, the many failures experienced on the

Japanese locomotives. We hope that you can reach a satisfactory agreement with the manufacturers on rectifying the trouble, also on ensuring a more speedy supply of spares.

(iii) Rolling Stock Rehabilitation

We note that, due to various causes, the agreed on targets for 1972 had to be revised downwards, by more than 50 percent. It is hoped that the 1973 targets of 22 passenger cars and 140 freight cars will be met.

(iv) Concentration and Modernization of Workshops

(a) Viacha - little progress appears to have been made, in the absence of equipment to be financed from the credit, and of local funds to carry out civil works; the storage of valuable spares urgently needs to be improved, and there is a real need for extensive retraining of personnel, all used to steam locomotive maintenance, in diesel locomotive maintenance procedures. Now that Stage II of the technical assistance has commenced, and local funds for investment have been secured, ENFE should pay special attention to these points.

(b) Uyuni - the mission was pleased to note that reorganizing is progressing well, together with proposals for the improvement in the method of payment to avoid delays in completing rolling stock repair.

(c) Robore - here again, the mission was pleased to note good progress; output should improve when parts and components, to be procured under the credit, begin to arrive.

(v) Operations - Reorganization

In general, improvements appear to have been delayed due to (a) lack of motive power, already referred to, and (b) poor communications. Improvement to the motive power situation has already been discussed; improvement to telecommunications must wait till the recommendations of the SOFRERAIL expert, soon to arrive, have been implemented.

(vi) Commercial Policies

It is hoped that a new passenger fare structure, based on SOFRERAIL's recent study, will soon be introduced. We note that, due to staff changes, the target date of March, 1973, for the commercial department to be fully operational, will not be met. However, we hope that recruitment and training of personnel will make good progress with the aid of the SOFRERAIL expert, and that the delay in the department being fully operational will be minimal.

(vii) Planning Unit

The mission was pleased to note that this unit was fully operational and that its new chief is an experienced engineer.

(viii) Personnel and Welfare

Good progress is being made in implementing the consultants' recommendations; it is hoped that the recommendation for delegation of certain responsibilities (promotion, increment, movement) will soon be approved.

(ix) Accounting

The present difficulty in obtaining, readily, reliable accounting data and explanations, was discussed by the mission with you and Mr. Aramayo. It does appear that, in general, ENFE's accounting staff lacks proper instruction and training -- recent audit reports have also been commented on this aspect. There has also been a lack of contact between head office in La Paz, and the East Line office, in Santa Cruz, which you promised to investigate so as to improve the system.

On the arrival of SOFRERAIL's accounting expert, ENFE should, with his assistance, prepare a proper training scheme, covering all levels of accounting staff. You should explore all locally based possibilities, including the resources of the accounting training institute under the Minister of Planning (who has promised to give assistance to ENFE) and local professional accounting firms.

We look forward to receiving at an early date your comments on the above points. Meanwhile, we wish every success to you and your staff in your task of carrying out the rehabilitation of ENFE.

Kindest regards,

Sincerely yours,

Jose Bronfman, Section Chief
Transportation Projects Division
Latin America and Caribbean Regional Office

ANNEX 3
(Draft)

Lic. Bedregal Rodo
Ministro de Finanzas
Ministerio de Finanzas
La Paz, Bolivia

Dear Mr. Minister:

BOLIVIA - Credit 346-BO, First Railway Project

It was a pleasure to meet with you in La Paz and discuss the ENFE project, during the visit of the railway mission.

Regarding the matters that require the attention of your Ministry, we were pleased to note that you were giving favorable consideration to the provision of about $b 105 million in 1973 to cover ENFE's requirements for operating deficit, foreign debt service, investment and for staff retirement benefits.

However, it appears, from figures supplied by ENFE, that, even after receiving this sum, there is likely to be a financial gap of some $b 16 million. In addition, according to ENFE's budget, after making provision for the increased costs resulting from the Government's decisions regarding the October Stabilization Plan, the working ratio for 1973 would be about 130, as against the ratio of 101 agreed upon when Credit 346-BO was negotiated.

It thus appears quite evident that, as also provided for under the Credit, ENFE should be granted a tariff increase to compensate for these increased operating expenses. Bearing in mind that the rail freight tariffs for export minerals, being quoted in U.S. dollars, were automatically raised on the revaluation of the peso, and that ENFE may be able to reduce some of the budgeted expenditures, there is a need for a general tariff increase, (except for minerals) of no less than 15 percent; such a tariff increase should be given promptly, not only to comply with the Credit Agreement but also to avoid further deterioration in ENFE's financial position.

I am sending a copy of this letter to the Minister of Transport and Communications, for information.

With kindest regards,

Sincerely yours,

ANNEX 4
(Draft)

Sr. Ambrosio Garcia Rivera
Ministro de Transportes y Comunicaciones
Ministerio de Transportes y Comunicaciones
La Paz, Bolivia

Dear Mr. Minister:

In my letter to you of January 3, 1973, concerning the ENFE project, I referred to three outstanding matters that required the attention of your ministry, viz., (a) the need to increase ENFE's tariffs to compensate for higher wage and fuel costs and (b) the provision of adequate funds in the Government and ENFE budgets for 1973, both reflecting the impact of the October 1972 Stabilization Plan and devaluation of the peso, and (c) the need for more staff and the securing of UNDP financed experts for the Transport Planning and Coordination Directorate in your Ministry.

Regarding (a) and (b) above, the recent Bank railway mission to Bolivia met with the Minister of Finance on February 8, 1973, at which he expressed tentative agreement to the provision of about $b 105 million to support ENFE's investment, foreign debt service and operating budgetary needs in 1973; he also agreed to give early consideration to the raising of ENFE's tariffs. I am attaching a copy of my letter to the Minister of Finance, for your easy reference. In view of the urgency of these matters, we would be most grateful if you would pursue them with the Ministry of Finance.

Regarding the third point, we were pleased to learn that the Government's approach to the UNDP has been favorably received, and that the two experts are expected to arrive by June of this year.

I am sending a copy of this letter to the Minister of Planning for his information.

With kindest regards,

Sincerely yours,

BOLIVIA

BOLIVIAN RAILWAYS

PROGRESS ON ACTION PROGRAM

1. Track Rehabilitation

Planned to expand pilot schemes from 2 in 1971 to 15 in 1972. Pilot schemes cover (a) six year cyclic maintenance and (b) spot maintenance.

In 1972, 20 percent of plan (15 km out of 75 km) under (a), and 50 percent (180 km out of 363 km) under (b) actually carried out. In 1973, ENFE aims to implement plans, as from July 1, for:

(a) rehabilitating 33 km out of 52 km of track between Oruro-Viacha -- consisting of ballasting, new sleepers and welding of existing rail;

(b) spot maintenance over 40 zones -- depending on availability of materials -- sleepers will begin to arrive in May, but imported fastenings, etc., will take longer.

2. Diesel Motive Power

(i) Main Line Locomotives: target was to have 18 out of 25 in running condition by December 3, 1972.

As of January 1973, 14 out of 20 diesel electric (class 900) and 2 out of 5 diesel hydraulic (class 800), 16 in all, were available, (64 percent). Main requirement is for diesel engine crankshafts and main engine bearings -- ENFE holds nil stocks, and 2 crankshafts have been sent to MAN, Argentina, for rectifying.

(ii) Shunting Locomotives (diesel hydraulic)(class 500): target - 4 in running condition by December 31, 1972.

As of January 1973, 3 are in running condition -- the fourth is waiting for spare pistons. Motor is of same type as in class 800.

(i) and (ii) above are all Japanese (Hitachi/Mitsubishi) manufacture -- engines under licence from MAN Germany. ENFE experiences delays of about 18 months in receiving spares from Japan. In the case of the diesel-hydraulic locomotives, due to the critical relationship between the diameters of wheels in each bogie -- if the difference, due to wear, is over 2 mm. (or 1 mm. between

the wheels of the same axle) ENFE must lathe the wheels to equalize the diameters, otherwise the transmission gear teeth will break. Each bogie has to be examined and lathed every two months.

(iii) Ferrobuses (Forrestal, Germany): target was for 8 out of 10 in running condition by December 31, 1972. As of January 1973, only six were working, with four awaiting spares from Germany.

(iv) Automotores (Hitachi): 2 multi units of 4 elements each -- target was nil available end of 1972, with both to be available by end of 1973. Actually, as of January 1973, both were awaiting spares from Japan.

3. Rolling Stock

(i) Passenger Cars (fleet 121 cars): the (revised) target of 3 cars to be rehabilitated in 1972 was reached.

(ii) Freight Cars (fleet 1843 cars): the (revised) target of 60 cars to be rehabilitated in 1972 was reached.

The original 1972 targets were (i) 6 cars and (ii) 200 cars -- however, due to lack of parts, to delay in completing the reorganization of Uyuni workshop, and to the present unsatisfactory system of payment at Uyuni, these targets had to be revised.

4. Stores and Ordering of Spares

The targets were:

(a) ordering of 1973/74 spares by April 1973;

(b) complete listing of components required for rest of plan period by December 1973; and

(c) setting up of organized stores and supply system, by December 1973.

Progress to date under (a) is that all spares required have been listed, and, subject to approval by the Association, orders will soon be placed; items (b) and (c) have been awaiting the arrival of the SOFRERAIL expert -- held up by delays in finalizing the contract for Phase II of the technical assistance.

5. Workshops - Concentration and Modernizing

(i) Viacha: no progress has been made, due mainly to (a) waiting for equipment to be financed by the credit, and (b) lack of money in 1972 to carry out civil works, (for instance, the overhead travelling crane, supplied in 1968 as part of the Hitachi diesel locomotive order, still has not yet been installed in Viacha shop). Improvement in the organization of the workshop

has also proceeded slowly, and the storage of valuable spares is inadequate; the personnel and foreman level, all used to steam locomotive repair, need instruction and guidance in the maintenance and repair of the new diesel locomotives, ferrobuses and railcars, in the various major parts -- diesel engines, electrical and hydraulic;

(ii) Uyuni: reorganizing is progressing well, considering that the repair and maintenance of freight and passenger cars was not previously done here, and repair of steam locomotives is still being carried out. Twelve staff are being trained in diesel light maintenance. Control of personnel, hitherto poor, has now been changed;

(iii) Robore: reorganizing is progressing well. There is generally sufficient plant and equipment -- the main lack is of parts and components, to be procured under the credit;

(iv) Oruro, Tupiza and Santa Cruz: until Viacha is ready to take over all locomotive repair, these workshops must be kept going, and cannot yet be converted to running sheds;

(v) Cochabamba, Potosi and Sucre: will only be gradually phased out -- target is end of 1972. SOFRERAIL has prepared a program.

6. Staff Redeployment and Reduction

See paragraphs 7.4 and 7.5 of report. ENFE is planning to achieve the target of 6,150 by the end of 1973 -- subject to availability of funds to pay retirement benefits.

7. Operations - Reorganizing

(i) Transportation Plan: target date for Eastern system is mid-1973. Due to difficulties with (a) poor communications, and (b) lack of motive power, there may be some delay;

(ii) Train Control: provision of a sub-control office at Uyuni, due to be effective by mid-1973, may be delayed, awaiting arrival of SOFRERAIL expert (see section 8 of report);

(iii) Car Allocation System: (effective date March 1973) - is now being implemented and instruction have been distributed for Oruro, as a first step, to be followed by Uyuni and Viacha. Telecommunications is the major problem, to be studied by SOFRERAIL expert, due to arrive soon.

8. Commercial Policies

(i) Tariffs: new freight tariff structure was introduced in mid-1972. SOFRERAIL has completed the study on passenger traffic and hopes to have final proposals for new fare structure ready in March. It is intended that all fares

will cover marginal cost, there will be flexibility, with some provision for variation according to route considerations, and there should be some overall increase in average revenue per pass-km. The study is now with ENFE management, and a copy has been brought back for examination in the Bank;

(ii) Commercial Department: target, to be fully operational by March 1973, will be delayed. The previous chief has been moved, and the new man, an engineer with no previous traffic experience, has to be trained. The department now has a local office, with a few staff, and will shortly begin working on a limited basis. Professional staff will have to be hired to make market studies, (ENFE has already hired one man).

9. Planning Unit (target to be fully operational by end of 1972)

The unit is in operation, its head is an experienced engineer, R. Alfaro, who recently replaced the previous chief. In line with its duties in setting up and monitoring management controls, this unit has been made responsible for preparing and submitting the periodic reports required by the Association.

10. Personnel and Welfare (target is for reorganization to be complete by March 1973)

ENFE is implementing SOFRERAIL's recommendations; one recommendation, to reallocate some responsibilities, (promotion, increment, movement) to departmental heads has been agreed to by management, but has not yet been implemented.

11. Finances and Accounting

This is dealt with in detail in Chapter 6 of the report.

Table 1

BOLIVIA

BOLIVIAN RAILWAYS

Summary Operating Accounts 1970-1973

1970-1971: Actual; 1972: Tentative;
1973: Forecast and Budget

(in b$ millions)

	1970	1971	1972		1973		
			Appraisal Forecast	Actual (Tentative)1/	Appraisal Forecast	Proposed Budget2/	Revised Budget3/
Operating Revenues							
Passengers	26.9	27.7	31.2	30.2	31.0	28.0	30.0
Freight	103.1	104.5	111.9	117.0	127.5	139.9	140.0
Miscellaneous	8.9	6.9	7.8	10.8	7.5	10.2	10.0
Total Operating Revenues	138.9	139.1	150.9	158.0	166.0	178.1	180.0
Operating Costs							
Labor	101.3	109.9	114.5	128.4	114.5	142.7	136.0
Fuel and Lubricants	15.0	19.5	19.5	16.2	18.5	28.4	26.0
Materials	15.8	14.6	15.5	13.9	18.0	22.1	22.0
Contractors	2.1	2.6	2.5	2.1	1.5	7.0	3.0
Freight Car Rental (net)	5.0	5.8	5.5	5.0	4.6	10.7	7.0
Loss on "Pulperias"	n.a.	4.6	5.5	5.3	5.5	16.0	10.0
Miscellaneous	3.3	5.8	5.5	7.1	5.5	4.1	5.0
Total Working Costs	142.5	162.6	168.5	178.0	168.1	231.0	209.0
Depreciation	7.5	7.0	24.0	24.0	24.0	40.4	40.0
Total Operating Costs	150.0	169.6	192.5	202.0	192.1	271.4	249.0
Net Working Revenue (loss)	(3.6)	(23.5)	(17.6)	(20.0)	(2.1)	(52.9)	(29.0)
Net Operating Revenue (loss)	(11.1)	(30.5)	(41.6)	(44.0)	(26.1)	(93.3)	(69.0)
Non-operating Expenses (net)	3.4	0.9	2.5	n.a.	2.5	1.9	2.0
Net Revenue (loss) before interest	(14.5)	(31.4)	(44.1)	(44.0)	(28.6)	(95.2)	(71.0)
Loan Interest	6.1	5.5	4.6	5.5	3.7	6.3	6.0
Net Revenue	(20.6)	(36.9)	(48.7)	(49.5)	(32.3)	(101.5)	(77.0)
Ratios:							
Working ratio %	103	117	112	113	101	130	116
Operating ratio %			128	128	116	152	138

Notes:

1/ For West Line, actual figures to September 30 plus estimates for October-December; for East Line, actual figures to November 30 plus estimates for December.

2/ As tentatively accepted by Government.

3/ As revised by the mission.

Table 2

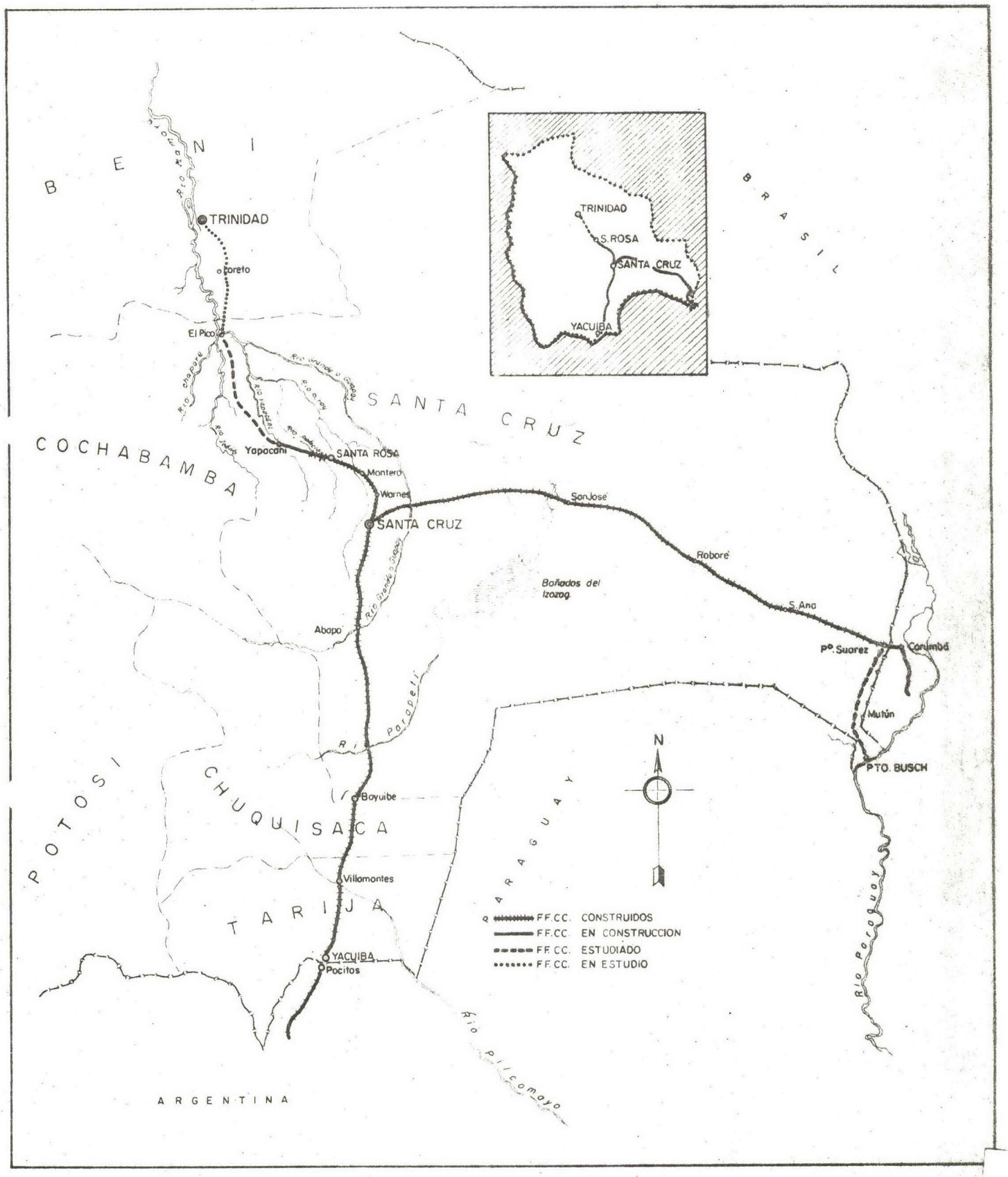
BOLIVIA

FIRST RAILWAY PROJECT

1973-1977 INVESTMENT PLAN (REVISED FEBRUARY 1973)

SUMMARY ($b Million - US$ Million)

Description	Total Expenditure 1973-77				1973				1974				Project 1973-74				1975				1976				1977			
	Local	Foreign	Total		Local	Foreign	Total		Local	Foreign	Total		Local	Foreign	Total		Local	Foreign	Total		Local	Foreign	Total		Local	Foreign	Total	
	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$	$b	US$
I. WAY AND WORKS																												
1. Track renovation material	48.22	1.41	76.42	3.82	9.52	.14	12.32	.62	8.67	.19	12.47	.62	18.19	.33	24.79	1.24	10.69	.29	16.49	.83	9.67	.39	17.47	.87	9.67	.40	17.67	.88
2. Ballasting	26.45	.82	42.85	2.14	4.30	-	4.30	.22	3.92	.66	17.12	.85	8.22	.66	21.42	1.07	7.23	.16	10.43	.52	5.50	-	5.50	.27	5.50	-	5.50	.28
3. Tools and equipment	-	.92	18.40	.92	-	.17	3.40	.17	-	.46	9.20	.46	-	.63	12.60	.63	-	.29	5.80	.29	-	-	-	-	-	-	-	-
4. Structure reinforcement	3.86	.47	13.26	.66	-	-	-	-	.14	.21	4.34	.22	.14	.21	4.34	.22	1.74	-	1.74	.08	.92	.13	3.52	.18	1.36	.13	3.66	.18
5. Improvement Oruro-Cochabamba line	10.32	.50	20.32	1.02	1.35	-	1.35	.07	1.45	.50	11.45	.57	2.80	.50	12.80	.64	2.34	-	2.34	.11	5.18	-	5.18	.26	-	-	-	-
6. Station facilities	1.96	.20	5.96	.30	-	-	-	-	.28	.05	1.28	.06	.28	.05	1.28	.06	.56	.04	1.36	.07	.56	.03	1.16	.06	.56	.08	2.16	.11
7. Buildings, equipment	10.04	.05	11.04	.55	2.34	-	2.34	.11	-	-	-	-	2.34	-	2.34	.11	2.10	-	2.10	.11	4.41	-	4.41	.22	1.19	.05	2.19	.11
8. Telecommunications	1.84	.59	13.64	.68	-	-	-	-	.32	.12	2.72	.14	.32	.12	2.72	.14	.43	.03	1.03	.05	.35	.21	4.55	.23	.74	.23	5.34	.27
TOTAL: WAY AND WORKS	102.69	4.96	201.89	10.09	17.51	.31	.71	1.1	14.78	2.19	58.58	2.92	32.29	2.50	82.29	4.11	25.09	.81	41.29	2.06	26.59	.76	41.79	2.09	18.72	.89	36.52	1.83
II. MOTIVE POWER																												
1. M.L. Diesel locomotives - 15	-	4.50	90.00	4.50	-				-	-	-	-	-	-	-	-	-	2.10	42.00	2.10	-	2.40	48.00	2.40	-	-	-	-
2. Rail tractors - 10	-	.70	14.00	.70	-				-	.70	14.00	.70	-	.70	14.00	.70	-	-	-	-	-	-	-	-	-	-	-	-
3. Diesel railcars (sets) x 3	-	.40	8.00	.40	-				-	.40	8.00	.40	-	.40	8.00	.40	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL: MOTIVE POWER	-	5.60	112.00	5.60	-				-	1.10	22.00	1.10	-	1.10	22.00	1.10	-	2.10	42.00	2.10	-	2.40	48.00	2.40	-	-	-	-
III. ROLLING STOCK																												
1. Freight cars - 850	-	9.60	192.00	9.60	-				-	2.40	48.00	2.40	-	2.40	48.00	2.40	-	2.40	48.00	2.40	-	3.00	60.00	3.00	-	1.80	36.00	1.80
2. Passenger cars - 25	-	1.50	30.00	1.50	-				-	-	-	-	-	-	-	-	-	1.50	30.00	1.50	-	-	-	-	-	-	-	-
3. Cabooses - 20	-	.20	4.00	.20	-				-	-	-	-	-	-	-	-	-	.20	4.00	.20	-	-	-	-	-	-	-	-
TOTAL: ROLLING STOCK	-	11.30	226.00	11.30	-				-	2.40	48.00	2.40	-	2.40	48.00	2.40	-	4.10	82.00	4.10	-	3.00	60.00	3.00	-	1.80	36.00	1.80
IV. ROLLING STOCK REHABILITATION - MATERIALS	-	.82	16.40	.82	-	.23	4.60	.23	-	.30	6.00	.30	-	.53	10.60	.53	-	.17	3.40	.17	-	.12	2.40	.12	-	-	-	-
V. SPARE PARTS	-	.34	6.80	.34	-	.34	6.80	.34	-	-	-	-	-	.34	6.80	.34	-	-	-	-	-	-	-	-	-	-	-	-
VI. WORKSHOP MODERNISATION	12.36	.53	22.96	1.15	5.61	.06	6.81	.34	6.75	.47	16.15	.81	12.36	.53	22.96	1.15	-	-	-	-	-	-	-	-	-	-	-	-
VII. TECHNICAL ASSISTANCE	2.10	.06	21.30	1.06	1.83	.52	12.23	.61	.18	.12	2.58	.13	2.01	.64	14.81	.74	.05	.17	3.45	.17	.02	.09	1.82	.09	.02	.06	1.22	.06
VIII. TOTAL	117.15	24.51	607.35	30.36	24.95	1.46	54.15	2.71	21.71	6.58	153.31	7.66	46.66	8.04	207.46	10.37	25.14	7.35	172.14	8.60	26.61	6.37	154.01	7.70	18.74	2.75	73.74	3.69
IX. CONTINGENCIES																												
1. Physical - (5% yr. on civil engineering work)	5.13	-	5.13	.26	.87	-	.87	.04	.74	-	.74	.04	1.61	-	1.61	.08	1.25	-	1.25	.06	1.33	-	1.33	.07	.94	-	.94	.05
2. Price - (3% yr local, 5% yr on foreign costs)	10.69	4.06	91.89	4.59	.75	.08	2.35	.12	1.32	.67	14.72	.73	2.07	.75	17.07	.85	2.34	1.17	25.74	1.29	3.32	1.38	30.92	1.54	2.96	.76	18.16	.91
GRAND TOTAL	132.97	28.57	704.37	35.21	26.57	1.54	57.37	2.87	23.77	7.25	168.77	8.43	50.34	8.79	226.14	11.30	28.73	8.52	199.13	9.95	31.26	7.75	186.26	9.31	22.64	3.51	92.84	4.65


B E N I
TRINIDAD
Loreto
El Pico
Yapacani
SANTA ROSA
Montero
Warnes
SANTA CRUZ
S A N T A C R U Z
C O C H A B A M B A
San José
Roboré
Bañados del Izozog
S. Ana
Abapó
Pº. Suarez
Corumbá
Mutún
PTO. BUSCH
Boyuibe
C H U Q U I S A C A
P O T O S I
Villamontes
T A R I J A
YACUIBA
Pocitos
P A R A G U A Y
B R A S I L
A R G E N T I N A
Río Pilcomayo
Río Paraguay
N
F.F.C.C. CONSTRUIDOS
F.F.C.C. EN CONSTRUCCION
F.F.C.C. ESTUDIADO
F.F.C.C. EN ESTUDIO

FILE
BOLIVIA RAILWAYS
Phase II

JUAN PASCOE
UNDEVPRO
LA PAZ

MARCH 9, 1973

IMF.GOVT

BOLIVIA

REFERENCE OUR CONVERSATION ABOUT TECHNICAL ASSISTANCE TO ENFE COMMA AM SENDING WITH IMF STAFF MEMBER LINDA MOENIG FOUR COPIES EACH OF ENGLISH AND SPANISH TEXTS OF PROJECT DOCUMENT TO BE SIGNED BY GOVERNMENT AND YOU STOP THIS TEXT INCORPORATES YOUR SUGGESTIONS OF JANUARY 1973 WHICH WE ASSUME HAVE BEEN CLEARED BY UNDP NEW YORK STOP THIS VERSION DOES NOT REPEAT NOT INCORPORATE DETAILED JOB DESCRIPTION FOR EACH EXPERT THAT EXB PROVIDED IN LA PAZ AS OUR LAWYERS SUGGEST THAT WOULD MAKE EVEN MINOR AMENDMENTS SUBJECT TO FORMALITIES AND THUS CUMBERSOME STOP INSTEAD THE JOB DESCRIPTIONS BEING INCORPORATED IN TERMS OF REFERENCE FOR CONSULTANTS WHICH WILL BE FORWARDED TO YOU AFTER SIGNATURE OF CONSULTANTS CONTRACT COMMA SCHEDULED FOR MID-MARCH STOP REGARDS

MOINI
INTERPAD

S.A.N. Moini, Loan Officer, LACII

Moini

SANMCini:cc

Cleared with and cc:
Bonnor, Development, Communications Dept.
Chapman, Projects, LAC
Mies Redford, Development Services

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. J. Bronfman, Section Chief, Projects, LAC DATE: March 5, 1973

FROM: S.A.W. Moini, Loan Officer, LACII

SUBJECT: BOLIVIA -- Transport: Planning Group - UNDP Assistance

1. Reference our meeting with Minister Prado Solomon, on February 8, 1973, at La Paz, and our discussions with him on the above mentioned topic. I was able to finally persuade the Secretariat of CONEPLAN, previously the Ministry of Planning and Coordination, to forward the request for two UNDP experts to augment the Directorate of Planning in the Ministry of Transport, Communications and Civil Aviation.

2. Dr. Paz, Subsecretario in the CONEPLAN Secretariat, informed Mr. T. Painter of the UNDP, that he was about to send the request for the two experts. I subsequently confirmed with Messrs. J. Pascoe and T. Painter of the UNDP that they would accommodate the request. Mr. Pascoe told me that we could expect the experts to arrive in June/July 1973.

3. In February 1972 we had drawn up and forwarded to the Government terms of reference for the experts: Annex "A". These were rather general, as they were essentially meant to be the basis of the Government's request to the UNDP. It would, therefore, now be appropriate to spell out in more detail the specific studies we expect the Directorate of Planning, in the Ministry of Transport Communications and Civil Aviation, to undertake. In this regard you may recall that the Development Credit Agreement (Railway Project - 346BO) specifies some of the studies that the Government is obligated to undertake. The Government has also undertaken (November 18, 1971) to conduct a study of road user charges (also covered in Annex "A").

cc: Messrs. van der Heijden, Division Chief, LACII
Shields, Projects LAC
Chapman, Projects LAC
Mates, Projects LAC
Miss Hedlund, Development Services

BOLIVIA - TRANSPORT

Proposed Terms of Reference for UNDP Experts

The Government of Bolivia, having set up a Transport Coordination Unit within the Ministry of , requests that UNDP supply the services of one or possibly two experts in transport economics and transport policy to assist this unit to:

(a) Review and evaluate existing transport information: identify areas where additional or more accurate information is required; and install a system that will collect, at the lowest cost, the minimum volume of data necessary to generate the information demanded in paragraphs (b) to (e)

(b) Formulate and install procedures to make available on a regular basis:

(i) Traffic flows for freight and passengers by main origins and destinations for the major modes of transport;

(ii) Transport costs;

(iii) Forecasting of traffic demand and growth.

(c) Review existing pricing policies and transport regulations: determine the extent to which these policies and regulations are actually enforced; isolate the economic and social objectives these policies and regulations were designed to [illegible] and [illegible] how efficient these policies and regulations have been in supporting these objectives.

(d) Formulate economic criteria to evaluate investment in the transport sector and train the personnel available in project appraisal.

(e) Review possible transport investments to determine their economic feasibility. In particular, study the feasibility of:

(i) the proposed railway extension from Rio Mamore to Trinidad;

(ii) the interconnection of the eastern and western systems.

(f) Commence work on the analysis of transport bottlenecks to be able to recommend the development of transport projects.

The expert or experts should also train local staff of the Transport Coordination Unit, so that at the termination of the mission, the local staff will be able to carry on the above tasks without further outside assistance.

Mr. Moini

EMPRESA NACIONAL DE FERROCARRILES

487-001-663
5-72-10.000 H.

GERENCIA GENERAL
CASILLA No. 428

Dirección Telegráfica.
"FERROBOL"

Teléfonos:
26916-25694-28895-22510

La Paz, 2 de Marzo de de 1973

Sírvase citar No. AP.142/73

Señor:
S.A.W. Moini.
BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO
1818 H Street N.W.
Washington D.C. 20433 U.S.A.

Copies
① Bol - Rep - WDC
② M/s Chapman
Yasuman
Prutes
Dominguez
Miss Hedlund

Señor:

Ref: ASISTENCIA TECNICA

Siguiendo mi carta AP.127/73 de 23 de Febrero de 1973, consultada la Misión SOFRERAIL en relación a los hombres-mes consignados en la ampliación de la Asistencia Técnica y considerando la existencia de correspondencia intercambiada sobre este asunto entre el BIRF y SOFRERAIL, mucho estimaremos quiera Ud., tomar en cuenta los siguientes cambios en relación a dicha carta:

i). Número total de hombres-meses inicial según el Proyecto de Asistencia Técnica a ser firmado entre el Gobierno de Bolivia y PNUD: 181.

ii). Este total resulta de incluir al número de hombres-meses inicial, una cantidad de 3 hombres-mes, entre los meses de Enero a Marzo inclusive de 1974 con destino a un Economista solicitado por el Banco según carta de 6 de Diciembre de 1972, del Sr. Jaycox al Sr. Montessus.

iii). Supresión de cinco hombres-mes al ítem c (Material Rodante) entre el 1° de Enero y 30 de Junio de 1973 (excepto Marzo).

iv). La supresión explicada en el item iii) se distribuye en:

a) Item E (Mantenimiento de la vía) para cubrir un hombre-mes en Enero de 1973.

b) Item L (Mantenimiento de vagones) para cubrir cuatro hombres-mes, entre el 1° de Abril y 30 de Julio de 1973.

Las modificaciones consignadas en iii) y iv) fueron acordadas por cable del Sr. Jaycox y la sede central de SOFRERAIL.

.../...

EMPRESA NACIONAL DE FERROCARRILES

GERENCIA GENERAL

CASILLA No. 428

Dirección Telegráfica.
"FERROBOL"

Teléfonos:
26916-25694-28895-22510

487-001-663
5-72-10.000 H.

La Paz, 2 de Marzo de 1973.

Sírvase citar No. AP. 142/73

Por otra parte en razón de que las obras civiles de las Maestranzas, y la llegada de los repuestos para la rehabilitación de los vagones recién estarán disponibles a fines de 1973 en el país, mucho estimaremos la posibilidad de que el ítem L (Mantenimiento de vagones) sea extendido hasta Marzo de 1974 ó sea un incremento de 7 hombres-mes adicionales.

Finalmente, si se pudiera utilizar parte de los ahorros de las fases anteriores de la Asistencia Técnica, estimaremos mantener los hombres-mes de los ítem N y O a razón de 16 para cada uno.

Con este motivo, me es grato saludarle atentamente.

EMPRESA NACIONAL DE FERROCARRILES

Ing. Carlos Belmonte Ichazo
Gerente General

Incl.

cc. GO.
GA.
SOFRERAIL
AP.
Ing. Otero

ENFE

1º Fase | Fecha inicial 2º Fase

ASISTENCIA TÉCNICA

		1972						1973												1974							Hombres Mes
		J	A	S	O	N	D	E	F	M	A	M	J	J	A	S	O	N	D	E	F	M	A	M	J	J		
A.-	Supervisión					—					—					—						—					2
B.-	Jefe de la Misión	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15
C.-	Material Rodante	—	—	—	—	—	—	XXXX	XXXX	—	XXXXXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15
D.-	Tarifas y Comercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6+3
E.-	Mantenimiento de Vía	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
F.-	Almacenes y Adquisiciones							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12
G.-	Contabilidad							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12
H.-	Computadora							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
I.-	Personal							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8
J.-	Mantenimiento Diesel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14
K.-	Coches	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
L.-	Vagones	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10+7
M.-	Vía (Monitores)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	18
N.-	" "							XXXX	XXXX	—	—	—	—	—	—	—	—	—	—	—	—	—	XXX	—	—	—	16-4
O.-	" "							XXXX	XXXX	—	—	—	—	—	—	—	—	—	—	—	—	—	XXX	—	—	—	16-4
P.-	Operación Diesel							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8
Q.-	Organización Estaciones	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8+8
R.-	Telecomunicaciones							—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3
	Economista																				—	—	—	—	—	—	3
																											181
S.-	Especialistas defensivos:																										
	Ramal ORURO – COCHABAMBA y RIO GRANDE – RED ORIENTAL									—	—	—	—	—													+4
		XXXX		Supresión				Anteriores																			+22
		—		Aumento																							-8
		XXXX		Supresión				Propuestos																			+14
		—		Aumento																							195

Diferencia

Total general

Mr. Francisco Dominguez, Transportation February 23, 1973

Inga-Lisa Hedlund, DSD

BOLIVIA: Technical Assistance to ENFE (BOL/72/002)

I would appreciate your sending me four copies of the Spanish version of the draft project document for the above-mentioned project, duly cleared by Area, Controller's and the lawyer. Please note that the English and Spanish versions must be "identical".

cc: Messrs. C. Walser, Legal
R. Jones, Controller's
S. Moini, Country Prog. II, LAC

ILHedlund:ml

INCOMING TELEX

LOG 149

RECEIVED

JAN 10 2 52 PM 1973

COMMUNICATIONS SECTION

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INTBAFRAD

WASHINGTON ; JANUARY 9,1973

Distribution: Mr. Demuth ✓
Mr. Wiese
Mr. van der Heijden , Mr. Gel

MISC 5 DEMUTH RE BOLIVIA RAILWAYS PHASE II BOL/72/002 CONFIRM DRAFT PROJECT DOCUMENT APPROVED ASSUMING GOVERNMENT CONTRIBUTION AMENDED TO READ 1,352,000 PESOS AS SHOWN ON PAGE 11. RESIDENT REPRESENTATIVE BOLIVIA AUTHORISED TO SIGN FOR UNDP;

VALDES "

COL 5 BOL/72/002 1,352,000 11 "

✠

INTBAFRAD WSH

cc: Mr. Dominguez
DSD

UNATIONS NYK

JAN 10 1973

PASCOE
UNDEVPRO

JANUARY 8, 1973

LT

LA PAZ
BOLIVIA

FOR YOUR INFORMATION SUPERVISION MISSION RAILWAYS PROJECT SCHEDULED

ARRIVE LA PAZ APPROXIMATELY 29 JANUARY FOR TWO WEEKS REGARDS

HEDLUND
INTBAFRAD

Inga-Lisa Hedlund

Development Services Department

cleared and cc: Messrs. Dominguez
Bronfman

I-LHedlund/sz

PASCOE
UNDEVPRO

JANUARY 4, 1973

LT

LA PAZ
BOLIVIA

BOLIVIA RAILWAYS PHASE II DRAFT PROJECT DOCUMENT APPROVED BY UNDP NEW YORK STOP PLEASE INFORM WHETHER GOVERNMENT APPROVED DOCUMENT SO THAT IBRD CAN PROCEED PREPARE SIGNATURE COPIES REGARDS

HEDLUND
INTBAFRAD

Inga-Lisa Hedlund
Development Services Department

cc: Messrs. Dominguez
R. Jones
, Walser

I-LHedlund/sz

FILE

December 29, 1972

Dear Mr. de Montessus:

BOLIVIA - Technical Assistance to EMFE (Phase II)

I refer to my letter of December 6, 1972, forwarding the draft of your proposed contract for Technical Assistance to EMFE (Phase II). I am now sending you a new version of Appendices C-1, C-5, C-6, D-1 and D-2, revised to reflect the alterations indicated in your telex of December 28 and the new living allowances for expatriate personnel. The new rates for living allowances are those approved by the UNDP, and became effective on December 1, 1972.

Please make also the following two corrections in the contract itself:

In Section 3.01, fifth line - substitute "$845,000" for "$825,000"

In Section 3.03, third line - substitute "$142,000" for "$162,000"

The purpose of these two changes is to more equitably distribute the available contingency funds between foreign and local currency expenditures.

As soon as you have given us your agreement on these changes to the proposed contract, we will prepare the signature copies. We have received your cable of December 29, authorizing Mr. Lefebvre to sign the contract in your name.

Sincerely yours,

Edward V.K. Jaycox
Director
Transportation Department

Mr. A. de Montessus
Managing Director
SOFRERAIL
37-39, rue de la Bienfaisance
Paris-VIII, France

Attachments

cc: Mr. D.C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W.
Washington, D.C. 20036

FJDominguez:alv
cc: Miss Hedlund, Messrs. R. Jones, Cabezas

Yellow

VALDES

UNDEVPRO

NEW YORK

DECEMBER 26, 1972

TELEX: 236286

BOLIVIA RAILWAYS PHASE II PLEASE CONFIRM DRAFT PROJECT DOCUMENT APPROVED SO THAT IBRD CAN PROCEED PREPARE SIGNATURE DOCUMENT REGARDS

HEDLUND
INTRAFRAD

Inga-Lisa Hedlund
Development Services

cc: Messrs. Dominguez
R. Jones
Walser

ILHedlund/eb

FILE

December 28, 1972

Dear Mr. de Montessus:

BOLIVIA - Technical Assistance to ENFE (Phase I) (Railways)

We have now received copies of your invoices, both in foreign and local currencies, covering services rendered by your experts through September 1972. We are anxious to close the accounts of Phase I as of September 30, 1972, in order to evaluate the amount of funds which remained unused, and to ask the UNDP to reallocate these unused funds to Phase II, thus improving our somewhat small provision for contingencies.

Please let us know if the invoices we have received, covering the period November 1970 to September 1972 and totalling FF 4,684,090 and $b 2,008,062, are final, except for the adjustment of transportation costs (see our letter of July 13, 1972); if not, please send us your final invoices for the period, including the above-mentioned adjustments. Your early attention to this matter will be greatly appreciated.

Sincerely yours,

Edward V.K. Jaycox
Director
Transportation Department

Mr. A. de Montessus
Managing Director
SOFRERAIL
37-39, rue de la Bienfaisance
Paris-VIII
France

FJDominguez:alv

Cleared with and cc: Mr. Perera

cc: Miss Hedlund

FILE
Fellow

December 15, 1972

Dear Mr. de Montessus:

BOLIVIA - Technical Assistance to EMFE (Phase I)

Attached please find the Bank's comments on your draft Final Report on Phase I of the above project.

In your draft Final Report, you have also mentioned a certain number of actions being taken at the time of your Report, or due to be taken shortly thereafter (for example, the revision of the organic status of EMFE, vocational training, etc.). We would hope that the updated status of these actions will appear in the Inception Report due at the end of December 1972. We would also hope that all statistics on operations, finances and economics will be updated. This would greatly facilitate the work of the supervision mission scheduled to visit La Paz at the end of January 1973.

Sincerely yours,

Edward V.K. Jaycox
Director
Transportation Department

Attachment

Mr. A. de Montessus
Deputy Manager
SOFRERAIL
37-39, rue de la Bienfaisance
Paris-VIIIe
France

cc: Mr. D.C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W.
Washington, D. C. 20036

FJDominguez:alv

Cleared with and cc: Mr. Chapman
cc: Messrs. Mates, Karman, Moini, Miss Hedlund

BOLIVIA

UNDP Technical Assistance to Railways (ENFE)

Comments Arising from Consultants' Draft Final Report - July 1972

(References are to pages in Spanish version)

page 12	The reference to renting cars at high cost is not strictly true--the charges, particularly from Chile, are reasonable.
page 18	(a) For complete dieselization, the present Plan calls for 15 main line and 13 switch ("locotractor") locomotives. (b) The Plan now calls for 850 freight cars, 25 passenger cars and 20 cabooses, plus 3 diesel rail car sets, and for the renovation of 1,020 freight cars and 48 passenger coaches.
page 19	We do not expect financial equilibrium of ENFE until about 1978.
page 22	Reference made to "breaking of welfare laws, abusive use of licenses, etc."--what are these?
page 42	Re "Inadequacy of Existing Statistics"--no mention made of the fact that freight tonnages are now known. No statistics available for locomotives and rolling stock.
page 45	"General Statistical Plan"--what are the ALAF needs and how were they taken into account?
pages 51 and 52	"(e) Freight statistics of the commercial traffic"--(i) the third paragraph implies some limitations on the production of certain data--what are they, exactly? (ii) what is current position re the new consignment note?
page 69	(Action 4.1((a) reference in the fourth paragraph to "capable of calculating transport costs" should be limited to "mail transport costs". (b) are the modifications carried out by the Finance Department as of January 1972 satisfactory?

page 76	Freight Tariffing (a) first paragraph refers to "temporary tariffs quite different from the actual transport costs"--what are these costs--marginal or total? (b) third paragraph should be clarified.
page 81	Draft transport plan for Eastern Network was drawn up in 1971--why is it not being implemented until mid-1973?
page 83	Traffic Control--the possibility of a second auxiliary office at Viacha is a new suggestion--reasons should be given.
page 106	(a) Results on western network--what are 28 steam locomotives doing? (b) Results on eastern network--(i) reduction of steam locomotives from 37 to 12 units--will 25 units be scrapped? (ii) saving of 18 drivers--what happens to the men? (c) Viacha Pilot Depot--have the general instructions been distributed?
page 118	Workshop specialization and organization--(a) Tupiza is supposed to be converted to a Running Shed; (b) no mention made of Sucre or Potosi.
page 125	Rails: no mention made of possibility of lifting little used rails in good condition from branch lines, for use on main lines (the DMJM report refers to 60 lb and 75 lb rail on branch lines, which cannot have been subject to much wear). This should be investigated.
page 131	Renewal Program--does the "appropriate equipment" for ballast production exist?
page 135	Administrative organization--can we be given a copy of ENFE's new "organic statute" and "Internal Regulation".

Organization and Management

You mention the necessity to:

(i) complete the preparation of internal regulation,

(ii) install and train staff in the new methods,

(iii) improve administrative measures, and

(iv) greatly develop vocational training.

Your expert on organization and management, Mr. Duran, spent only four months in the country. In view of the importance of the work remaining to be done, we would like to have your opinion as to whether ENFE can carry out the above tasks without any further assistance.

Statistics

You say that "the statistics section should be set up rapidly as possible to take over from the mission's specialist." Do you believe that no follow-up visit by your specialist is required?

Rolling Stock Maintenance

Should not at least one specialist in rolling stock maintenance stay on until the Uyuni shop is reorganized, new methods are enforced, people trained? If the presence of such a specialist is not needed now, would a follow-up visit be useful?

BOLIVIA

UNDP Technical Assistance to Railways (ENFE)

Comments Arising from Consultants' Draft Final Report - July 1972

(References are to pages in Spanish version)

page 12	The reference to renting cars at high cost is not strictly true--the charges, particularly from Chile, are reasonable.
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Yellow

BOL/72/002 December 7, 1972

Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia

Dear Mr. Pascoe:

BOLIVIA: Technical Assistance To MNPE - Phase II

Please find attached a draft Project Document for the above-mentioned project. Please note that the starting date for Phase II is October 1, 1972, and that funds for the bridging operation during July, August and September of 1972 have been deducted from the total amount of US$1,135,000 originally approved by UNDP for Phase II. Once the accounts for the bridging operation, as well as Phase I of the project, are finalized, we would suggest that revised budgets be submitted to UNDP headquarters, and, if appropriate, a request be made that the funds thus released be transferred to Phase II.

With best regards,

Sincerely Yours,

Inga-Lisa Hedlund
Development Services Department

cc: Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
866 United Nations Plaza
New York, New York 10017

bcc: Messrs. Cabezas
Dominguez
Moini
R. Jones

Attachment

ILHedlund/eb

Hand carried to New York by Miss Hedlund

BOL/72/002

December 7, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
866 United Nations Plaza
New York, N. Y. 10017

Dear Mr. Valdes:

BOLIVIA: Technical Assistance to ENFE - Phase II

Please find attached the draft Project Document for the above-mentioned project. Please also find attached a copy of our letter to the Resident Representative in Bolivia, Mr. Juan Pascoe.

In view of the fact that, in order to ensure continuity in project activities, Phase II started already on October 1, 1972, we would appreciate your comments on the document at your earliest convenience.

With best regards,

Sincerely yours,

Inga-Lisa Hedlund
Development Services Department

Attachments

cc: Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia

Messrs. R. Jones
Dominguez
Moini
Walser/Cabezas

ILHedlund:ml

Miss Hedlund

December 6, 1972

Mr. A. de Montessus
Deputy Manager
SOFRERAIL
37-39, rue de la Bienfaisance
Paris-VIIIe
France

BOLIVIA - Technical Assistance to ENFE (Phase II)

Dear Mr. de Montessus:

Attached I am sending you a draft of the proposed contract for Technical Assistance to ENFE, Phase II (Annex I). This draft is based on the original calculations made in La Paz in January 1972 by Messrs. Broca and Dominguez, corrected to reflect the fact that Phase II will start on October 1 and not on July 1, 1972, as originally expected. The Bar Chart and Terms of Reference have also taken into account some changes discussed with Mr. Chabot when he came to Washington in October (the most important of which was the inclusion of a Telecommunications Expert), and also the inclusion of an economist requested by the Bank staff.

With reference to expenditures in local currency (living allowances, etc.), please disregard the daily rates and check only the number of days. The rates indicated were those prevailing before the devaluation of the Peso Boliviano. We propose to use the new rates which the UNDP is now establishing. As soon as they are known to us, we will transmit them to you.

We have, since preparing this document, received further comments and suggestions from Mr. Chabot, which we are sending you (Annex II) for your consideration. In reviewing them, please bear in mind the following:

(a) The July-September 1972 extension of your contract was financed out of the Phase II UNDP allocation. If, on closing the accounts of the extension, we find that actual expenses were less than those estimated, we will ask the Government to submit a revised budget to the UNDP, together with a request

that the unused balance be returned to the allocation for Phase II. This answers Mr. Chabot's preoccupation to use up all funds allotted to the July-September period.

(b) The suggestions contained in the fourth paragraph of Mr. Chabot's letter may have some merit, principally the one concerning the six months' extension of Mr. Bigare's services and the three months' extension of Mr. Polisset's services to the end of March, which could be partially financed from the savings obtained by interrupting for six months Mr. Milovidoff's services. This substitution would cost about $9,640, taking into account the differences in salaries and the extra three months of living allowance involved.

(c) I would prefer not to consider at this time the other two suggestions for service extensions. We could consider them if and when the unused funds from Amendment No. 2 have been transferred into the Phase II allocation, and we have a clearer picture of the project's finances.

In our comments to your draft Final Report on Phase I, we have raised the question of the advisability of a follow-up visit by the experts in administration and organization, statistics, and rolling stock maintenance. We would like you to clarify your position on these three points, bearing in mind, of course, the necessity of keeping the overall cost of your contract within the ceilings imposed by the UNDP allocation for this project. Please bear in mind, in making your suggestions, that part of the existing contingency will be absorbed by (i) the increase of the subsistence allowances resulting from the recent devaluation of the Peso Boliviano and (ii) the extension of Mr. Bigare's and Mr. Polisset's services.

I will appreciate having your concurrence and/or comments on the attached draft contract.

Sincerely yours,

Edward V.K. Jaycox
Director
Transportation Department

Attachments

JDominguez:alv

cc: Mr. D.C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W., Washington, D.C. 20036

Cleared with and cc: Mr. Chapman
cc: Messrs. Walser, Karman, R. Jones, Mates, Miss Hedlund

Bolivia : ENFE

Approved by Admin. April 18 — $1,135,000

Project Document UNDP Approval Withheld by reason of decision to delay IDA Credit

Agreed Interim Approvals.

Apr	- June 30	190,000
July 1 -	Sept 30	145,000
Oct 1 -	Nov 30	110,000
		445,000

Bal $690,000

FILE
BOL.
RAILWAYS

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. S.A.W. Moini

DATE: November 27, 1972

FROM: Gunter K. Wiese

SUBJECT: BOLIVIA: Mission - Terms of Reference

1. On or about December 4, 1972, you will travel to Bolivia for about two weeks to:

(a) discuss with the Minister of Mines and other concerned agencies the preparatory work underway and the arrangements required for the various projects being considered for future Bank Group assistance;

(b) review with COMIBOL and IMPC the progress on the EMBOSA tin tailings project and expedite the resolution of the various matters still pending;

(c) participate in the work of the DFC mission led by Mr. Mirski to identify a channel for a mining credit program;

(d) expedite the documentation required for making the credit to ENFE effective and review the progress of the UNDP technical assistance to ENFE.

2. You shall submit a Back-to-Office report, on matters not covered by the Mirski mission report, within one week of your return to Washington.

cc: Messrs. van der Heijden, Cash, Renger, Riley/Foulon, Malone, Bronfman, Fajans, Mirski, Greene, Chapman, Mates, Bosson, Dominguez

FORM No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: OCTOBER 11, 1972 2200

LOG NO.: 91 TELEX/12

TO: INTBAFRAD

FROM: LA PAZ VIA U.N. NEW YORK

REORGANIZATION ROUTING

ACTION COPY: MR. RILEY

INFORMATION COPY:

DECODED BY:

TEXT:

884 RILEY.

RE RAILWAYS REORGANIZATION STUDY.

MINPLANNING JUST INFORMED ME VERBALLY ITS AGREEMENT SECOND AMENDMENT.

OFFICIAL LETTER OF ACCEPTANCE BEING PREPARED. UNDP INFORMED

PASCOE

ee

cc: Messrs. Moini
Dominguez
Pouliquen
DSD

OCT 12 1972

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2023

ORIGINAL

PASCOE
UNDEVPRO
LA PAZ

OCTOBER 6, 1972

LT

BOLIVIA

REURCAB 857 BOLIVIAN MINISTERS OF PLANNING AND FINANCE AND MR VARGAS ECONOMIC ADVISER TO THE PRESIDENT PRESENTLY IN WASHINGTON FOR DISCUSSIONS WITH BANK AND IMF STOP ENFE LOAN PROPOSAL IS EXPECTED TO BE PRESENTED TO BANK EXECUTIVE DIRECTORS OCTOBER 14 STOP UNDERSTAND VARGAS TELEPHONED VALDES REQUESTING PROJECT BE CONTINUED AS APPROVED BY ADMINISTRATOR APRIL 18 STOP RE AMENDMENT TWO BANK HAS NO OBJECTION YOUR SUBSTITUTING 215.25 MAN MONTHS IN ACCORDANCE YOUR ANALYSIS STOP APPRECIATE YOUR CONTINUING PROCESS PROMPTLY AMENDMENT TWO STOP MINISTER OF PLANNING HAS SUGGESTED AMENDMENT TWO BE FOLLOWED BY FINALIZATION PROJECT DOCUMENT PHASE TWO STOP WILL ADVISE YOU FURTHER ON DETAILS PHASE TWO AS SOON AS POSSIBLE REGARDS

RILEY

INTRAFRAD

Vincent J. Riley

Development Services

Cleared with and cc: Mr. Hoini
cc: Mr. Dominguez

MLFoulon:ml

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: SEPTEMBER 28, 1972

LOG NO.: 107 TELEX /29

TO: INTBAFRAD

FROM: LAPAZ VIA U.N. NEW YORK

ROUTING

ACTION COPY: MR. RILEY

INFORMATION COPY:

DECODED BY:

TEXT: 857

RILEY

FURTHER MY 852 ASSISTANCE NATIONAL RAILWAYS. ENFE AND SOFRERAIL TEAM LEADER CHABOT FIND DISCREPANCIES DRAFT AMENDMENT TWO COMPARED WITH SOFRERAIL DATA AS APPLIED PREVIOUS AMENDMENT ONE. CHABOT INFORMS

AAA ACTUAL SERVICES INCLUDING FIELD SUPERVISIONS

PRIMO CUMULATIVE TO 30 JUNE 186.67 MANMONTHS

SECONDO JULY THROUGH SEPTEMBER 22.82

TERTIO CUMULATIVE TO 30 SEPTEMBER 209.49 MANMONTHS

BBB TOTAL CONTRACTED INCLUDING SUPERVISIONS 215.25 MANMONTHS NOT 216.50 AS SHOWN DRAFT AMENDMENT TWO

CCC UNUTILIZED BALANCE 5.76 MANMONTHS BETWEEN ACTUAL MANMONTHS TO 30 SEPTEMBER AND TOTAL CONTRACTED IS DUE VACATIONS AND WILL BE MADE UP OCTOBER

DDD PRESENT SCHEDULED DEPARTURE DATE SOFRERAIL TEAM 19 OCTOBER. PLEASE CLARIFY URGENTLY ORDER EXPEDITE SIGNATURE AMENDMENT TWO. FURTHERMORE UNDERSTAND POULIQUEN CABLED CHABOT STATING LETTER FROM MINFORAFF TO RESREP CONTAINING REQUEST FOR THREE MONTHS EXTENSION IS PREREQUISITE FOR OPERATIONS. WITHOUT MENTIONING AMENDMENT. I FAIL UNDERSTAND REASONING SINCE AMENDMENT MUST BE PROCESSED AND THIS DIRECT COMMUNICATIONS HAS CAUSED ENFE SOME CONFUSION. SUGGEST IN FUTURE ALL COMMUNICATIONS RE GENERAL STATUS PROJECT BE ADDRESSED

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

ORIGINAL

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE:

LOG NO.:

TO:

FROM:

ROUTING

ACTION COPY:

INFORMATION COPY:

DECODED BY:

PAGE TWO

TEXT:

THROUGH THIS OFFICE AND NOT DIRECT TO SUBCONTRACTOR WHO NOT RESPONSIBLE FOR NEGOTIATIONS WITH GOVERNMENT REGARDING UNDP PROGRAMME.

PASCOE

cc: Messrs. van der Heijden
Moini
Chapman
~~Poliquen~~ Pouliquen
DSD

SC

SEP 28 1972

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

ORIGINAL

cc Uncle Heyden
Moini
Chapman
Domenzino
DSD file

Log. 69

RECEIVED

SEP 28 8 51 AM 1972
COMMUNICATIONS SECTION

RC24 AAZCZC YW233 LZN404

URWA HL BXLA 034

LAPAZ 34/33 27 1815 - Sept. 27, 1972

Distribution

Mr. Riley

LTF

INTBAFRAD

WASHINGTONDCUSA

852 RILEY ASSISTANCE TO NATIONAL RAILWAYS RE VANDERHEIJDENS LETTER 29 AUGUST AND MOINIS CABLE 14 SEPTEMBER ENFE AND MINPLANNING REVIEWING SITUATION ORDER DECIDE THREE MONTHS EXTENSION WILL ADVISE OUTCOME

PASCOE

_____as received.

COLL 852 29 14

SEP 28 1972

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

Call Thursday

Vegega

Bolivia - ENFE

~~WB in Bolivia,~~

1) Fiscal Plan Carry Around, looks like loan will go Thru

2) Vegega WB in Bolivia, What new can he tell us.

3) Mission: Ray, Loan Officer
Oct 10 Moini Chapman

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: September 25, 1972

FROM: Marjorie L. Foulon

SUBJECT: BOLIVIA: Assistance to the National Railways, Phase II (BOL/72/002)

The desk officer UNDP New York phoned to say they had just received a cable from their Resident Representative in Bolivia concerning the Country Program. It advised that "Government will request IBRD to include the second phase of BOL/72/002 in the loan and therefore is putting the project on UNDP's reserve list."

Mr. Vegega will return to New York from Bolivia on September 28 and we should receive a letter giving the results of his discussions with Government on Amendments 2 and 3 and confirming the news in the above-mentioned cable.

cc: Messrs. F. Dominguez
S. Moini
V.J. Riley

MLFoulon:ml

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Our file

INCOMING CABLE

DATE AND TIME OF CABLE: SEPTEMBER 25, 1972

LOG NO.: 6 TELEX/26

TO: LTCBAFRAD

FROM: LA PAZ

ROUTING

ACTION COPY: TRANSPORTATION PROJECTS

INFORMATION COPY:

DECODED BY: Mr Pouliquen

Mr Dominguez

TEXT:

SR. L. Y. POULIQUEN, TRANSPORTATION PROJECTS DEPARTMENT.

COMO CONSECUENCIA DE SU TELEX DEL 15/9, LE INFORMO QUE AL MINISTRO DE TRANSPORTES SE ENVIO HOY PROYECTO DE CARTA PARA SER PRESENTADA AL MINISTRO SECRETARIO DE ECONOMIA Y PLANIFICACION A FIN DE QUE ESTE ENVIE AL PNUD DE LA SOLICITUD CONCERNIENTE A LA SITUATION DE SOFRERAIL PARA EL PERIODO 1/7 HASTA 30/9. LA CONTRIBUCION DEL P.N.U.D. ES EVALUADA A 137.000 U.S. DOLARES Y EL APORTE DEL GOBIERNO A 138.528 PESOS BOLIVIANOS ATENTAMENTE.

CHABOT - JEFE MISION SOFRERAIL BOLIVIA

BOOTH 3560004

Rough Translation by Mr. Dominguez

As a consequence of your telex of September 15 I advise you that a draft of a letter was sent from the Ministry of Transport for the signature of the Minister of Planning and Economy to send to UNDP a request referring to the situation of Sofreraile for the period July 1 to September 30. The contribution of the UNDP is estimated at $137,000 and that of the Government at 138,528 pesos.

ee

VJR
Own file.

ING R NAVAJAS
FERROBOL
LA PAZ

SEPTEMBER 22, 1972

LT

BOLIVIA

REF ASISTENCIA TECNICA ENFE STOP ULTIMAS FACTURAS SOFRERAIL RECIBIDAS CON APROBACION GOBIERNO CUBREN SERVICIOS PRESTADOS CONSULTORES DICIEMBRE 1971 (MONEDA NACIONAL) Y ENERO 1972 (MONEDA EXTRANJERA) STOP AGRADECEREMOS SU COLABORACION CON MIRA REGULARIZACION APROBACION CUENTAS YA QUE HEMOS CONTESTADO COMENTARIOS Y PREGUNTAS FISCAL GOBIERNO POR CARTAS FECHAS MARZO 8 MAYO 22 JULIO 14 Y 17 FIRMADAS SR R JONES STOP ALTA CONSIDERACION

POULIQUEN
INTBAFRAD

TRANSLATION NOT TO BE TRANSMITTED:

REF TECHNICAL ASSISTANCE ENFE STOP LAST SOFRERAIL INVOICES RECEIVED BEARING GOVERNMENT APPROVAL COVERED SERVICES RENDERED CONSULTANTS DECEMBER 1971 (LOCAL CURRENCY) AND JANUARY 1972 (FOREIGN CURRENCY) STOP WILL APPRECIATE YOUR ASSISTANCE IN VIEW NORMALIZING APPROVAL OF INVOICES SINCE WE HAVE ANSWERED GOVERNMENT SUPERVISORS COMMENTS AND QUESTIONS BY LETTERS DATED MARCH 8 MAY 22 JULY 14 AND 17 SIGNED MR R JONES STOP REGARDS

POULIQUEN
INTBAFRAD

Chief, General Economics and
Preinvestment Services Division
L. Y. Pouliquen

Transportation Projects

Cleared with and cc: Messrs. Moini, Perera

cc: Messrs. Cabezas, Ourain, Geli, Mrs. Foulon

FJDominguez:alv

JOHN FLOOR
RECEIVED
LA PAZ

D1B6

September 11, 1972

LT

BOLIVIA

REFERENCE OUR LETTER OF AUGUST 29 REGARDING TECHNICAL ASSISTANCE TO BIFT WOULD APPRECIATE YOUR CALLING US ABOUT PROGRESS ON FINALIZING SECOND EXTENSION PAPER JULY TO SEPTEMBER PAPER OF TECHNICAL ASSISTANCE STOP RETURN

INDIA

INDUSTRAD

S.L.H. Baird

South America

cc: Nakone, Dromfield, Miley (c/r)
Dunlap, Chrysman (c/r)
Paton, Jones

Confidential:ce

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date Sept. 15, 1972
NAME	ROOM NO.
Mr. Foster ✓ VJR.	
~~Mr. R. Jones~~	
~~Mr. F. Cabezas~~	
Mr. S. Maini	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

Your chasing Sbar
Mr Senior to call
& let us know outcome of
Vegega's discussion with
Govt on Amendments 2 & 3.

From Doug

Own file.

DRAFT
FJDominguez:alv
September 15, 1972

This was not sent. ML)

Mr. B. Chabot
SOFRERAIL
Casilla 6004
Correo Central
La Paz
Bolivia

BOLIVIA - Technical Assistance to ENFE

Dear Mr. Chabot:

I wish to refer to my cable of September 12, 1972:

> "UNDP HAS APPROVED YOUR SERVICES PERIOD JULY-SEPTEMBER AND MADE NECESSARY APPROPRIATION STOP HOWEVER EFFECTIVENESS OF CORRESPONDING AMENDMENT TO PLAN OF OPERATION IS DEPENDENT ON LETTER FROM GOVERNMENT TO UNDP REQUESTING EXTENSION SOFRERAIL'S SERVICES JULY-SEPTEMBER STOP WITHOUT EFFECTIVENESS AMENDMENT PLAN OPERATION BANK CANNOT MAKE AMENDMENT YOUR CONTRACT EFFECTIVE NOR MAKE DISBURSEMENTS UNDER IT STOP LETTER FOLLOWS SHORTLY "REGARDS"

The Bank and the UNDP Resident Representative have been ~~pressing~~ trying the Government to send the above-mentioned letter to the UNDP-New York so that the amendment to your contract can be made effective, and scheduled payments, under it, initiated. The Amendment No. 2 to your contract covering the July-September extension was taken to Paris last week by Mr. Lefebvre for SOFRERAIL to sign.

For your information, the UNDP has agreed in principle to an Amendment No. 3 to the Plan of Operation, to cover your services during October and November. We believe that ~~the matter~~ of Amendment No. 2 should be settled before we take up the matter of Amendment No. 3, ~~so we suggest that you use the above information about Amendment No. 3 with utmost discretion.~~ We are waiting for the outcome of discussions between UNDP and the Govt. on this matter. However, I believe Mr. Ramos Osinaga has a valid point in not wishing to "approve" invoices which are not covered by an effective contract. You may wish to suggest to him that he "certifies" that the invoices cover services

actually rendered, and that his "approval" will only become "effective" after he has been officially notified that the amendment to your contract has become effective. We remind you that according to your contract once the amendment becomes effective, we can send you the scheduled payments independently of invoice approval.

We are concerned, however, about past invoices, which, according to our letter of February 17, 1972 to SOFRERAIL, Paris, were to be straightened out before Mr. Jaeger's departure. The last approved invoices received by the Bank covered services rendered during December 1971 (local expenditures) and January 1972 (foreign expenditures). We will appreciate your letting us know what the status of the missing invoices for the period ending June 30, 1972 is. We also wish to remind you that you should send us copies of ~~the~~ all invoices ~~you~~ submitted to the Government for approval, so that we may be informed, month by month, of the financial status of the project.

Sincerely yours,

LYP

To be cleared with and cc: Mrs. Foulon
Messrs. R. Jones, Cabezas, Moini

cc: Messrs. Bronfman, Oursin

Chron file

August 31, 1972

Dear Mr. Lefebvre:

BOLIVIA - Technical Assistance to ENFE
Amendment No. 2 to Contract

Attached please find Amendment No. 2 to SOFRERAIL's contract for the Bolivia Technical Assistance to ENFE Programme. Please have it signed by the President of SOFRERAIL or his designated representative.

Sincerely yours,

A. David Knox
Director
Transportation Projects Department

Mr. D.C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W.
Washington, D.C. 20036

FJDominguez:alv

cc: Messrs. Cabezas, Riley, R. Jones

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bolivia - ENFE - Phase 2 - BOL/72/002 - Volume 1	1075544

Document Date	Document Type
08/29/1972	Memorandum

Correspondents / Participants

From: David Knox, Director, Transportation Projects Department

To: Societe Francaise d'Etudes et de Realisation Ferroviaires - SOFRERAIL

Subject / Title

Bolivia - Technical Assistance to ENFE

Exception(s)

Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Salma Berrada	April 29, 2025

INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INDEVAS

1 ~~UTR~~
~~2 MT~~
3 file

August 30, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA - Railway Management and Organization
Third Amendment

I refer to your earlier telephone conversation with Mr. Gerald Alter.

As you know, we have been requested by the Government of Bolivia to help finance the first phase of the rehabilitation program of the Bolivian Railways which would involve a US$8 million credit from the International Development Association.

The progress made so far with the preparation of this project would warrant going ahead, at the present time, with seeking approval for this credit from IDA's Board of Directors. However, for reasons well known to you, we have informed the Government of Bolivia that we shall only seek such approval after we are satisfied that the Government has adopted a program for fiscal improvement which would permit the execution of a public investment program that meets the priority needs of the Bolivian economy.

We expect the Bolivian authorities to present such a program to the external financial agencies in the course of the month of September. When we have satisfied ourselves regarding the timing and magnitude of the action proposed, we would then proceed towards Board presentation of the proposed IDA credit.

The timing of Board presentation, however, would create a problem for the SOFRERAIL consultants whose contract, as you will recall, expires on September 30, 1972. We, therefore, request you to consider the possibility of financing a further extension of the contract until November 30, 1972 which would involve an amount of about US$110,000 as

a maximum. Such extension would assure the continuity of the important technical assistance activities carried out by SOFRERAIL.

Sincerely yours,

Gunter K. Wiese
Deputy Director
South America Department

cc: Messrs. Bronfman
Riley
Dominguez
Moini (o/r)

HvdHei. den:ak

MF
file

August 29, 1972

Mr. Juan Pascoe
Resident Representative of the United
Nations Development Program in Bolivia
Casilla 686
La Paz, Bolivia

Dear Juan:

BOLIVIA - Technical Assistance to ENFE
Second Amendment to Plan of Operation

On July 11, 1972, we sent you an Amendment No. 2 to the Plan of Operation, already signed by Mr. Wiese, with a request that you obtain the Government's signature and that you sign it yourself. We have since received a letter from Mr. T. Painter, dated July 21, 1972, saying that "the Government would rather proceed with the implementation of Phase II directly, rather than negotiate another short-term extension of the existing assistance".

As you remember, Amendment No. 2 is meant to cover Consultants' services during the period July 1 to September 30, 1972, and its purpose is to allow time for Bolivia to fulfill the conditions for Board presentation of the IDA credit. We are concerned that, without the signature of this Amendment No. 2, we are unable to make any disbursements to the Consultants.

Furthermore, according to the timetable recently worked out with the Government, the Government would send us by September 15, 1972, their plans for rehabilitating the country's public finances; after this plan is received - and should it be satisfactory - the proposed IDA credit would be submitted to IDA's Executive Directors. This means that a final decision on the IDA credit may come only after September 30. Consequently, Mr. Valdes has, in principle, agreed to a third amendment to the Plan of Operation, covering technical assistance rendered during October and November 1972.

We have not, as yet, been in touch with the Government on the third extension. Nor has, I presume, UNDP. I think that, for the moment, we should concentrate on getting Amendment No. 2 signed, and anything you can do to accelerate this would be greatly appreciated.

With best regards,

Yours sincerely,

Hendrik van der Heijden
South America Department

cc: Messrs. Bronfman, Domingues, , Moini (o/r), Cabezas
HvdHeijden:cc

July 26, 1972

Mr. Timothy Painter
United Nations Development
Programme
Casilla 686
La Paz
Bolivia

BOLIVIA - Assistance to National Railways,
Phase II (BOL/72/002/1456)

Dear Mr. Painter:

We refer to your letter of May 10, 1972 and note that you do not expect the Government to have any major comments on the project document for Phase II which we sent you on March 21, 1972.

You also mentioned in your letter that the Government is concerned with the level of the cash counterpart contribution, which, they believe, is more than the National Railways can handle. The total cash counterpart contribution indicated in the draft project document is $b 258,000 (or US$21,500 equivalent) over a three-year period. This figure (i) was taken from a draft application to the UNDP prepared by ENFE and of which we received a copy; (ii) is in proportion with the $b 148,000 that the Government had agreed to pay during Phase I over a shorter period; and (iii) is very close to the figure (US$20,300) indicated in the official Government application to the UNDP dated November 1971, and of which we received a copy after the draft project document was prepared. It seems, therefore, that until March 1972, when it submitted a revised application to the UNDP containing no counterpart contribution in cash, the Government was not concerned by having to provide about $b 258,000 over a three-year period.

The US$21,500 figure indicated in the draft project document does not cover per diems for the Consultants' staff, which are paid from the UNDP allocation. It actually covers (i) transportation costs in Bolivia of foreign staff ($9,000 equivalent); (ii) transportation costs and per diems of counterparts ($10,540); and (iii) a 10% contingency ($1,960 equivalent). These are expenditures which the Government should normally bear. Our Legal Department has advised us that according to the Basic Agreement the Government should provide funds, inter alia, for the foreign experts' travel expenses in the country, as well as for the counterparts' travel expenses and living allowances.

incorrect

ENFE could have agreed, in Phase I, to supply in kind the transportation in Bolivia required by the Consultants and their counterparts, and to pay the counterparts the normal ENFE per diems. However, ENFE preferred to make a cash contribution covering these expenditures and to have the Consultants handle all transportation matters in order to avoid the bureaucracy and delays normally involved in securing transportation, and also in order to allow the counterparts, when travelling in service, to draw the same per diems as the consultants, which are substantially higher than those usually paid by ENFE. If ENFE wishes to reverse its position and prefers to (i) supply directly all needed transportation for both the Consultants and their counterparts and (ii) pay the counterparts the usual ENFE per diem when travelling, we will raise no objection of principle and hope that transportation will be provided promptly when needed.

Regarding ENFE's staff request for a breakdown of the total 202 man-months, this breakdown is usually not a part of the project document. It will appear in the Consultants' contract. For your information, we are sending you an advanced copy of the bar chart which is substantially the same as that discussed in La Paz on January 21 by Messrs. Navajas and J. Cella and the Bank mission. It is, however, a preliminary document and may require minor modifications at the time of contract negotiations.

We will be writing shortly to the Government (with copies to ENFE and yourself), asking for its approval of, and/or comments on, the proposed Terms of Reference for Phase II, and on our intention to retain Sofrerail for Phase II. Both the Terms of Reference and the retention of Sofrerail were discussed in La Paz by the Management of ENFE and the UNDP-IBRD January 1972 joint mission.

We would like to be kept informed of the results of your discussions with the Government concerning the points covered in the third and fourth paragraphs above.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

Attachment

FJDominguez:alv

Cleared in substance with and cc: Messrs. Cabezas, Riley, Moini

MF

BOL/71/525 July 14, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Railway Management and Organization - Second Amendment

Attached is a copy of a letter and Amendment No. 2 to the above project which was sent earlier this week to Mr. Juan Pascoe, your Resident Representative in Bolivia.

The letter unfortunately left the Bank prematurely. The proposed Amendment No. 2 and the arrangements for its signing follow the instructions given in your letter of March 17, regarding Amendment No. 1. Nevertheless, we erred in sending this letter at this time, and in acting only on the basis of UNDP's informal indication of its agreement in principle to this extension and before you had had a chance to review and clear the Government's formal proposal.

We trust that these actions will not create any problems for UNDP. Meanwhile, of course, the attached proposed Amendment does provide details on the scope and cost of the additional extension and these may be useful in your further review.

..../2

We hope that with this information and the Government's letter of request you will shortly be in a position to authorize Mr. Pascoe to execute the Amendment No. 2 which we sent to him. Should additional information be needed however, please let us know.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Attachments

cc: Mr. Patricio Silva
United Nations Development Programme
1028 Connecticut Avenue N.W.
Washington D.C. 20006

Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia

Cleared with and cc: Messrs. Dominguea, Moini

VJRiley/ml

Mr Riley.

1) UTR
2) MF

July 11, 1972

Mr. Juan Pascoe
Resident Representative of the
United Nations Development Program
in Bolivia
Casilla 686
La Paz, Bolivia

BOLIVIA - Railway Management and Organization
Second Amendment to Project Document
(Plan of Operation)

Dear Mr. Pascoe:

As you are aware, the presentation of the proposed IDA Credit to IDA's Executive Directors has been delayed, and consequently, Phase II of the UNDP-financed Technical Assistance Program to ENFE is also being delayed, since the IDA Credit is a precondition to the UNDP Phase II program.

In order to avoid an interruption in Consultants' services after June 30, the Government has requested and the UNDP has agreed to provide funds to allow the Consultants to carry on their services, at their present level of operation, from July 1 to September 30, 1972. The cost of this extension of services is estimated at $145,000.

In accordance with Mr. Valdes' instructions, we are sending you three copies of proposed Amendment No. 2 to the above project. These documents have already been executed on behalf of the IBRD by Mr. Gunter K. Wiese, Deputy Director of our South America Department. We will appreciate your obtaining the signature of the Government of Bolivia and your signing the document on behalf of UNDP.

You will note that attached to the Amendment are three Annexes revised to bring them into conformity with the changes reflected in the Amendment. These are:

(a) Annex 1 - "Project Budget Covering UNDP Contribution", which replaces Schedule 1 "Budget-A. UNDP Contribution" of the original Plan of Operation. It includes

both the $190,000 allotted by UNDP under Amendment No. 1 and $145,000 allotted under Amendment No. 2 to extend the Consultants' services until September 30, 1972.

(b) Annex 2 - Sheet 1 (June 1972) - "Project Budget Covering Government Contribution in Kind", which covers the Government's contribution listed in "Schedule 4-B. Facilities and Supporting Staff for the Consultants", of the original Plan of Operation, updated to reflect the extension from 18 to 25 months of the Consultants' services.

(c) Annex 2 - Sheet 2 (June 1972) - "Project Budget Covering Government Contribution in Cash" replaces "Schedule 2-B. Government Counterpart Contribution in Cash" without any alteration in the total amount.

Once the Amendment has been signed by you and by the Government of Bolivia, we would appreciate your returning one signed copy to this Office.

Yours sincerely,

S.A.W. Moini
South America Department

Attachments

cc: Mr. P. Silva
United Nations
1028 Connecticut Avenue
Room 714
Washington D.C. 20036

United Nations Development Program
United Nations
New York
10017

Cleared with and cc: Messrs. Cabezas, Dominguez and Chapman

cc: Messrs. Riley, van der Heijden

SAWMoini:cc

UNITED NATIONS DEVELOPMENT PROGRAMME

(Special Fund)

BOLIVIA

RAILWAY REORGANIZATION STUDY

Amendment No. 2

This Plan of Operation, as amended (March 29, 1972), is hereby further amended as follows:

(i) Preamble. First WHEREAS: substitute "$1,140,000" for "$995,000"

(ii) Section 2.02: substitute "25 months" for "22 months"

(iii) Section 3.01(a): substitute "$1,128,000" for "$983,000"

(iv) Annex 1: substitute the schedule attached hereto as Annex 1 (June.1972) for the Annex 1 attached to the March 29, 1972 amendment.

(v) Annex 2: substitute the schedule attached hereto as Annex 2 (June 1972) for the Annex 2 attached to the March 29, 1972 amendment.

(vi) Schedule 4, paragraph C. Facilities and Supporting Staff for the Consultants:

(1) Third line: substitute "25 months" for "22 months"

(2) Sub-paragraph (b) Supporting Staff, second line: substitute "(69 months total)" for "(60 months total)"

(vii) The attached Annex 1 (June 1972) Project Budget, UNDP Contribution reflects the financial implications of the revised Work Plan.

Government of Bolivia	Participating and Executing Agency	United Nations Development Programme
Date	Date	Date

ANNEX 1
(June 1972)

PROJECT BUDGET COVERING UNDP CONTRIBUTION
(in US Dollars)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Second Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$	MM	$	MM	$	MM	$	MM	$
20.	SUB-CONTRACT COMPONENT										
21.	Sub-contracts	216.5	1,088,000	11.5	87,068	135.0	492,610	70.0	508,322		
29.	Component Total	216.5	1,088,000	11.5	87,068	135.0	492,610	70.0	508,322		
30.	TRAINING COMPONENT										
31.	Fellowships		40,000		0		0		18,150		21,850
39.	Component Total		40,000		0		0		18,150		21,850
40.	EQUIPMENT COMPONENT		0		0		0		0		
50.	MISCELLANEOUS COMPONENT										
53.	Sundry (Executing Agency Costs up to December 31, 1971)		9,000		0		9,000		0		
54.	Direct Costs		3,000		0		0		3,000		
59.	Component Total		12,000		0		9,000		3,000		
99.	GRAND TOTAL		1,140,000		87,068		501,610		529,472		21,850

Note 1: Expenditures for 1970 and 1971 are actual disbursements. Expenditures for 1972 and 1973 are estimated.

Note 2: The Government Contribution towards Local Costs, estimated at $57,100 equivalent in the original Plan of Operation, is not included in the above Budget.

(June 1972)

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN KIND
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Second Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$b	MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT										
	Counterparts	165	785,400	10	47,600	95	452,200	60	285,600		
	Messengers	46	54,740	4	4,760	24	28,560	18	21,420		
	Drivers	69	82,110	0	0	42	49,980	27	32,130		
19.	Component Total		922,250		52,360		530,740		339,150		
30.	TRAINING COMPONENT										
	Salaries of Fellows		428,400		0		0		212,000		216,400
39.	Component Total		428,400		0		0		212,000		216,400
40.	EQUIPMENT COMPONENT										
41.	Expendable Equipment		178,700		15,700		91,000		72,000		
43.	Premises		232,300		20,300		122,000		90,000		
49.	Component Total		411,000		36,000		213,000		162,000		
50.	MISCELLANEOUS COMPONENT										
53.	Sundry		26,800		2,800		12,000		12,000		
59.	Component Total		26,800		2,800		12,000		12,000		
99.	GRAND TOTAL		1,788,450		91,160		755,740		725,150		216,400

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN CASH
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Second Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972	
		MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT								
	Subsistence allowance to counterparts when on official travel		47,400		4,400		30,000		13,000
	Transportation in Bolivia of counterparts		55,000		5,000		34,000		16,000
19.	Component Total		102,400		9,400		64,000		29,000
40.	EQUIPMENT COMPONENT								
41.	Expendable Equipment		39,000		5,000		24,000		10,000
49.	Component Total		39,000		5,000		24,000		10,000
50.	MISCELLANEOUS COMPONENT								
53.	Sundry		6,600		1,000		3,600		2,000
59.	Component Total		6,600		1,000		3,600		2,000
99.	GRAND TOTAL		148,000		15,400		91,600		41,000

HM
2) file

July 11, 1972

Mr. Juan Pascoe
Resident Representative of the
United Nations Development Program
in Bolivia
Casilla 686
Avenida Arce No. 2419
La Paz, Bolivia

Dear Juan:

This is to acknowledge your letter, reference BOL/71/525/1933, dated June 16, about the Government's cash contribution to the railway technical assistance project (BOL-25).

I believe the Consultants: SOFRERAIL, have now settled the matter of the Pesos 125,000, cash counterpart contribution from the Government, which had been erroneously credited to the Consultant's account. ENFE has informed us that on June 22 the Government made payment of the Pesos 23,000 which was still due. I understand that this completes the payment of the Government's cash counterpart contribution.

I am sending a copy of this letter to UNDP, New York, for information.

With kind regards,

Yours sincerely,

Hendrik van der Heijden
South America Department

cc: United Nations Development Program
United Nations
New York
10017

cc: Messrs. Riley, Dominguez, Chapman, Cabezas, Mates (o/r)

SAWMoini:cc

~~a) MF~~
3) file

July 10, 1972

Dear Mr. Velarde:

BOLIVIA - Technical Assistance to ENFE

We refer to your letter of June 27, 1972 and have noted that the Government, through your good offices, has now completed the full payment to the UNDP of the $b.148,000 mentioned in Article IV, Section 4.02, of the Plan of Operation dated September 28, 1970.

Sincerely yours,

L.Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

Mr. Adhemar Velarde
Gerencia General
Casilla No. 428
La Paz
Bolivia

FJDominguez:ks

cc: Messrs. R. Jones, Cabezas, Riley

FORM No. 26-IDA
(6-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: JULY 7, 1972 1525

LOG NO.: 200/ 7

TO: MOINI INDEVAS

FROM: LA PAZ

TEXT:

ROUTING	
ACTION COPY:	MR. VAN DER HEIJDEN
INFORMATION COPY:	MR. ALTER
DECODED BY:	

Copies M/s Riley
Ouraiu
Chapman
Domínguez

LAMENTO INFORMACION EQUIVOCADA. JEFE MISION SR CHABOT MAS SIETE CONSULTORES ENCUENTRANSE TRABAJANDO NORMAIMENTE SOLO UN EXPERTO AUSENTE POR VACACIONES. ENFE PIDIO MINTRANSPORTES ENCUENTRASE ESA CAPITAL TRATAR CON BANCO MUNDIAL FIN SOLUCIONAR AMPLIACION AISTENCIA TECNICA SOFRERAIL. ESPERAMOS SE INSTRUYA UNDP BOLIVIA RESULTADOS NEGOCIACION SALUDOS

ING VELARDE GERENTE ENFE

BF

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021.

ORIGINAL

file Bol WA Rwys 12.

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: JUNE 20, 1972

LOG NO.: 142 TELEX/20

TO: INTBAFRAD

FROM: ASUNCION

ROUTING	
ACTION COPY:	TRANSPORTATION PROJECTS
INFORMATION COPY:	MR. VAN DER HEIJDEN MR. ALTER
DECODED BY:	

TEXT:

① Copies
M/S Belaga
Bronfman
Chapman
Calegas
Mates

THREE FOR POULIQUEN VAN DER HEIJDEN.

REF BOLIVIA TECHNICAL ASSISTANCE TO ENFE

HAVE RECEIVED FROM MANAGER ENFE FOLLOWING TELEX DATE JUNE 19

"PASCOE AGREES START PHASE TWO TO COVER THREE MONTHS GAP REQUESTED WORLD BANK

REGARDS NAVAJAS"

PLEASE ADVISE MOINI

② File:
Bol - Rlys -
UNDP

AAA CONSULTANTS AGREED STAGGER EXPERTS VACATIONS

BBB REPAY UNDP FUNDS THIS WEEK

CCC I DID NOT DELIVER HIS JUNE 16 TO MR. PASCOE

DDD NEW UPDATED VERSION OF LETTER TO MR. PASCOE CAN BE SENT.

PLEASE TELEX IF MY PRESENCE LA PAZ THIS WEEK STILL CONSIDERED USEFUL.

REGARDS.

DOMINGUEZ

ee

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

BOL-25 Tally No. 12.

440098 IBRD UI

LOG 187

ITT-16 AWA773 VIA ITT LZA294

UIWA CG BCLA 025

LAPAZ 25 IBF GOVT 16 12:08

June 16, 1972

RECEIVED

JUN 16 12 55 PM 1972

COMMUNICATIONS SECTION

Distribution

Mr. Moini
Mr. Alter
Bronfman
Dominguez
Hoffman
Kelly

ETAT

INTBAFRAD

WASHINGTONDC

Copies 11/5

FOUR FOR MOINI IT WOULD BE USEFUL IF DOMINGUEZ COULD SPEND ONE DAY BOLIVIA FOR DISCUSSIONS WITH UNDP REGARDING ENFE REGARDS

VANDERHEIJDEN

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date July 7 - 1972

NAME	ROOM NO.
Mr. Riley.	
on file BOL-25	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

Bolivia

As you will see, Superant has refund to UNDP the $b 125.000 unduly received, and the RR. has paid to UNDP the $b 23.000 to complete their Plan of Operation obligation of $b 148.000-

From

Dominique

G. 1

518

EMPRESA NACIONAL DE FERROCARRILES

GERENCIA GENERAL

CASILLA No. 428

Dirección Telegráfica:
"FERROBOL"

Teléfonos:
26916 - 25694 - 28895 - 22510

La Paz, 27 de Junio de 1972

Sírvase citar No. AP. 393/72.

Sr. L.Y. Pouliquen,
Chief, General Economics and Preinvestmente Services Division,
Transportation Projects Department,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
1818 H Street, N.W.,
Washington D.C. 20433, U.S.A.

Estimado Sr. Pouliquen:

Me es grato remitirle copia de la carta enviada por la Gerencia Administrativa, al Sr. Representante Residente del Programa de las Naciones Unidas para el Desarrollo en bolivia, relativa a la cancelación total de la contribución en efectivo, del aporte del Gobierno, para el proyecto de asistencia técnica a ENFE.

Con este motivo, aprovecho la oportunidad para renovarle los sentimientos de mi consideración personal. Muy atentamente.

EMPRESA NACIONAL DE FERROCARRILES

Ing. ADHEMAR VELARDE ORTIZ
Gerente General a.i.

Incl: Carta.
MRO/hgf.

JUL 7 1972

TRANSPORTATION PROJECTS DEPARTMENT
CORRESPONDENCE
Answered by:
Date:

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bolivia - ENFE - Phase 2 - BOL/72/002 - Volume 1	1075544

Document Date	Document Type
06/23/1972	Letter

Correspondents / Participants

From: Ing. Juan Gottret Garcia

To: Juan Pascoe

Subject / Title

Cancelacion Total de Contribucion

Exception(s)

Financial Information iv

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Salma Berrada	April 29, 2025

BOL-25 Log

ITT-17 AWA228 VIA ITT LZA912

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LAPAZ 33 MM IBFGOVT 13 9:45

June 13, 1972

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COMMUNICATIONS SECTION

Distribution

Mr. Moini
Mr. Alter

GA
VDR

ETAT

INTBAFRAD

WASHINGTONDCUSA

Copies M/S Bomberger Chapman Domingez Riley

TWO FOR MOINI PASCOE SAYS ADMINISTRATOR UNDP APPROVED PHASE TWO BUT NOT THREE MONTHS EXTENSION PHASE ONE BELAUSE LACK OF FUNDS STOP PLEASE CHECK NEWYORK AND ADVISE TODAY REGARDS

VANDERHEIJDEN

COL SIG VANDERHEIJDEN

- see my memo to Moini dated June 13/72.

- UNDP prepared to approve 2nd 3-month extension, but have not yet received gov't request. 6/14/72 GA

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: June 9, 1972

FROM: Hendrik van der Heijden

SUBJECT: BOLIVIA: Technical Assistance to ENFE

on file

1. On June 6, Mr. De Montessus, General Manager of SOFRERAIL, came to see me and expressed his deep concern with the uncertainty regarding the extension of SOFRERAIL's contract. Phase II of the technical assistance is an integral part of the ENFE rehabilitation program and was to commence on July 1, 1972. The UNDP had agreed in principle to finance it but made this contingent upon IDA going ahead with the credit to ENFE. Pending a decision upon the IDA credit, UNDP has agreed to a second three-month extension of Phase I (July-September 1972) but the Government is somewhat reluctant to agree to such piecemeal extensions.

2. Mr. De Montessus said that as far as SOFRERAIL was concerned, within the next two weeks a decision has to be taken on the repatriation or continuation of the experts and their families whose contracts expire on June 30. Second, Mr. De Montessus was extremely worried about the other experts, in total about ten men and their families are involved, who are standing ready to travel to Bolivia from Paris to start the Phase II of technical assistance on July 1, 1972. SOFRERAIL would very much like to receive an indication as to the chances of the project going ahead. If such a decision is not taken soon, SOFRERAIL's people would have to be reassigned. Thereafter, it would be extremely difficult to make these people available to ENFE.

3. I told Mr. De Montessus that I appreciated his concern and we expected that a decision on the proposed credit to ENFE would be taken within the next 15 days. We would inform SOFRERAIL immediately after a decision has been taken so that they can plan accordingly.

cc: Messrs. Wiese
Oursin/Bronfman
Chapman
Riley
Dominguez
Moini

HvdHeijden: mlr

file

Files June 1, 1972

F. J. Dominguez

BOLIVIA - Technical Assistance to ENFE

1. On May 30, I called Mr. Broca on the phone. I told him briefly what the situation was with the three months' extension granted by the UNDP. I informed him that it had been agreed with the UNDP that the present personnel would stay on and that new personnel scheduled for Phase II would not be brought in. We agreed that vacation of personnel should be kept to a minimum during this period in order not to create an impression of "abandoning the ship."

2. I reminded Mr. Broca of the two conditions we had set in our letter to Sofrerail dated February 17 for Mr. Jaeger's substitution as Head of Mission. The first condition--that Mr. Jaeger would supervise the preparation of the Final Report--has been fulfilled, since Mr. Jaeger has sent to Mr. Broca a draft of said report. The second condition--clearing the backlog of unapproved invoices and straigthening out a few accounting problems--is under process.

3. Mr. Broca told me that Mr. Chabot, Mr. Jaeger's substitute, was on his way to La Paz, and that he (Mr. Broca) agreed that the substitution should only be made after the Manager of ENFE had met him and Mr. Chabot had integrated himself into the team.

FJDominguez:alv

cc: Messrs. Cabezas, Riley

Form No. 27
(3-70)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: JUAN PASCOE
UNDP
CASILLA 686
LA PAZ

DATE: MAY 31, 1972

CLASS OF SERVICE: IBF GOVT

COUNTRY: BOLIVIA

TEXT:
Cable No.:

RE TECHNICAL ASSISTANCE TO ENFE STOP AS UNDP NEW YORK HAS INFORMED YOU START PHASE II OF ASSISTANCE IS BEING DELAYED UNTIL PROCESSING OF PROPOSED IDA CREDIT IS FINALIZED STOP IN ORDER TO AVOID INTERRUPTING TECHNICAL ASSISTANCE UNDP NEW YORK HAS AGREED TO PROVIDE FUNDS FOR ADDITIONAL THREE MONTHS EXTENSION TO SEPTEMBER THIRTY 1972 OF PRESENT CONTRACT WITH CONSULTANTS AT EXISTING STAFF LEVEL STOP WE ARE PREPARING NECESSARY AMENDMENTS TO WORKING DOCUMENT AND CONSULTANTS CONTRACT BUT NEED GOVERNMENTS PRIOR AGREEMENT TO THE THREE MONTHS EXTENSION AND CONTINUATION OF ITS COUNTERPART CONTRIBUTION IN KIND FOR THREE MONTHS STOP WOULD APPRECIATE YOUR OBTAINING GOVERNMENTS APPROVAL AND ADVISING US EARLIEST STOP COPY THIS CABLE SENT MINISTER TRANSPORT COMMA MINISTER PLANNING AND ENFE REGARDS

VAN DER HEIJDEN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Hendrik van der Heijden

DEPT. South America

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

SAWMoini : cc
REFERENCE:

ORIGINAL (File Copy)
(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:
Cleared with and cc: Messrs. Chapman
F. Dominguez, Riley and Cabezas

cc: Messrs. Wiese, Mates
cc: Dr. Oscar Vega Lopez

For Use By Communications Section

Checked for Dispatch:

Form No. 27
(3-70)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

BOOK OF THREE CABLES

TO: SR. AMBROSIO GARCIA
MINISTRO DE TRANSPORTES Y COMUNICACIONES
LA PAZ

ING. JULIO PRADO SALMON
MINISTRO DE PLANIFICACION
COUNTRY: LA PAZ

ING R. NAVAJAS
TEXT: FERROBOL
Cable No.: LA PAZ

DATE: MAY 31, 1972

CLASS OF SERVICE: IBF GOVT

COUNTRY: BOLIVIA

HAVE TODAY SENT FOLLOWING CABLE TO PASCOE UNDP QUOTE RE TECHNICAL ASSISTANCE TO ENFE STOP AS UNDP NEW YORK HAS INFORMED YOU START PHASE II OF ASSISTANCE IS BEING DELAYED UNTIL PROCESSING OF PROPOSED IDA CREDIT IS FINALIZED STOP IN ORDER TO AVOID INTERRUPTING TECHNICAL ASSISTANCE UNDP NEW YORK HAS AGREED TO PROVIDE FUNDS FOR ADDITIONAL THREE MONTHS EXTENSION TO SEPTEMBER THIRTY 1972 OF PRESENT CONTRACT WITH CONSULTANTS AT EXISTING STAFF LEVEL STOP WE ARE PREPARING NECESSARY AMENDMENTS TO WORKING DOCUMENT AND CONSULTANTS CONTRACT BUT NEED GOVERNMENTS PRIOR AGREEMENT TO THE THREE MONTHS EXTENSION AND CONTINUATION OF ITS COUNTERPART CONTRIBUTION IN KIND FOR THREE MONTHS STOP WOULD APPRECIATE YOUR OBTAINING GOVERNMENTS APPROVAL AND ADVISING US EARLIEST STOP COPY THIS CABLE SENT MINISTER TRANSPORT COMMA MINISTER PLANNING AND ENFE UNQUOTE REGARDS

VAN DER HEIJDEN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Hendrik van der Heijden

DEPT South America

AWMoini:cc

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

ORIGINAL (File Copy)
(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:
Cleared with and cc: Messrs. Chapman, F. Dominguez, Riley and Cabezas

cc: Messrs. Wiese, Mates
cc: Dr. Oscar Vega Lopez

For Use By Communications Section

Checked for Dispatch: _____

our file

DRAFT
FDDominguez/SAWMoini:cc

PASCOE

UNDP

LA PAZ

BOLIVIA

RE TECHNICAL ASSISTANCE TO ENFE STOP AS UNDP NEW YORK HAS INFORMED YOU START PHASE II OF ASSISTANCE IS BEING DELAYED UNTIL PROCESSING OF PROPOSED IDA CREDIT IS FINALIZED STOP IN ORDER TO AVOID INTERRUPTING TECHNICAL ASSISTANCE UNDP NEW YORK HAS AGREED TO PROVIDE FUNDS FOR THREE MONTHS EXTENSION OF PRESENT CONTRACT WITH CONSULTANTS AT EXISTING STAFF LEVEL STOP WE ARE PREPARING NECESSARY AMENDMENTS TO WORKING DOCUMENT AND CONSULTANTS CONTRACT BUT NEED GOVERNMENTS PRIOR AGREEMENT TO THE THREE MONTHS EXTENSION AND CONTINUATION OF ITS COUNTERPART CONTRIBUTION IN KIND FOR THREE MONTHS STOP WOULD APPRECIATE YOUR OBTAINING GOVERNMENTS APPROVAL AND ADVISING US EARLIEST STOP COPY THIS CABLE SENT MINISTER TRANSPORT COMMA MINISTER PLANNING AND ENFE

REGARDS

VAN DER HEIJDEN
INTBAFRAD

Cabled copy: Minister of Transport
Minister of Planning
Mr. R. Navajas

Cleared with: Messrs. Chapman and F. Dominguez

To be cleared with and cc: Messrs. Riley and Cabezas

cc: Mr. Oscar Vega Lopez and Mr. Mates

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: FILES

DATE: May 25, 1972

FROM: F.J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE

1. On Thursday, May 18, 1972, at 15:30, I met with Messrs. van der Heijden, Bronfman and Riley to discuss the impact that a delay in the approval of the $8 million IDA credit to ENFE would have on Phase II of the technical assistance program (see my memo to Files on the subject dated May 18, 1972).

2. Mr. van der Heijden explained the fiscal problems which had to be solved before the credit could be implemented. He further mentioned that, during the last few days, the Bolivian Government had taken two measures agreed upon in the memorandum of understanding: it had approved the increase of ENFE rates, and it had taken positive steps toward implementing the transport coordination unit. However, there still are doubts about its ability to supply the counterpart contribution in local funds for the project. Consequently, the project will not be submitted to the Executive Directors for their approval until IDA is satisfied regarding the timing and magnitude of the corrective fiscal measures which the Government intends to take. The recent dismissal of the Minister of Finance has added an element of uncertainty which can only be eliminated once his sucessor has been appointed. Mr. Fajans is now in La Paz and will report the latest developments of the situation on May 25.

3. Mr. Bronfman expressed the opinion that Bolivia needed all the help it could get, that this project was going well and that we should do our utmost to insure that the technical assistance is not interrupted but, on the contrary, is carried out as planned, in conjunction with the IDA credit.

4. I said that, in my opinion, this was one of the most successful projects I had seen at the Bank, with a good team of experts, well suited to the needs of the country, and a counterpart organization very eager to profit from the assistance they are receiving and doing their best to implement the Consultants' recommendations. I mentioned that an interruption of the technical assistance at this stage would mean that the consulting team would be disbanded, ENFE personnel demoralized, and momentum of work and progress broken. Such an interruption would also result in an increase in the cost of Phase II.

5. We all agreed that we should wait another week and hope that the situation would start to clear. If it appeared that there would be a fair chance that the situation might improve within the next three to four months to the point where the project could be submitted to the Board of Directors, we would ask UNDP to agree to a three to four months' extension of the present contract to tide the project over the critical period. If not, we would have to discuss with the UNDP whether Phase II should be reduced in scope or abandoned altogether. The funds already allocated by the UNDP for Phase II could be used to finance a short extension of the present contract, or a reduced program of technical assistance.

6. In view of the short time available to make decisions, Mr. Riley agreed to call Mr. Patricio Silva, explain the situation to him, and ask him to inform Mr. Valdes, at the UNDP Headquarters in New York, of the nature and urgency of the problem, so that UNDP could give some advance thought to the different alternatives before we officially approach them next week.

Cleared with and cc: Messrs. van der Heijden, Bronfman, Riley

FJDominguez:jl

Files

May 24, 1972

Vincent J. Riley

BOLIVIA: Technical Assistance to ENFE - Phase II

On May 16 I called Mr. Patricio Silva of the Latin America Bureau of UNDP, concerning the above project. I pointed out that although Mr. Valdes had, in his cable of May 3, approved the entire project, there was now some question about proceeding. The UNDP project and the proposed IDA credit were complementary, and recent developments in Bolivia made it questionable if we would be able to go ahead with the IDA credit.

On the other hand, it would be unfortunate to terminate the existing technical assistance programme to ENFE on June 30, if, as we hope, the present difficulties would be resolved and both the UNDP and IDA projects could proceed thereafter. The present SOFREMAIL consultants are working very effectively and have good relations with the counterparts in ENFE. If their contract terminates as scheduled, on June 30, there would be difficulties in re-establishing the team at a later date, and the consequences in Bolivia in the meanwhile would be unfavorable.

Under the circumstances, I proposed to Mr. Silva that UNDP agree to a limited 90-day extension of the technical assistance team now in place. Well before the conclusion of that period, the Bank and UNDP would consult on the next steps to be taken. If, by that time no solution to the problems in Bolivia was imminent, it would probably be necessary to terminate this assistance on September 30.

Today, Mr. Silva called back to report that he had discussed this with Mr. Gabriel Valdes, Assistant Administrator and Director, Bureau for Latin America, and Carlos Vegega, the Deputy Director, and they agreed to the suggestion put forward by the Bank. In response to Mr. Silva's enquiry, I said that the Bank would now take the necessary steps to arrange for this assistance and would communicate with New York to get UNDP's formal endorsement of the arrangements. The arrangements presumably, could be similar to those recently prepared for the extension of the consultant services to June 30, 1972.

cc: Messrs. van der Heijden, Domingues
Bronfman, Cabezas, R. Jones

VJRiley/eb

on file

Mr. Riley

Mr. Gerald Alter

May 18, 1972

Hendrik van der Heijden

BOLIVIA: Railway Project

1. You will have noted that Bolivia's National Development Council, which includes the Government's economic team and is presided by the President of Bolivia, has authorized the Bolivian railways to introduce rate increases yielding $b17 million on an annual basis. These rate increases can go into effect as soon as the Bolivian railways are ready to apply them. This, according to Mr. Navajas, would be in early July. Second, the National Development Council approved the credit documents. All of this means that on the project level the authorities have done all they could and needed doing before presentation of the credit to our Executive Directors. You will recall that the Government also had adopted the program of corrective fiscal action, outlined in your letter to President Banzer. This action, however, has been postponed, perhaps sine die at the initiative of Mr. Paz Estenssoro.

2. The question is what do we do next. You will recall that in your Memorandum to the Chairman of the Loan Committee we stated that we are recommending the credit in the firm expectation that corrective fiscal action be taken by the Government and that we would present the credit proposal to the Executive Directors only when we would be satisfied regarding the timing and the magnitude of the fiscal measures which the Government would take. We said this because we could not have confidence in the Government's ability to contribute its share towards the ENFE rehabilitation program in the absence of these over-all fiscal measures. Indeed, when I visited La Paz some ten days ago it was already clear that even though the Government had included $b39 million in the budget for 1972, requiring monthly transfers on the order of about $b3 million, that until the end of April the Government had transferred to ENFE only one monthly payment, indicating the degree of fiscal stringency.

3. For project reasons we cannot allow time to slip by, simply because the rehabilitation program is planned to go into effect at the latest by July 1. In addition, we need to tell the Sofrerail consultants before the end of this month whether they can count on staying for phase two, which is part of the rehabilitation program.

4. Mr. Fajans is now in La Paz and has been instructed to discuss with the authorities the prospects for early resolution of the fiscal problem and should be reporting to us soon. The thought also occurred to me that if he were to form a judgment that these fiscal measures have not been ruled out but simply postponed, perhaps, let us say, for about six months, he might wish to explore with the authorities the prospects for assigning revenues in some creditable fashion, as an interim measure pending the resolution of the over-all fiscal problem.

5. I am planning to send Mr. Navajas and Mr. Fajans the attached cables but before sending them I should like to receive your reactions.

cc: Messrs. Wiese, Ross

HvdHeijden:mlr

ING. RENE NAVAJAS

FERROBOL

LA PAZ

BOLIVIA

MAY 18, 1972

IBF GOVT

WE ARE ENCOURAGED BY PROGRESS REGARDING RATES AS MENTIONED URGAB MAY SIXTEEN BUT REMAIN CONCERNED ABOUT GOVERNMENT'S ABILITY TO MAKE CONTRIBUTIONS TO ENFE STOP PLEASE ADVISE WHETHER GOVERNMENT PAYMENTS TO ENFE ARE UP TO DATE STOP MR. FAJANS LOAN OFFICER THIS DIVISION NOW IN LAPAZ AND STAYING HOTEL GRILLON REGARDS

VANDERHEIJDEN
INDEVAS

Hendrik van der Heijden

South America

cc: Messrs. Cursin
Bronfman
Moini
Cabezas

dHeijden:mlr

FAJANS

CRILLONOTEL

LA PAZ

BOLIVIA

MAY 18, 1972

IBF GOVT

ONE
PRIMERO WE RECEIVED CABLE NAVAJAS SAYING NATIONAL DEVELOPMENT COUNCIL PRESIDED BY PRESIDENT REPUBLIC AUTHORIZED RATE INCREASES ENFE AND APPROVED CREDIT DOCUMENTS SEGUNDO HAVE SENT TODAY CABLE NAVAJAS QUOTE WE ARE ENCOURAGED BY PROGRESS REGARDING RATES AS MENTIONED URCAB MAY SIXTEEN BUT REMAIN CONCERNED ABOUT GOVERNMENT'S ABILITY TO MAKE CONTRIBUTIONS TO ENFE STOP PLEASE ADVISE WHETHER GOVERNMENT PAYMENTS TO ENFE ARE UP TO DATE STOP MR. FAJANS NOW IN LA PAZ AND STAYING HOTEL CRILLON UNQUOTE TERCERO ONLY REMAINING ISSUE TO BE RESOLVED IS THE ISSUE RAISED IN MR. ALTER'S LETTER TO PRESIDENT REPUBLIC STOP WOULD APPRECIATE YOUR CONTACTING APPROPRIATE GOVERNMENT OFFICIALS SUCH AS VARGAS COMMA ALFREDO ARCE COMMA MINISTERS OF FINANCE AND OTHERS YOU DEEM NECESSARY TO EXPLORE PROSPECTS FOR EARLY RESOLUTION FISCAL PROBLEM REGARDS

VANDERHEIJDEN

Hendrik van der Heijden

South America

cc: Messrs. Alter
Wiese
Bronfman
Moini
Cabezas

vdHeijden:mlr

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: MAY 16, 1972 1725

LOG NO.: 86 /17

TO: CURSIN MOINI VEGA INTBAFRAD

FROM: LAPAZ

ROUTING	
ACTION COPY:	TRANSPORTATION PROJECTS
INFORMATION COPY:	MR. VAN DER HEIJDEN MR. VEGA-LOPEZ
DECODED BY:	MR. ALTER

TEXT:

CONSEJO DESARROLLO BAJO PRESIDENCIA PRESREPUBLICA AUTORIZO HOY ENFE RACIONALIZACION TARIFAS PARA ALCANZAR MAYORES INGRESOS ANUALES DIECISEITE MILLONES PESOS BOLIVIANOS. TAMBIEN AUTORIZO MINFINANZAS Y ENFE SUSCRIBIR CONVENIOS CREDITO IDA PROYECTADOS ESA. NUEVAS TARIFAS ENTRARAN VIGENCIA TAN PRONTO ENFE PREPARE TABLA DE FLETES E INSTRUCTIVOS USO ESTACIONES ESTIMAMOS FINES JUNIO ATENTAMENTE

ING NAVAJAS ENFE

SC

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: FILES

DATE: May 18, 1972

FROM: F. J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE

1. The extended Phase I of the present Technical Assistance Programme to ENFE terminates on June 30, 1972. Phase II of the Technical Assistance Programme is scheduled to start on July 1, 1972. The scope of work under Phase II was established on the assumption that there would be an $8.0 million IDA credit for the purchase of equipment and spare parts. In fact, Phase II and the IDA credit complement each other, and each one is a prerequisite to the other.

2. The IDA credit was negotiated on April 12, 1972. The credit agreement and subsequent documents established that the effectiveness of the credit would be dependent on the Government taking convincing action towards drastically improving the fiscal situation. This situation is so difficult that the Government was able to cover ENFE's monthly financial requirements only once since the beginning of 1972, and that as things stand now IDA has little confidence in the Government's ability to contribute its share towards ENFE's rehabilitation program. On May 15, 1972, I was informed by Mr. van der Heijden that the Minister of Finance has been dismissed, apparently because of his stand on the matter of corrective fiscal action.

3. Although we received word on May 17 that the Government has authorized an increase in ENFE's rates to be implemented by the end of June, it is doubtful that sufficient fiscal corrective actions can be taken by the Government before May 31 for the IDA credit to be approved by that date, which is the latest we can inform the Consultants (i) that Phase II is postponed sine die and (ii) that on June 30, 1972, they should terminate their services in Bolivia and return their personnel to France.

4. Over the phone, I asked Mr. Pascoe, who was in New York, whether the UNDP would agree to a three to four months' extension on Phase I after June 30, 1972, to be financed from the allocation approved for Phase II, if, after the CIAP meeting had taken place, there appeared to be a possibility of the IDA credit becoming effective within a three to four month period. Mr. Pascoe said he would discuss this possibility with his New York office.

5. Another possibility, in case the IDA credit is postponed sine die, would be that the UNDP agrees to finance further Technical Assistance to ENFE, but on a much smaller scale than contemplated in Phase II. I did not have the opportunity to discuss this possibility with Mr. Pascoe, nor with anybody else at the Bank nor at UNDP. Although it does not seem possible to reach an agreement with the Government and the UNDP on this scheme (and to contract Consultants for it) by June 30, 1972, it should be possible to reach such an agreement and to start its implementation by September or October 1972; this scheme could be financed with part of the UNDP allocation for Phase II.

6. Mr. Pascoe had agreed to come to Washington on May 17 to assist in the CIAP meeting, and to hold exchanges of views with Mr. van der Heijden and with me. However, he later advised that he had to change his plans and would not be coming to Washington.

7. In view of the urgency of taking a decision as to the continuation, the termination or the scaling down of the technical assistance after June 30, 1972, I have asked Messrs. van der Heijden, Bronfman and Riley to meet with me on Thursday, May 18, 1972. They have agreed to the meeting, which is tentatively scheduled for 15:30.

Cleared in substance and cc: Messrs. Pouliquen, Johnson, Riley, Bronfman, van der Heijden

FJDominguez:jl

With the compliments

Mr. Vincent J. Riley, Chief
Technical Assistance Division
Development Services Department
I B R D
1818 H Street N.W.
WASHINGTON D.C. 20433

UNITED NATIONS DEVELOPMENT PROGRAMME
CASILLA 686 - TELEFONOS: 52448 - 23279 - 50415
LA PAZ - BOLIVIA

VTR

Barfal

TP/emc

BOL/72/002/1456

10 May 1972

Dear Mr. Pouliquen,

Subject: Assistance to National Railways, Phase II (BOL/72/002)

Please refer to your letter of 21 March forwarding drafts of the project document for this project.

I have now had the opportunity to discuss this document with the General Manager of the Railways and some of his staff and with Mr. Jaeger of the SOFRERAIL group. I have also forwarded the document officially to the Government for comments by other interested parties such as the Ministry of Planning.

On the basis of first contacts at the working level, it appears that the Government will not have any major comments on the project document.

However, they are concerned about the level of the cash counterpart contribution which is rather more than they think the Railways can handle. In this connexion, I enclose a copy of a revised request recently forwarded by the Ministry of Foreign Affairs for the Phase II project, which shows a significantly low level of Government counterpart contribution and no counterpart contribution in cash. After reviewing the proposed counterpart contribution in cash contained in the draft project document, which amounts to 258,000 pesos, it appears that this covers only transportation costs and per diem for the SOFRERAIL staff and for the counterparts. It is my impression that internal travel costs of foreign personnel assigned to UNDP-financed projects are

./..

Mr. L.Y. Pouliquen, Chief
General Economics & Preinvestment
Services Division
Transportation Projects Department
I B R D
1818 H Street N.W.
WASHINGTON D.C. 20433

MAY 17 1972

REFERENCE:

already covered under the provision for Government's payment of local operating costs in accordance with a basic agreement. If this is so, it would appear inconsistent to as the Government to make yet another payment to cover the travel costs of the SOFRERAIL staff. If my assumption is correct on this, then the cash counterpart contribution could be reduced to cover just the travel costs and per diem for counterpart staff. I will be glad for your reaction and that of UNDP on this subject.

The staff of the Railways have also commented that the project budget contains no details of the make-up of the 202 man/months to be provided under sub-contract and would be rather glad if somewhere in the project document the breakdown could be included for information purposes. I believe this should be possible.

Finally, they will be provided more information on the breakdown of the counterpart staff.

For your information, I am enclosing a copy of the
..... new request for the Phase II project which was forwarded to me by the Ministry of Foreign Affairs under cover of a letter dated 26 April. This document will provide you with more background information on the comments set out above.

I am copying this letter and its attachment to Mr. Valdés of UNDP for his information and comments as appropriate.

Yours sincerely,

Timothy Painter
Officer-in-Charge

cc. Mr. Riley, IBRD

REPUBLICA DE BOLIVIA

MINISTERIO DE RELACIONES
EXTERIORES Y CULTO

DGOI/ 10899/156

4 MAY 1972

9/5 R

cc. Valdés
(BRD)

La Paz, 26 de abril de 1972.

Señor Representante Residente:

Me es grato llevar a su conocimiento, sintéticamente, las modificaciones del Proyecto de solicitud N° 03-ENFE, para extensión de asistencia técnica preparado por le Empresa Nacional de Ferrocarriles.

- la asistencia técnica del PNUD a ENFE, dentro de los términos del nuevo contrato a suscribirse, abarcará el trienio 1972-1974, de modo que pueda entrar en vigencia el 1° de julio del presente año para asegurar la continuidad del plan de asistencia técnica del PNUD a ENFE.

- el tiempo de permanencia de los consultores se reducirá de 224,5 hombres/mes a 202 hombres/mes.

- en nivel superior de asesoramiento (expertos) se excluirá Operaciones de Tráfico, campo que se mantiene en nivel medio (especialistas).

- respecto a la financiación del nuevo contrato propuesto se solicita que la asignación del PNUD sea de $us. 1.186.490.--. Además el aporte en especie del Gobierno de Bolivia alcanzará a $us. 50.160.-- equivalentes.

La citada solicitud ha sufrido varias modificaciones como resultado de las conversaciones efectuadas entre representantes de Naciones Unidas, Banco Industrial, la firma consultora SOFRERAIL y ENFE.

Con este motivo, le reitero las seguridades de mi más distinguida consideración.

Señor

Juan Pascoe,
Representante Residente del Programa
de las Naciones Unidas para el Desarrollo.

Presente.-

BOL/72/002 May 10, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Technical Assistance to ENFE - Phase II

Attached for your review are 4 copies of the draft project document for the above project, prepared in accordance with your cable of May 3, notifying us that the Administrator had approved this project on April 18.

You will note that the attached document does not exactly follow the guidelines in Chapter IV of the UNDP Operational and Financial Manual which are predicated on the existence of a basic UNDP-agency agreement. The IBRD does not yet have such an agreement, although one is presently under preparation. However, until that agreement is formally in existence, we will not be in a position to use the new Project Document format as described in Chapter IV of the Manual.

Last fall, when we saw this problem coming, we worked out an interim arrangement with the Bureau of Programme Co-ordination. Under this arrangement, some elements of the new Project Document are combined with parts of our old Plan of Operation format; and it was agreed that this arrangement would apply to all projects to be executed by the Bank during the interim period. The attached draft Project Document was prepared in accordance with this arrangement.

I am also sending copies of this Project Document, together with a copy of this letter, to your Resident Representative in Bolivia, Mr. Juan Pascoe, with the request that he seek the Government's agreement to the text. Once we have an indication of the agreement of both

the Government and UNDP, signature copies of the text will be prepared and signing will be arranged.

We look forward to receiving your approval of this draft.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Attachments

cc: Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia

bcc: Messrs. Moini, Chapman
Dominguez, Jones, Cabezas

VJRiley/eb

BOL/72/002 May 10, 1972

Mr. Juan Pascoe
Resident Representative
United Nations Development Programme
Casilla 686
La Paz, Bolivia

Dear Mr. Pascoe:

BOLIVIA: Technical Assistance to MNRE - Phase II

Attached is a copy of a letter to Mr. Valdes, together with 2 copies of the proposed Project Document for the above project.

We would appreciate your reviewing this document with the Government, and advising us as soon as possible of its approval, and/or comments on the text.

Related to this, of course, is the extension of the existing project, BOL/71/525, until June 30, 1972. The amendment needed for this purpose was sent to you on March 31, with the request that it be signed by you and the Government. We would appreciate your informing us, by cable, as soon as this signing has taken place.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Attachments

cc: Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

bcc: Messrs. Moini, Chapman
Dominguez, Jones,
Cabezas

VJRiley/eh

FORM No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: MAY 3, 1972

LOG NO.: 60 TELEX/4

TO: INTBAFRAD

FROM: UNATIONS NEW YORK

ROUTING	
ACTION COPY:	MR. DEMUTH
INFORMATION COPY:	
DECODED BY:	

TEXT:

120 DEMUTH.

TECHNICAL ASSISTANCE ENFE PHASE II BOL/72/002.

ADMINISTRATOR APPROVED PROJECT ON 18 APRIL 1972 FOR IBRD EXECUTION,

TOTAL UNDP COST US DLRS. 1,135,000 COMPRISING

AAA SUBCONTRACTS US DLRS. 1,132,000

BBB MISCELLANEOUS US DLRS 3,000 EQUIVALENT US DLRS. 83,000 GOVERNMENT

COUNTERPART CONTRIBUTION DURATION TWO YEARS. GOVERNMENT COOPERATING AGENCY

MINISTRY OF TRANSPORT AND COMMUNICATIONS. HAVE INFORMED RESIDENT REPRESENTATIVE

BY CABLE TO BE FOLLOWED BY LETTER AND EXPLANATORY NOTE WITH INSTRUCTIONS SUBSEQUENT

PROCESSING COPIED TO YOU.

VALDES

cc: Messrs. Moini
Chapman
Dominguez
Jones
Mates
Cabezas
DSD

ee

TYPED

MAY 4 8 53 AM 1972

COMMUNICATIONS
SECTION

72/002

BOL/71/525 April 3, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Assistance to ENFE - Phase II

This is in reply to your cable of March 29 regarding the above project.

The detailed breakdown of the Government's counterpart contribution is attached. This is based on the Government's original submission on November 8, 1971, revised as a result of our mission last January. We would expect to discuss the counterpart contribution further with the Government at the time of the negotiations with the consultants on the sub-contract, but final arrangements are not likely to depart significantly from the attached.

Meanwhile, we are processing the proposed IDA Credit to Bolivia for a Railway Project and our Management has just agreed to invite the Government and ENFE to negotiations. A copy of the "Green Cover" draft Appraisal Report, which will be the basis for negotiations, is attached for your information. It is our expectation, subject to the successful conclusion of negotiations, and to the satisfactory performance by the Government of the pre-conditions that may be agreed to, that this Credit will be submitted for the consideration of our Executive Directors before the end of June.

Sincerely yours,

GA.

for Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Enclosures

cleared with and cc: Messes. Moini, Chapman
Dominguez
cc: Messrs. Jones, Cabezas

VJRiley/eb

FORM No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: MARCH 29, 1972 2340

LOG NO.: WU TELEX / 30

TO: INTBAFRAD

FROM: NEW YORK

ROUTING

ACTION COPY: MR DEMUTH

INFORMATION COPY:

DECODED BY:

TEXT:

92 DEMUTH

RE RILEY'S LETTER 24 MARCH BOLIVIAN NATIONAL RAILWAYS READY TO CONSIDER FOR IMMEDIATE APPROVAL TWO YEARS SECOND PHASE PROJECT UP TO DLRS 1.200.000 UNDP CONTRIBUTION KINDLY ADVISE GIVING DETAILED BREAKDOWN GOVERNMENT COUNTER-PART CONTRIBUTION. WOULD ALSO APPRECIATE RECEIVING BANK'S PLANS FOR PROCESSING DLRS 8 MILLION LOAN IN RELATION THIS PROJECT.

VALDES

cc: Messrs. Moini, Chapman, Dominguez, Jones, Mates, Cabezas

JO

MAR 30 1972

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

DUPLICATE

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 5051

TYPED

MAR 30 9 16 AM 1972
COMMUNICATIONS SECTION

Chairman, Development Committee
cc: Messrs. Kahn, Chapman, Cameron
Jones, Gordon, Carpenter

AVIDES

DFRS 6 MILLION LOAN IN RETALIATION SUIT PROJECT.

PART CONSIDERATION. MOVED VERY VEXATIOUS REGARDING EXPATS PLANS FOR PROCESSING AND CONSIDERATION KINDLY ADVISE STATING DETAILED EXPENDITURE GOVERNMENT CONTRAC- FOR IMMEDIATE VERBOATT ONE ALREAD SECOND PHASE PROJECT UP TO OF ERS 1,500,000 BE MILES STATES SI MUCH DOMESTIC NATIONAL BUSINESS NEEDS TO CONSIDER

25 DEMAND

TEXT:

FROM: NEW YORK

TO: INTERPOND

LOC NO.: NO LETTER \ 30

DATE CABLE: MARCH 25, 1972 25/0
DATE AND TIME

DECODED BY:
COPY:
INFORMATION

ACTION COPY: NO DEMAND

ROUTING

INCOMING CABLE

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

FORM NO. 35
(10-67)

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date March 16-1972

NAME	ROOM NO.
Mr. Riley	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

BOLIVIA - T.A. to ENFE

I retrieved the copy of Mr. Cella's report which had sent to RR. As you will see, there are 2 or 3 minor comments from the economists.

The report is o.k. with me, as I think I have already mentioned to you.

From

Don

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. V. Riley

DATE: March 28, 1972

FROM: L. Y. Pouliquen

SUBJECT: BOLIVIA - Technical Assistance to ENFE
Amendment to the Plan of Operation

1. Following the indications contained in UNDP's letter of March 17, 1972, and those given to Mr. Dominguez by Mr. Mercader during their telephone conversation of March 28, 1972, I have sent to Mr. van der Heijden, for signature, three copies of the amendment to the ongoing Plan of Operation, prepared according to the new UNDP format. The three signed copies will be sent to you for transmittal to the UNDP Resident Representative in La Paz.

2. In your covering letter, I would suggest that you indicate the following points to Mr. Pascoe:

(a) Annex 1 - Project Budget Covering UNDP Contribution - replaces "Schedule 1 - A - UNDP Contribution" of the original Plan of Operation. It includes the $190,000 allotted by the UNDP to extend the Consultants' services until June 30, 1972.

(b) Annex 2 (Sheet 1) - Project Budget Covering Government Contribution in Kind - is a new document. It covers the Government contribution listed in "Schedule 4 - C. Facilities and Supporting Staff for the Consultants" of the original Plan of Operation, updated to reflect the extension from 18 to 22 months of the Consultants' services. It does, nevertheless, result in a small overall decrease of the total, due to other adjustments which resulted from actual performance.

(c) Annex 2 (Sheet 2) - Project Budget Covering Government Contribution in Cash - replaces "Schedule 2 - B. Government Counterpart Contribution in Cash" without any alteration in the total amount.

FJDominguez:alv

Mr. H. van der Heijden March 28, 1972

L. Y. Pouliquen

BOLIVIA - Technical Assistance to ENFE
Extension of Technical Assistance Services until June 30, 1972

1. Attached is the amendment to the Plan of Operation covering the extension of the technical assistance services until June 30, 1972, prepared according to the new format established by the UNDP.

2. As you will note from the attached copy of a letter received from the UNDP, New York, we should sign three copies of this document, and send them to the UNDP Resident Representative in La Paz, who will obtain the signature of the Bolivian Government and sign on behalf of the UNDP.

3. I would appreciate your having these three copies signed and sent to Mr. Riley, who will, in turn, send them to the UNDP Resident Representative in La Paz.

Attachments

FJDominguez:alv

cc: Mr. Riley

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date 24th March

NAME	ROOM NO.
Mr Riley.	D1136

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

I have already sent a copy to Mr. Houzer

From S. A. W. MOINI

Bolivia - 25

March 24, 1972

Sr. Ambrosio Garcia Rivera
Ministro de Transportesy Comunicaciones
La Paz, Bolivia

Dear Mr. Minister:

Reference our discussions and communications about securing UNDP assistance to strengthen the Transport Coordination Unit and the need to undertake various studies regarding the Transport Sector.

I enclose draft terms of reference for the proposed UNDP experts. These terms of reference appear appropriate to the tasks that we expect the Transport Coordination Unit to perform. We would suggest that the formal request for such assistance be forwarded to the UNDP Representative as soon as possible.

I am also sending copies of this letter to the Minister of Planning and the UNDP Representative.

Sincerely yours,

Hendrik van der Heijden
South America Department

Enclosure

cc: Ing. Julio Prado S.
Ministro de Planificacion
Ministerio de Planificacion
La Paz, Bolivia

cc: Mr. John Pascoe
UNDP Resident Representative
Casilla 686
La Paz, Bolivia

Cleared with and cc: Messrs. Karcher
Mates
Martinez

cc: Messrs. Riley
Dominguez
Chapman

SAWMoini:cc

BOLIVIA - TRANSPORT

Proposed Terms of Reference
for UNDP Experts

The Government of Bolivia, having set up a Transport Coordination Unit within the Ministry of , requests that UNDP supply the services of one or possibly two experts in transport economics and transport policy to assist... this unit to:

(a) Review and evaluate existing transport information: identify areas where additional or more accurate information is required; and install a system that will collect, at the lowest cost, the minimum volume of data necessary to generate the information demanded in paragraphs (b) to (e)

(b) Formulate and install procedures to make available on a regular basis:

(i) Traffic flows for freight and passengers by main origins and destinations for the major modes of transport;

(ii) Transport costs;

(iii) Forecasting of traffic demand and growth.

(c) Review existing pricing policies and transport regulations: determine the extent to which these policies and regulations are actually carried out; isolate the economic and social objectives these policies and regulations were designed to support; evaluate how efficient these policies and regulations have been in supporting these objectives.

(d) Formulate economic criteria to evaluate investment in the transport sector and train the personnel available in project appraisal.

(e) Review possible transport investments to determine their economic feasibility. In particular, study the feasibility of:

(i) the proposed railway extension from Rio Mamore to Trinidad;

(ii) the interconnection of the eastern and western systems.

(f) Commence work on the analysis of transport bottlenecks to be able to recommend the development of transport projects.

The expert or experts should also train local staff of the Transport Coordination Unit, so that at the termination of the mission, the local staff will be able to carry on the above tasks without further outside assistance.

BOL/71/525 March 24, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Technical Assistance to ENFE

Attached for your information is a copy of the Back-to-Office Report of the Bank members of the mission which, together with Mr. John Cella of UNDP, visited Bolivia in January to review the above project and discuss a possible Phase II project.

We are also sending copies of this report to Mr. John Cella and to your Resident Representative in Bolivia, Mr. Juan Pascoe.

In this same connection I would also like to refer to the report of Mr. Cella, sent to us with your letter of February 9. The Bank staff, after studying Mr. Cella's report, had only a few limited comments and I have already discussed these by telephone with Mr. Cella, with whom I agreed that committing these points to writing should not be necessary.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Attachment

cc: Mr. John Cella - UNDP, New York
Mr. Juan Pascoe - UNDP Resident Representative in Bolivia

bcc: Messrs. Dominguez, Cabezas, Chapman
Jongs, Mates

VJRiley/eb

on file

March 21, 1972

Mr. Juan Pascoe
Resident Representative of the
United Nations Development
Programme in Bolivia
Casilla 686
La Paz
Bolivia

BOLIVIA - Technical Assistance to ENFE (Phase II)
Project Document

Dear Mr. Pascoe:

As a result of a telephone conversation Mr. Dominguez had with Mr. Houzer, from your New York office, we are sending you two advance copies of the Project Document for Phase II of the Technical Assistance to ENFE.

We would appreciate your discussing it with the Government and sending us both your and the Government's comments. After we have received your comments and those of your New York office, to which we have also sent an advance copy of the Project Document, we will prepare the Document in final form for signature.

Hoping to hear from you at your earliest convenience, we remain

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

Attachments

FJDominguez:alv

Cleared with and cc: Messrs. Riley, Chapman, Moini (no atts.)

UNITED NATIONS DEVELOPMENT PROGRAMME

(Special Fund)

PLAN OF OPERATION

Bolivia

RAILWAY REORGANIZATION STUDY

Amendment No. 1

This Plan of Operation has been amended as follows:

(i) Preamble. First WHEREAS: substitute "$995,000" for "$805,000"

(ii) Section 2.02: substitute "22 months" for "18 months"

(iii) Section 3.01(a): substitute "$983,000" for "$793,000"

(iv) Schedule 1: substitute the schedule attached as Annex 1 hereto for the present Schedule 1 to said Plan of Operation.

(v) Schedule 2: substitute the schedule attached as Annex 2 hereto for the present Schedule 2 to said Plan of Operation.

(vi) Schedule 4, paragraph C. Facilities and Supporting Staff for the Consultants:

(1) Third line: substitute "22 months" for "18 months"

(2) Sub-paragraph (b) Supporting Staff, second line: substitute "(60 months total)" for "(48 months total)"

(vii) The attached Annex I - Project Budget, UNDP Contribution reflects the financial implications of the revised Work Plan.

Government of Bolivia	Participating and Executing Agency	United Nations Development Programme
Date	Date	Date

ROJECT BUDGET COVERING UNDP CO IBUTION
(in US Dollars)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$	MM	$	MM	$	MM	$	MM	$
20.	SUB-CONTRACT COMPONENT										
21.	Sub-contacts	188	943,000	11.5	87,068	131.5	492,610	45.0	363,322		
29.	Component Total	188	943,000	11.5	87,068	131.5	492,610	45.0	363,322		
30.	TRAINING COMPONENT										
31.	Fellowships		40,000		0		0		18,150		21,850
39.	Component Total		40,000		0		0		18,150		21,850
40.	EQUIPMENT COMPONENT		0		0		0		0		
50.	MISCELLANEOUS COMPONENTS										
53.	Sundry (Executing Agency Costs up to December 31, 1971)		9,000		0		9,000		0		
54.	Direct Costs		3,000		0		0		3,000		
59.	Component Total		12,000		0		9,000		3,000		
99.	GRAND TOTAL	188	995,000	11.5	87,068	131.5	501,610	45.0	384,472		21,850

Note 1: Expenditures for 1970 and 1971 are actual disbursements. Expenditures for 1972 and 1973 are estimated.

Note 2: The Government Contribution towards Local Costs, estimated at $57,100 equivalent in the original Plan of Operation, is not included in the above Budget.

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN KIND
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$b	MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT										
	Counterparts	145	690,200	10	47,600	95	452,200	40	190,400		
	Messengers	40	47,600	4	4,760	24	28,560	12	14,280		
	Drivers	60	71,400	0	0	42	49,980	18	21,420		
19.	Component Total		809,200		52,360		530,740		226,100		
30.	TRAINING COMPONENT										
	Salaries of Fellows		428,400		0		0		212,000		216,400
39.	Component Total		428,400		0		0		212,000		216,400
40.	EQUIPMENT COMPONENT										
41.	Expendable Equipment		154,700		15,700		91,000		48,000		
43.	Premises		202,300		20,300		122,000		60,000		
49.	Component Total		357,000		36,000		213,000		108,000		
50.	MISCELLANEOUS COMPONENT										
53.	Sundry		23,800		2,800		12,000		9,000		
54.	Component Total		23,800		2,800		12,000		9,000		
99.	GRAND TOTAL		1,618,400		91,160		755,740		555,100		216,400

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN CASH
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972	
		MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT								
	Subsistence allowance to counterparts when on official travel		47,400		4,400		30,000		13,000
	Transportation in Bolivia of counterparts		55,000		5,000		34,000		16,000
19.	Component Total		102,400		9,400		64,000		29,000
40.	EQUIPMENT COMPONENT								
41.	Expendable Equipment		39,000		5,000		24,000		10,000
49.	Component Total		39,000		5,000		24,000		10,000
50.	MISCELLANEOUS COMPONENT								
53.	Sundry		6,600		1,000		3,600		2,000
59.	Component Total		6,600		1,000		3,600		2,000
99.	GRAND TOTAL		148,000		15,400		91,600		41,000

Bol 25

March 8, 1972

Mr. Moises Ramos Osinaga
Asesoria de Planificacion de ENFE
Empresa Nacional de Ferrocarriles
Gerencia General
Casilla No. 428
La Paz
Bolivia

BOLIVIA - Technical Assistance to ENFE

Dear Mr. Ramos Osinaga:

We would like to reply to the matters raised in your letter of January 24.

We regret the delay in your receiving our letters due to our omitting the Post Office Box Number in ENFE's address.

We are aware that, in the past, Sofrerail has submitted invoices late and with insufficient documentation, thus causing problems for you. We have, in fact, written to them urging that they promptly submit invoices to you with complete supporting documents in accordance with their contract.

We would, however, point out once again that in view of the fact that the cost and accounting aspects of the invoices are examined closely in the Bank and as it is important that these invoices be processed expediently it would seem advisable that ENFE should confine its efforts to verifying that the Consultants' expenses were, in fact, incurred.

The invoices approved by you for local currency expenditures were satisfactory. Only two small changes were made. The first concerned the living allowance paid to Mr. Roger: our letter of November 22, 1971, addressed to you, covered this matter. The second concerns living allowances for Messrs. Larrouy and Benech, contained in the Consultants' invoice covering the month of March 1971. We do not understand why you have approved the local expenses of these two experts since, to the best of our knowledge they were in Bolivia at Sofrerail's own expense. We have asked the Consultants to clarify this point and are awaiting their answer. Subject to these two restrictions, the Consultants' account was credited with the amounts approved by you.

As far as expenditures in foreign currency are concerned, due to the lack of approved invoices, we have been obliged to limit ourselves to making the scheduled payments indicated in Appendix C-6 of the Consultants' contract; we have, for the same reason, been unable to make the adjustments stipulated in Section 3.02 (b) of this contract. This situation will now be corrected as the approved invoices are received and processed by the Controller's Department.

Since we are now preparing all documents for Phase II of the technical assistance to ENFE program, and since we must clear this administrative matter before we can start taking any action on Phase II, I am looking forward to receiving the balance of the approved invoices. To date, we have received (i) in foreign currency, approved invoices from the beginning to December 1971 and (ii) in local currency, from the beginning to July 1971.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

cc: Ing. Rene Navajas
Empresa Nacional de Ferrocarriles
Gerencia General
Casilla No. 428
La Paz, Bolivia

SMoini/FJDominguez:alv

Cleared with and cc: Mr. Moini

cc: Messrs. R. Jones, Riley, van der Heijden

Bol-29(?)

March 9, 1972

Sr. Ambrosio Garcia Rivera
Minister of Transport & Communications
La Paz
Bolivia

Dear Mr. Minister:

I would like to thank you and Mr. Navajas for the cordial reception and cooperation offered by the Government to, and the excellent arrangements made by ENFE for, the joint UNDP - Bank mission which visited Bolivia recently to review the technical assistance to ENFE.

The mission has reported that the technical assistance to ENFE has progressed very satisfactorily, and the cooperation between the Consultants and ENFE's staff has been very good.

As you know, the mission was also expected to assess the need for a second phase of the assistance. The mission discussed with Mr. Navajas, the results obtained so far, and agreed with him on the scope of the required extension of the programme. We shall advise you as soon as the UNDP informs us of its decision regarding financing a second phase of the programme.

I am sending a copy of this letter to Mr. Navajas.

With best wishes.

Sincerely yours,

S.A.W. Moini

Cleared with and cc: Mr. Dominguez
cc: Messrs. Riley, Chapman

SAWMoini:cc

File BOL-25

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Gunter K. Wiese (through Mr. Fajans) DATE: March 8, 1972

FROM: W. Moini

SUBJECT: BOLIVIA: Railways; UNDP Financed Assistance - Extension

1. In September, 1970 the Bolivian Government, UNDP and the Bank entered into an agreement for providing technical assistance to the Bolivian Railways; a copy of the Plan of Operation is attached. The technical assistance has been judged by the UNDP's and our experts, to have been highly successful. We have made it a condition of the proposed credit for assisting the Bolivian Railways Investment and Rehabilitation Plan that the Bolivian Government request for a continuation of the technical assistance.

2. The second stage of technical assistance is expected to commence in July, 1972 while the ongoing assistance (144 months, the field) would have phased out by the end of this month. It was, however, felt that it is important to ensure continuity between the two stages so that the momentum is not lost and ENFE has the support of the consultants during the initial period of its Investment and Rehabilitation Plan. We, therefore, proposed to the UNDP that they consider an extension of the first stage by 44 months in the field, to bridge the gap between the ongoing technical assistance and the second stage. The UNDP has accepted our proposal and has approved additional funds ($190,000) to continue the first stage of technical assistance through June, 1972.

3. Attached for your signature is a letter, with two copies, addressed to the UNDP expressing the Bank's agreement to the amendment of the Plan of Operation of September 28, 1970, to provide for the extension. These letters will be transmitted to the UNDP, through our regular channels, with a covering letter setting out the background. On receiving the two signed copies of the letter back from the UNDP we will address a similar letter to the Bolivian Minister of Transport along with two copies for his signature and return. We would then transmit the letter signed by the Bolivians to the UNDP and vice versa; this procedure would satisfy the requirements of the Legal Department for effecting the tri-partite agreement. The letter has been cleared by all the Departments concerned.

cc: Messrs. Dominguez
Cabezas
Chapman
Jones
Mates
Abdi

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 · Telephone - EXecutive 3-6360 · Cable Address - INTBAFRAD

March 8, 1972

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations
New York, New York 10017

Dear Mr. Valdes:

Please refer to the Plan of Operation (Republic of Bolivia - Railway Reorganization Study) dated September 28, 1970 between the Republic of Bolivia, UNDP and the Bank. The Bank hereby agrees to amend it in the following way:

(i) Preamble. First WHEREAS: substitute "$995,000" for "$805,000"

(ii) Section 2.02: substitute "22 months" for "18 months"

(iii) Section 3.01(a): substitute "$983,000" for "$793,000"

(iv) Schedule 1: substitute the schedule attached as Annex 1 hereto for the present Schedule 1 to said Plan of Operation.

(v) Schedule 2: substitute the schedule attached as Annex 2 hereto for the present Schedule 2 to said Plan of Operation.

(vi) Schedule 4, paragraph C. Facilities and Supporting Staff for the Consultants:

(1) Third line: substitute "22 months" for "18 months"

(2) Sub-paragraph (b) Supporting Staff, second line: substitute "(60 months total)" for "(48 months total)".

I would request that agreement on behalf of the United Nations Development Programme be recorded by returning to us the two attached copies of this letter signed by an authorised representative.

Sincerely yours,

G. K. Wiese

Gunter K. Wiese
Deputy Director
South America Department

Enclosures

AGREED

_____

cc: Messrs. Dominguez
Cabez as
Chapman
Jones
Mates
Abdi ✓

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Messrs. T. Oursin and L. Y. Pouliquen DATE: March 7, 1972

FROM: J. C. Blumstein and F. J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE
Meeting in La Paz with a Mission from UNDP Headquarters
Back-to-Office and Full Report

A. INTRODUCTION

1. In accordance with the Terms of Reference dated January 11, 1972, Messrs. Blumstein and Dominguez arrived in La Paz on January 17, 1972, to (i) review with the UNDP and ENFE the progress of the on-going program of technical assistance to ENFE; (ii) discuss with the UNDP and ENFE the possibility of the UNDP financing a Phase II of technical assistance to ENFE, to start July 1, 1972; and (iii) assist the Government, if necessary, in preparing its application to the UNDP for assistance in the Phase II program.

2. The UNDP was represented by Mr. J. Cella from the UNDP New York Headquarters, by Mr. M. Salzmann, Program Officer at the UNDP La Paz Office, and at some of the meetings, by Mr. J. Pascoe, UNDP Resident Representative in Bolivia. Messrs. Chapman and Mates participated in some of the discussions.

3. On January 23, 1972, Mr. Blumstein proceeded to Buenos Aires, and Mr. Dominguez returned to Washington.

B. BACKGROUND

4. Following an application by the Government of Bolivia, the UNDP allocated in June 1970 the equivalent of $753,000 for a program of technical assistance to ENFE, and of $40,000 for fellowships. On September 9, 1970, a contract was signed between the Bank, acting as Executing Agency, and the consulting firm of SOFRERAIL (from France), according to which, SOFRERAIL agreed to supply 135 man-months of technical assistance, over a period of 18 months. The technical assistance started in October 1970, and was to terminate gradually between November 1971 and March 1972.

5. In October 1971, a Bank mission appraised an $8 million IDA credit for ENFE, to help finance the first two years of a five-year rehabilitation program (1972-1976) established jointly by ENFE and the Consultants. This IDA credit is scheduled to be submitted to the Loan Committee in early March 1972. A prerequisite for such a credit is that the present technical assistance program to ENFE be extended into a Phase II, to be financed either by the UNDP or by the IDA credit itself.

6. In order to avoid an interruption in the technical assistance services while it reviewed the results obtained to date by the on-going program and decided whether it would finance a Phase II program, the UNDP, in December 1971, granted a $190,000 increase to its original allocation. This amount is sufficient to carry on the essential services of the on-going program until June 30, 1972.

7. Before leaving for La Paz, the mission received a copy of the application for a Phase II of the technical assistance program, dated November 1971, which the Government had submitted to the UNDP. This application requested an extension of the present technical assistance program into a Phase II, to last from mid-1972 until mid-1976; the cost to the UNDP for this extension was estimated at $1,135,000, and it was requested that the same Consultants be retained, to supply 224.5 man-months of experts' services.

8. The last Bank supervision mission took place in October 1971 (see Mr. Dominguez' Full Report of December 3, 1971).

C. SUMMARY

9. The on-going technical assistance program is progressing satisfactorily. Relations between ENFE and the Consultants are excellent and ENFE is giving the Consultants all the support they need. (para. 21)

10. The mission and the UNDP representatives discussed the Phase II program with the management of ENFE, and reached an agreement on the scope and duration of the technical assistance services. Draft terms of reference for Phase II are attached (Annex I). The Government will submit shortly to the UNDP a revised application for assistance in Phase II. (para. 34)

11. ENFE is now prepared to send 10 members of its staff on fellowships, in successive groups of three. The required documentation and proposed training programs will be submitted to the Bank shortly. (para. 28)

12. On January 20, 1972, the Minister of Planning and Coordination advised the mission and the UNDP representatives that the Government had on that date discussed and approved the memorandum of understanding proposed by the Bank. (para. 37)

13. At this same meeting, the Minister of Planning and Coordination also advised the mission that the Transport Coordination Planning Unit was being transferred to his Ministry, and that he would ask the UNDP to provide an expert to cooperate with this Unit and to train its staff. (para. 38)

14. Several administrative matters were reviewed with the Consultants and ENFE (delays in submitting approved invoices, extension of the economist's services, extension of the present contract and timetable for the negotiation of Phase II). (paras. 29 - 31)

D. RECOMMENDED ACTION

15. The proposed bar chart and cost estimates for the Phase II program have been checked by the Controller's Office (para. 33). Terms of reference have been prepared (Annex I).

16. Once the UNDP officially advises us that they have agreed to finance Phase II (para. 33), the Consultants will be called in to negotiate a Phase II contract. The Project Document for Phase II will be prepared and sent to the UNDP and to the Government for their review, approval and signature.

17. Since Phase II of the technical assistance program and the contemplated IDA credit to ENFE are complementary projects, the mission recommends that negotiations for both be held at about the same time. (para. 36)

18. A letter has been sent to the Consultants, asking them to supply the Bank with some administrative documents required to complete our files and confirming the Bank's policy on vacation trips (Annex II).

19. The Bank has not yet received any Consultants' invoices in foreign currency, approved by the Government (para. 29). The Government official responsible for this approval has assured the mission that all such invoices, up to December 1971, would be sent to the Bank by January 31, 1972. However, they have not yet been received. A reminding cable was sent on February 10, 1972 (Annex III).

20. The mission recommends that the four months' extension of the Consultants' economist, requested by ENFE, be granted, since his assistance to the ENFE Planning Unit is proving to be helpful (Annex IV). (para. 31)

E. REVIEW OF TECHNICAL ASSISTANCE PROGRAM TO ENFE

21. The progress of the on-going Phase I program was reviewed in detail. The mission found that progress continues to be satisfactory, that the cooperation between ENFE and the Consultants is excellent and that the Government, through ENFE, is giving the Consultants adequate local support and is supplying them with adequate counterpart personnel. Following is a resume of the progress realized, since the Bank's last mission of October 1971, in each of the plans of action established by the Consultants and ENFE (see Mr. Dominguez' Full Report of December 3, 1971).

22. Rolling Stock Maintenance. Working conditions at the Viacha Diesel Workshop have somewhat improved. Power jacks to lift locomotive bodies were received from the Cochabamba warehouse and installed. The first 12,000-hour maintenance operation on a diesel electric locomotive had just started when the mission visited the shop. Two specialists in maintenance of cars and wagons have arrived in Bolivia and will start their work at the Uyuni workshop during the last week of January, when their lodgings will be ready. Their particular tasks will be (a) to work out detailed instructions for maintenance and repair of cars and wagons; (b) to train the workshop personnel in preventive maintenance methods; (c) to reorganize the workshop for better efficiency; and (d) to set up specialized shops for the systematic repair of various equipment and components (air brake equipment, batteries, wheel sets, etc.). The reorganization of Uyuni workshop is scheduled to be completed by the end of 1972.

23. Track Maintenance. The training of personnel in maintenance practices continues to progress satisfactorily in the two pilot zones, although the work is somewhat hampered by the rainy season. Preparations for the extension of the maintenance procedures to 13 additional zones during 1972 is progressing satisfactorily.

24. Operations. The two main achievements in this field since the October mission have been (a) the enforcement of a transportation plan in the Eastern system; and (b) an updating of the transportation plan in the Western system, to improve its efficiency.

25. Tariff Structure and Commercial Policies. The tariff structure for freight was finalized and submitted to the Government for approval. Although there has been some delay on behalf of the Government in approving the new tariff structure, its implementation is expected soon; it is a prerequisite for negotiations of the contemplated IDA credit.

26. With reference to the Commercial Department, fifteen candidates to positions of regional business promoters have been trained and the six best suited have been selected. They should start working in the very near future, mostly collecting market information and preparing a file of prospective customers.

27. Statistics. The new statistics system is scheduled to be in full operation by March 1972. Its efficiency will increase as data supplied by the operational units improve.

28. Fellowships. The fellowship program provided for in the UNDP allocation has not yet been implemented, since ENFE did not wish to have any of its staff away during the period in which the Consultants were training counterparts. ENFE has now prepared a list of ten fellowships, divided in groups of three and four (by specialty). The first group should be

leaving Bolivia around May 1972, and the other groups will be staggered so that only one group is away from the country at any given moment. Candidates for the fellowships are now being selected and the documents for the first three will be sent to Mr. Morra shortly, together with tentative training programs. It was agreed that, if SNCF could supply Spanish-speaking instructors, the training will take place in France; otherwise, it will take place in Spain or in a Spanish-speaking country.

29. Administrative Matters. No progress was made since the October 1971 mission in solving the matter of the delay in approving the Consultants' invoices. The Bank has not yet received any approved invoices in foreign currency, and the last approved invoice in local currency received referred to services rendered in April 1971. Late submission of invoices by the Consultants, inaccuracies in their presentation, excessive rigor on behalf of the Bolivian official responsible for their approval and undue delays in correspondence are responsible for this situation. However, the mission discussed this problem in detail with the responsible official, and obtained his assurance that all foreign currency invoices from the start to December 1971 would be approved and mailed to Washington by January 31, 1972, and that the backlog of invoices in local currency would follow. The Manager of ENFE was made aware of the necessity of clearing these administrative matters before negotiations for Phase II were initiated.

30. Another problem was the number of vacation trips invoiced by the Consultants. The mission informed the Consultants that the rule adopted by the Bank was that they could invoice one vacation round trip for every expert and his family, provided the expert had stayed in the territories of the Government for a period of 12 consecutive months, and that he stayed in the territories of the Government for at least six consecutive months after his return from such a trip. This rule was confirmed to the Consultants by a letter dated February 2, 1972 (Annex II).

31. Finally, the mission looked into the matter of the work being performed by the Consultants' economist, Mr. Valdes. A four months' extension of Mr. Valdes' services had been requested by ENFE, and, by a cable dated December 28, 1971, the Bank had informed ENFE that the matter would be reviewed by the January mission. Contrary to the Bank's hope and expectation, Mr. Valdes is not working on inter-modal transport coordination and user charge calculations, since the Government's Transport Coordination Unit is not yet operational. However, Mr. Valdes is helping the recently reorganized ENFE Planning Unit to get started, and is maintaining contacts with other Government agencies. The mission is of the opinion that Mr. Valdes' present activities are useful to the improvement of ENFE's management procedures and that the four months' extension of his services, requested by ENFE, should therefore be granted (Annex IV).

F. DISCUSSIONS OF THE PHASE II PROGRAM

32. Together with the Consultants, the mission revised the bar chart and cost estimates for the extension of Phase I until June 30, 1972, as well as those contained in the Government's November 1971 application, to (i) assure the continuity of the technical assistance until the IDA credit and the Phase II technical assistance become effective; (ii) concentrate the Phase II technical assistance effort during the period which coincides with the time span of the proposed IDA credit; and (iii) keep the expenditures within the limits of the UNDP extension of the present allocation and of the allocation contemplated for Phase II (US$1,135,000). The UNDP representatives reviewed and agreed with the revised scope of work and cost estimates. They will recommend their approval by the UNDP New York Headquarters.

33. On January 21, 1972, the UNDP representatives, the mission, the Consultants, and ENFE representatives met under the chairmanship of ENFE's General Manager, Mr. R. Navajas, to discuss the revised bar chart and cost estimates for Phase II. The main alteration to the Government's application to the UNDP was a reduction in the number of man-months from 224.5 to 202, mainly through the elimination of follow-up and supervision services in 1975 and 1976.

34. The General Manager expressed the opinion that these services were important. However, he approved the revised bar chart and cost estimates when the mission and the UNDP representatives explained to him that the goal of Phase II was that, after 1974, ENFE should be able to operate without assistance, and that, at the time of the joint review of the program scheduled for early 1974, a limited extension of technical assistance in specific sectors, if needed, could be discussed by ENFE with the UNDP and the Bank. The General Manager agreed to submit, without delay, a revised application to the UNDP.

35. The revised cost estimates for the proposed Phase II have been completed, and checked by the Controller's Office. The Legal Department has been asked to prepare the Consultants' contract and the project document for Phase II.

36. The mission recommends that, in order to emphasize the close relationship between Phase II and the IDA credit, the negotiations for Phase II take place at about the same time as those for the IDA credit. This would have the added advantage of allowing the same Government mission to carry out both negotiations.

G. MEETING WITH THE MINISTER OF PLANNING

37. On January 20, 1972, the UNDP Resident Representative, the UNDP mission and the Bank mission called on the Minister of Planning and Coordination to inform him of the purpose of their visit to La Paz. The Minister informed the mission that, at a Cabinet meeting held earlier in the day under the chairmanship of the President of the Republic, the memorandum of understanding submitted by the Bank had been discussed and approved. An official communication would be sent to the Bank shortly.

38. At this same meeting, the Minister also informed the mission that the Transport Coordination Unit was being transferred back to his Ministry within the next few days' he inquired about the possibility of UNDP-financed assistance to the Unit and was told by Mr. Pascoe that it should be possible to have one or two experts in La Paz within two or three months of an official Government's request.

Attachments

FJDominguez:alv

Cleared with and cc: Messrs. Mates, Chapman

cc: Messrs. Chadenet, Baum, Ripman, Engelmann, King, Lee, Lithgow Rovani, van der Tak, Knox, Geolot, Jaycox, Geli, Hardy, A.T. Davis, Lind, J.D. Elliott

cc: Messrs. Riley, van der Heijden, R. Jones, Cabezas

ANNEX I

DRAFT

REPUBLIC OF BOLIVIA

TECHNICAL ASSISTANCE TO THE RAILWAYS (ENFE)

(PHASE II)

Terms of Reference

INTRODUCTION

I. OBJECTIVES

II. SCOPE OF CONSULTING SERVICES

A. General

B. Advisory Services

C. Training

D. Time Schedule for Consulting Services and Reports

III. DATA, STUDIES, LOCAL SERVICES AND FACILITIES TO BE PROVIDED BY THE GOVERNMENT

A. Economic, Traffic and Technical Data

B. Cooperation of Governmental Agencies and Counterparts

C. Facilities and Supporting Staff for the Consultants

INTRODUCTION

The Empresa Nacional de Ferrocarriles del Estado (ENFE) was formed in 1964 by the fusion of six independent railways. In 1962, the first Sofrerail mission, under an IBRD grant, made a high level survey of the railways and submitted recommendations for complementary studies and basic reforms needed to achieve the integration of the railways and the improvement of their operation. A first request by ENFE for technical assistance was delayed by the Government, who wished to give first priority to a General Transport Survey (Daniel, Mann, Johnson and Mendenhall Study - 1967 - 1969). In 1970, under a UNDP grant, Sofrerail was retained to give ENFE the technical assistance it required to carry out the recommended studies and to start their implementation and the training of the personnel. During this Phase I program, which was extended in December 1971 to continue until June 30, 1972, a five-year investment program for the rehabilitation of ENFE was prepared by the Consultants and ENFE. In November 1971, the Government requested the assistance of the UNDP for a Phase II program of technical assistance to ENFE, to pursue (a) the implementation of the time-phased action programs established in Phase I for the rehabilitation of the railways and (b) the training of staff, at all levels, but particularly at the operational level. The Government has also requested IBRD's assistance in financing the five-year investment plan (1972 - 1976) established for ENFE's rehabilitation: an IDA credit has been appraised by the Bank to help finance the first two years (1972 - 1973) of the investment plan.

I. OBJECTIVES

The purpose of the Phase II services is to assist the Government and ENFE in the continuation of their efforts to rehabilitate the railways by improving management and operational methods, and by training personnel at all levels, with emphasis on those skills required (i) for the efficient use of rolling stock, equipment, tools and materials, including those which are to be procured under the proposed IDA credit, (ii) for the improvement and maintenance of the tracks and (iii) for the sound planning of future investments.

II. SCOPE OF CONSULTING SERVICES

A. General

The Consultants shall give ENFE technical and administrative assistance, as set out in Section B below, and as required to attain the objectives given in Part I hereof. The duration of the services will be of two years. In the conduct of this work, the Consultants shall cooperate fully with the Government and ENFE, which will assign counterpart personnel to work with the Consultants and provide the data, services and facilities outlined in Part III. The Consultants shall be solely responsible, however, for the analysis and interpretation of all data received and for the findings, conclusions and recommendations contained in their reports.

B. Advisory Services

1. Maintenance of Rolling Stock

Implementation of the Consultants' recommendations, as expressed in the plan of action for rolling stock maintenance and rehabilitation,

was initiated during Phase I, on a limited scale only, due to ENFE's poor facilities and acute shortage of spares and materials. During Phase II, the Consultants shall assist ENFE in the intensification of the implementation of the plan of action, as facilities, spares and materials become available under the investment plan.

(i) Scrapping and renovation of the existing fleet. The Consultants shall assist ENFE in the selection of equipment to be scrapped. As new spare parts and materials become available, the Consultants shall help ENFE intensify the passenger and freight car fleet rehabilitation program already started at Uyuni, and implement fully a periodic maintenance program for the diesel locomotives and railcars.

(ii) Maintenance methods. General instructions for periodic maintenance operation were prepared under Phase I. The Consultants shall now prepare detailed working instructions applicable to the various categories of equipment, and continue to train the personnel in the periodic maintenance operations.

(iii) Organization of the Mechanical Department and maintenance facilities. The Consultants shall assist in the organization and strengthening of this Department, recently transferred from Uyuni to La Paz, so that it may assume full and effective control of motive power and rolling stock maintenance and utilization.

(iv) Spare parts. The Consultants shall assist ENFE in preparing lists of spare parts and materials required for the rehabilitation and the periodic maintenance programs. The Consultants shall also assist ENFE in setting up a modern stores and supplies system and an efficient procurement mechanism.

(v) Concentration of workshops. In agreement with guidelines agreed upon in Phase I, the Consultants shall assist ENFE in implementing the concentration of repair work at Viacha (repair of diesel motive power for both the Eastern and Western Systems), Uyuni (repair of passenger and freight cars for the Western System), and Santa Cruz (repair of passenger and freight cars for the Eastern System). Parallel to this concentration of repair work, the Consultants shall assist ENFE in implementing the gradual closing of Cochabamba, Sucre, Tupiza, Robore and Potosi workshops, and the conversion of the Oruro workshop into a running shed.

(vi) Modernization of workshops. The Consultants shall assist ENFE in implementing the modernization, reorganization and re-equipment programs of the three main shops by setting up modern repair lines for each type of equipment.

2. Track Improvement and Maintenance

Under Phase I, track was upgraded from the present level to a level adequate to apply periodic maintenance schemes in two 40-km pilot zones. These were intended to serve mostly as on-the-job training, since both the rehabilitation and the periodic maintenance work were hampered by the acute shortage of basic materials, such as sleepers and fastenings, and of tools. Under Phase II, as materials and equipment will become available, the Consultants shall assist ENFE in extending track rehabilitation and periodic maintenance schemes to an additional 13 zones during the first year, and to all 150 zones of ENFE by the end of the second year. The Consultants shall also assist ENFE in purchasing

track maintenance tools to improve operations and enable execution of the work programs according to modern techniques. The Consultants shall assist ENFE in establishing a time-phased track renewal program. In conjunction with the above, the Consultants shall assist in locating proper stone quarries to supply ballast.

3. Operations

(i) During Phase I, transportation plans for both the Eastern and the Western Systems were established and implemented. The Consultants shall assist ENFE in achieving maximum efficiency in these operations.

(ii) During Phase I, the main office for train control in the Western System was established in July 1971 and is now operating at Oruro. The Consultants shall assist ENFE in establishing two sub-offices in the Western System (at Viacha and Uyuni) and a control office for the Eastern System at Santa Cruz.

(iii) Car allocation. The Consultants shall assist ENFE in the operation of car allocation centers, located in the traffic control offices.

(iv) Diesel traction operations. The Consultants shall assist ENFE in completing the study of driver and engine utilization statistics to obtain a clearer picture of motive power operations. The Consultants shall also assist ENFE in implementing engine and driver rosters on both networks, to obtain a better utilization of motive power and of personnel. The Consultants shall assist ENFE in reorganizing the diesel sheds. The Consultants shall continue their program of systematic training of all drivers, and extend it to include assistant drivers, station inspectors,

and shed personnel. Finally, the Consultants shall carry out traction tests on various lines with a view to improving timetables.

(v) Marshalling yards. The Consultants shall assist ENFE in the implementation of the new organization they recommended for the marshalling yards. The Consultants shall adapt the reorganization of the marshalling yards to take full advantage of the locotractors to be acquired under the investment plan.

4. Rates - Commercial Policy

Under Phase I, a new methodology was proposed and implemented for the calculation of transport costs, and studies for a new tariff structure were carried out. The Consultants shall assist ENFE in making the relevant decisions regarding the adoption of a simplified tariff structure, and in enforcing the new structure. The Consultants shall assist ENFE in organizing the recently created Commercial Department, in determining its policy, in recruiting and training its staff, and in instilling in the staff an adequate and aggressive "commercial spirit."

5. Accounting

The Consultants shall assist ENFE in modernizing its balance sheet, in adopting more realistic values for fixed assets and depreciation, and in revising the accounting system to present operating expenses in the usually accepted railway form. The accounting should also provide readily such essential information as costs of labor, fuel, materials, contractors, loss on "pulperias", etc. and the elements needed for the calculation of traffic costs. Finally, the Consultants shall evaluate the computer requirements of ENFE, and make recommendations concerning the continued use or substitution of ENFE's computer.

6. Personnel Management

The Consultants shall study the problems of personnel management, recruiting, retirement, social and other benefits, etc., and propose a coherent personnel policy; they shall also assist ENFE in implementing the adopted policy.

C. Training

Since most studies and recommendations were made under Phase I, the services rendered under the present Phase II shall greatly emphasize the training aspects of the technical assistance rendered to ENFE. The objective is to prepare ENFE personnel to carry on completely on their own at the end of the program. To this end, the Consultants shall assist in training Bolivian personnel at all levels, by on-the-spot training, the holding of seminars, the preparation of work manuals and instructions, practical demonstrations, etc.

D. Time Schedule for Consulting Services and Reports

The Consultants shall commence field work on this project on July 1, 1972, or on the effective date of this contract, whichever is latest.

The Consultants shall prepare the following reports in Spanish and in English:

(1) an Inception Report, giving an outline of the status of existing conditions, within two months of start of work in the field. This report shall include an outline of the recommendations to be made to the Government and ENFE, and a program for the implementation of such recommendations. (15

copies in English and 2 in Spanish to the Bank; and 20 copies in Spanish and 2 in English to the Government)

(2) Progress Reports, at three months intervals, starting from the date of the Inception Report. These reports should contain a resume of the work performed during the ending period, and an outline of the work to be performed during the following period. Such reports should also indicate the arrivals, departures and absences, as well as the expected future absences, of the Consultants' personnel, and any suggestions which the Consultants may wish to make concerning the scope of their work or the manner in which it it is to be carried out. (15 copies in English and 2 in Spanish to the Bank; and 20 copies in Spanish and 2 in English to the Government)

(3) Statistical Supplements, showing personnel employed, equipment ordered and delivered during the preceding periods of January 1 to June 30 and July 1 to December 31 (10 copies in English and 2 in Spanish to the Bank; and 10 copies in Spanish and 2 in English to the Government), by January 31 and July 31 of each year.

(4) a Report on traffic forecasts and the methodology recommended for the economic analysis of ENFE's

investment program, by December 31, 1972. (15 copies in English and 2 in Spanish to the Bank; and 20 copies in Spanish and 2 in English to the Government)

(5) a Report on the economic analysis of ENFE's investment program 1973 - 1976, by June 30, 1973. (15 copies in English and 2 in Spanish to the Bank; and 20 copies in Spanish and 2 in English to the Government)

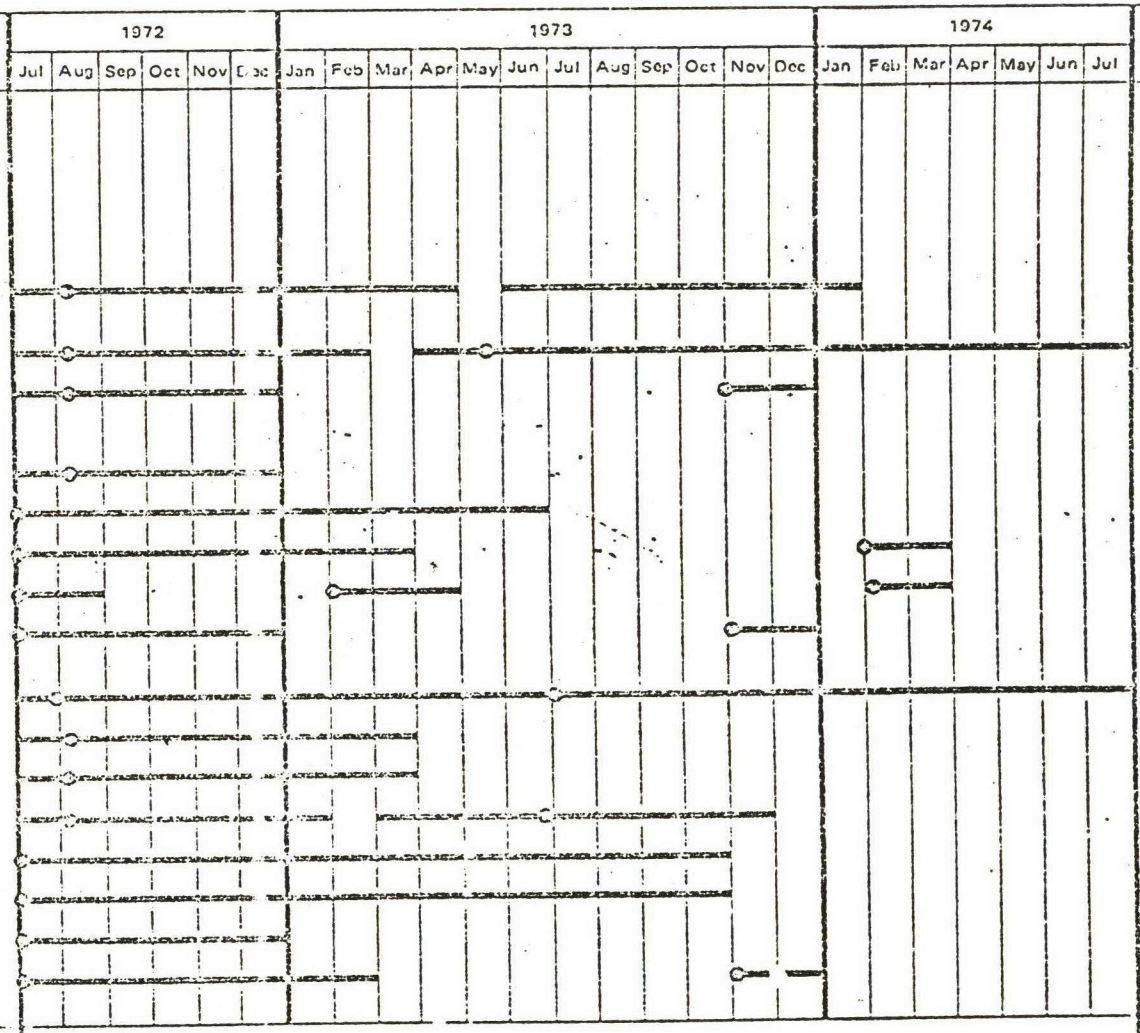
(6) a Final Report, showing a resume of all work performed under this contract, an assessment of all results achieved and submitting their recommendations for the future (15 copies in English and 2 in Spanish to the Bank; and 20 copies in Spanish and 2 in English to the Government), twenty-four months after the start of work in the field.

The report mentioned in (6) above shall contain a concise first chapter summarizing all major findings and recommendations of the Consultants.

III. DATA, STUDIES, LOCAL SERVICES AND FACILITIES TO BE PROVIDED BY THE GOVERNMENT

BOLIVIA: TECHNICAL ASSISTANCE TO ENFE - PHASE II
BAR CHART DIAGRAM

NAMES	POSITION	Man/Months in Field	Working days in Home office
Broca	Supervision	2	40
	Home office staff	–	80
Chabot	Head Mission		
	Traffic operations	18	
Follain	Maintenance Rolling Stock	24	
Robin	Tariffs Commercial policy	8	
Polisset	Maintenance and Improvement of track	6	
x	Procurement and stocks	12	
x	Accounting	11	
x	Computer	2	
x	Personnel management	8	
Benezet	Maintenance – Diesel power	24	
Beroualsard	Maintenance – Cars	9	
Cigare	Maintenance – Wagons	9	
Fety	Maintenance – Track	16	
x	Maintenance – Track	16	
x	Maintenance – Track	16	
x	Diesel traction operation	6	
x	Station organization	10	
		202	120



Starting date

World Bank 6021

ANNEX II

February 2, 1972

Mr. B. Broca
SOFRERAIL
37-39, Rue de la Bienfaisance
Paris-VIIIe
France

Re: BOLIVIA - Technical Assistance to ENFE

Dear Mr. Broca:

With reference to the discussions in La Paz between you and the recent Bank mission, we would like to confirm the following points:

a. Once our Controller's office has checked the cost calculations prepared in La Paz by yourself and the mission for extending the services until June 30, 1972, we will prepare and send to you an amendment to the contract for your review and signature. In this amendment, Mr. Jaeger will appear as head of mission until June 30, 1972. His substitution before that date should be discussed after a Phase II contract has been agreed upon, possibly in early April 1972.

b. The number of vacation trips to France for this project has been calculated on the following basis: To qualify for a vacation air ticket to France for himself and his family at UNDP expense, an expert must (i) work at least 12 consecutive months in Bolivia, and (ii) work at least 6 months in Bolivia after his return from such a trip.

c. You should send the curricula vitae of Messrs. Fety and Follain for review and approval by the Bank before these experts leave for Bolivia.

d. You should send us the curricula vitae of Messrs. Bonnet, Raulet, Nidelet and Robin and the reasons why they were substituted for Messrs. Turbe, Balesdens, Colas and Fecourt, so that we may approve these experts officially and authorize our Controller to make payments for their services.

Sincerely yours,

(Sgd.) L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

A Copy
February 16, 1972

MR RAMOS OSINAGA
FERROBOL
LA PAZ

(BOLIVIA)

FEBRUARY 28, 1972

LT

REURCAB FEBRUARY 11 HAVE RECEIVED INVOICES LOCAL CURRENCY COVERING ONLY MAY JUNE 1971 STOP PLEASE INFORM FIRM DATE WE MAY EXPECT LOCAL CURRENCY INVOICES JULY 1971 TO DECEMBER 31 AND FOREIGN CURRENCY FROM START TO DECEMBER 31 PROMISED FOR JANUARY 31 STOP TARDINESS REMITTING APPROVED INVOICES IS HAMPERING OUR EFFORTS NEGOTIATE PHASE II STOP

REGARDS

POULIQUEN
INTBAFRAD

FJDominguez:alv

A Copy
March 3, 1972

MR RENE NAVAJAS
FERROBOL
LA PAZ

(BOLIVIA)

FEBRUARY 28, 1972

LT

HAVE SENT THIS DATE FOLLOWING CABLE TO MR OSINAGA QUOTE REURCAB FEBRUARY 11 HAVE RECEIVED INVOICES LOCAL CURRENCY COVERING ONLY MAY JUNE 1971 STOP PLEASE INFORM FIRM DATE WE MAY EXPECT LOCAL CURRENCY INVOICES JULY 1971 TO DECEMBER 31 AND FOREIGN CURRENCY FROM START TO DECEMBER 31 PROMISED FOR JANUARY 31 STOP TARDINESS REMITTING APPROVED INVOICES IS HAMPERING OUR EFFORTS NEGOTIATE PHASE II UNQUOTE AS YOU KNOW NORMALIZATION INVOICING SITUATION NECESSARY BEFORE MAY PROCEED PHASE II STOP WILL APPRECIATE YOUR ASSISTANCE IN EXPEDITING THE APPROVAL AND REMITTANCE INVOICES STOP REGARDS

POULIQUEN
INTBAFRAD

FJDominguez:alv

A Copy
March 3, 1972

ANNEX IV

March 7, 1972

Mr. A. de Montessus
SOFRERAIL
37-39, Rue de la Bienfaisance
Paris-VIIIe
France

BOLIVIA - Technical Assistance to ENFE
Extension of Mr. Valdes' Services

Dear Mr. de Montessus:

We refer to our letter of January 10, 1972 and to our discussions in La Paz with Mr. Broca on this subject. We hereby confirm that the Bank has no objection to the four-month extension of Mr. Valdes' services in La Paz (up to mid-May 1972) provided the corresponding expenditure can be met under the revised ceiling of your Phase I contract.

Sincerely yours,

(Sgd.) L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

FJDominguez:alv

A Copy
March 7, 1972

ANNEX 1

PROJECT BUDGET COVERING UNDP CONTRIBUTION
(in US Dollars)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$	MM	$	MM	$	MM	$	MM	$
20.	SUB-CONTRACT COMPONENT										
21.	Sub-contacts	188	943,000	11.5	87,068	131.5	492,610	45.0	363,322		
29.	Component Total	188	943,000	11.5	87,068	131.5	492,610	45.0	363,322		
30.	TRAINING COMPONENT										
31.	Fellowships		40,000		0		0		18,150		21,850
39.	Component Total		40,000		0		0		18,150		21,850
40.	EQUIPMENT COMPONENT		0		0		0		0		
50.	MISCELLANEOUS COMPONENTS										
53.	Sundry (Executing Agency Costs up to December 31, 1971)		9,000		0		9,000		0		
54.	Direct Costs		3,000		0		0		3,000		
59.	Component Total		12,000		0		9,000		3,000		
99.	GRAND TOTAL	188	995,000	11.5	87,068	131.5	501,610	45.0	384,472		21,850

Note 1: Expenditures for 1970 and 1971 are actual disbursements. Expenditures for 1972 and 1973 are estimated.

Note 2: The Government Contribution towards Local Costs, estimated at $57,100 equivalent in the original Plan of Operation, is not included in the above Budget.

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN KIND
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972		1973	
		MM	$b	MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT										
	Counterparts	145	690,200	10	47,600	95	452,200	40	190,400		
	Messengers	40	47,600	4	4,760	24	28,560	12	14,280		
	Drivers	60	71,400	0	0	42	49,980	18	21,420		
19.	Component Total		809,200		52,360		530,740		226,100		
30.	TRAINING COMPONENT										
	Salaries of Fellows		428,400		0		0		212,000		216,400
39.	Component Total		428,400		0		0		212,000		216,400
40.	EQUIPMENT COMPONENT										
41.	Expendable Equipment		154,700		15,700		91,000		48,000		
43.	Premises		202,300		20,300		122,000		60,000		
49.	Component Total		357,000		36,000		213,000		108,000		
50.	MISCELLANEOUS COMPONENT										
53.	Sundry		23,800		2,800		12,000		9,000		
54.	Component Total		23,800		2,800		12,000		9,000		
99.	GRAND TOTAL		1,618,400		91,160		755,740		555,100		216,400

PROJECT BUDGET COVERING GOVERNMENT CONTRIBUTION IN CASH
(in Pesos Bolivianos)

Country : Bolivia
Project No. :
Title : Railway Reorganization Study - Amendment to Plan of Operation signed September 28, 1970

		Total		1970		1971		1972	
		MM	$b	MM	$b	MM	$b	MM	$b
10.	PROJECT PERSONNEL COMPONENT								
	Subsistence allowance to counterparts when on official travel		47,400		4,400		30,000		13,000
	Transportation in Bolivia of counterparts		55,000		5,000		34,000		16,000
19.	Component Total		102,400		9,400		64,000		29,000
40.	EQUIPMENT COMPONENT								
41.	Expendable Equipment		39,000		5,000		24,000		10,000
49.	Component Total		39,000		5,000		24,000		10,000
50.	MISCELLANEOUS COMPONENT								
53.	Sundry		6,600		1,000		3,600		2,000
59.	Component Total		6,600		1,000		3,600		2,000
99.	GRAND TOTAL		148,000		15,400		91,600		41,000

BOL-85

March 6, 1972

SOFRERAIL
37-39, Rue de la Bienfaisance
Paris-VIIIe
France

BOLIVIA - Technical Assistance to ENFE

Gentlemen:

Attached you will find, for your review and approval in principle, the draft of the proposed amendment to your contract, covering the extension of your services until June 30, 1972. As soon as we have your agreement, and as soon as the corresponding amendment to the Plan of Operation has been approved by the Government and the UNDP, we will send you the required official copies for you to sign.

The appendices which would become a part of the contract amendment were based essentially on the preliminary calculations made in La Paz by Messrs. Broca and Dominguez. In order to simplify your review of the amended appendices, we are sending you copies of two of our own calculation sheets: the first was used to calculate the duration of the services of your experts and was made from the bar chart you gave Mr. Dominguez in La Paz; the second one covers International Travel and is based on the condition mentioned in our letter of February 2, 1972, that, in order to qualify for a UNDP-paid vacation trip for himself and his family, an expert must have worked twelve consecutive months in Bolivia and must return to Bolivia for at least six consecutive months of services.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

Attachments

cc: Mr. D. C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W.
Washington, D. C. 20036

FJDominguez:alv

Cleared with and cc: Messrs. Bronfman, Riley, Cabezas, R. Jones

Ouf file
Bol. 25

February 17, 1972

Mr. A. de Montessus
SOFTRAIL
37-39, Rue de la Bienfaisance
Paris-VIIIe
France

BOLIVIA - Technical Assistance to ENFE

Dear Mr. de Montessus:

Following recent discussions with Mr. Lefebvre on the matter of an early substitution of the Head of Mission in Bolivia, we find it necessary to confirm and amplify what Mr. Dominguez told Messrs. Broca and Jaeger during the recent meeting in La Paz.

We consider the personality of the Head of Mission to be essential to the success of any technical assistance services and are concerned about the proposed substitution of your Head of Mission in Bolivia. Before considering it, we need from you an official explanation of the reasons for the substitution, and full information necessary for us to evaluate the personality and aptitudes of the proposed substitute. Please send a copy of your letter with the reasons and information to the General Manager of ENFE.

Other reasons for us not to accept a hasty substitution of Mr. Jaeger at this moment are as follows:

a. The proposed change of leadership would be coming so close to the end of your contract that it could only have harmful repercussions on the efficiency of the mission. Please note that, even though your contract has been extended, we are not asking for any extension of Mr. Jaeger's services, since, due to his many absences from La Paz, he will only complete the 17 months of services stipulated in the contract late in June 1972.

b. You are to submit, at the end of your contract, a draft Final Report, including a resume of all work performed, an assessment of all results achieved and recommendations for the future. The collaboration of the present Head of Mission in writing this report is, in our opinion, essential and we wish to be assured that he will be available to direct its preparation.

c. We have not, to this date, received a single approved invoice in foreign currency for your services, and the last invoice in local currency received by us covered services rendered during the month of April 1971. Although we recognize that this situation was aggravated by reasons beyond your control, the basic reasons for it were the tardiness with which your Paris and La Paz offices submitted their invoices, the inadequate presentation of certain items (such as travel invoiced at the estimated cost instead of the real cost), the negligence to report and invoice other items (such as the substitution of the calculating machines). The invoice situation must be cleared before we can take any action on Phase II. We therefore expect the Head of Mission to help clear this situation before his departure and to see to it that properly approved invoices are sent to the Bank, covering all services rendered until two or three months prior to his departure.

Once the contract for the second phase of the study has been finalized, items b and c above have been settled and we have had time to consult with the General Manager of ENFE on your proposal, we would of course have no objection to considering an advanced mobilization of the Phase II mission leader to replace Mr. Jaeger. However, you will realize that we could do this only toward the very end of the extended Phase I and that our approval of his substitution would depend, to a large extent, on the quality of your draft Final Report.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

cc: Mr. D.C. Lefebvre
French Engineering Bureau
1825 Jefferson Place, N.W.
Washington, D.C. 20036

FJDominguez:alv

cc: Messrs. Riley, R. Jones, Bronfman and Moini

This should be
in our Bolivia
RW file — ENFE
— under aggregate
data

FORM NO. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date February 14, 1972

NAME	ROOM NO.
Messrs. V. Riley ✓	
~~R. Jones~~	
~~Moini~~	
Hold in Pouch until	
Feb 22.	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

For clearance, please.

Talked to Johnson - Holding till Dominguez Return

R. Jones/Mills will have to recast schedule in new format.

From D. Johnson X4446 G1043

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

Area Code 202 · Telephone - EXecutive 3-6360 · Cable Address - INTBAFRAD

February 8, 1972

Administrator
United Nations Development
Programme
United Nations
New York, New York 10017

Dear Sirs:

Please refer to the Plan of Operation (Republic of Bolivia - Railway Reorganization Study) dated September 28, 1970 between the Republic of Bolivia, UNDP and the Bank. The Bank hereby agrees to amend it in the following way:

(i) First WHEREAS: substitute "$995,000" for "$805,000"

(ii) Section 2.02: substitute "22 months" for "18 months"

(iii) Section 3.01(a): substitute "$980,000" for "$793,000"

(iv) Section 3.01(b): substitute "$12,000" for "$9,000"

(v) Schedule 1: substitute the schedule attached as Annex 1 hereto for the present Schedule 1 to said Plan of Operation.

(vi) Schedule 2: substitute the schedule attached as Annex 2 hereto for the present Schedule 2 to said Plan of Operation.

(vii) Schedule 4, paragraph C. Facilities and Supporting Staff for the Consultants:

(1) Third line: substitute "22 months" for "18 months"

(2) Sub-paragraph (b) Supporting Staff: second line: substitute "(60 months total)" for "(48 months total)".

Please record your agreement to the above-mentioned changes by returning to us the two attached copies of this letter signed by an authorized representative of the United Nations Development Programme.

Enclosures

Sincerely yours,

Gunter K. Wiese
Deputy Director
South America Department

ANNEX 1

SCHEDULE 1

Budget

Funds will be provided by UNDP and the Government as follows:

	(In $ equivalent)	(In Bolivianos)
A. UNDP Contribution	995,000*	
B. Government Contribution		
Counterpart Contribution in Kind		1,701,700
Counterpart Contribution in Cash		148,000
Contribution towards Local Costs	57,100*	

* Included in the UNDP contribution is the equivalent of $57,100 representing the Government contribution towards local costs until December 31, 1971.

SCHEDULE 2

Plans of Expenditures

The estimated cost of the services and facilities to be provided for the Project is detailed in the two Plans of Expenditures forming part of this Schedule.

A. UNDP Contribution (in $ equivalent)

	Total Cost	Estimated Distribution of Costs		
		1970	1971	1972
Experts				
Training	40,000			40,000
Equipment				
Sub-Contracts	940,000	80,000	600,000	260,000
Miscellaneous				
Total Gross Project Costs	980,000	80,000	600,000	300,000
Participating and Executing Agency Overhead Costs	12,000	2,000	8,000	2,000
UNDP Direct Costs	3,000	1,000	1,000	1,000
UNDP Allocation	995,000	83,000	609,000	303,000

Bol - 25

February 2, 1972

Mr. B. Broca
SOFRERAIL
37-39, Rue de la Bienfaisance
Paris-VIIIe
France

Re: BOLIVIA - Technical Assistance to ENFE

Dear Mr. Broca:

With reference to the discussions in La Paz between you and the recent Bank mission, we would like to confirm the following points:

a. Once our Controller's office has checked the cost calculations prepared in La Paz by yourself and the mission for extending the services until June 30, 1972, we will prepare and send to you an amendment to the contract for your review and signature. In this amendment, Mr. Jaeger will appear as head of mission until June 30, 1972. His substitution before that date should be discussed after a Phase II contract has been agreed upon, possibly in early April 1972.

b. The number of vacation trips to France for this project has been calculated on the following basis: To qualify for a vacation air ticket to France for himself and his family at UNDP expense, an expert must (i) work at least 12 consecutive months in Bolivia, and (ii) work at least 6 months in Bolivia after his return from such a trip.

c. You should send the curricula vitae of Messrs. Fety and Follain for review and approval by the Bank before these experts leave for Bolivia.

d. You should send us the curricula vitae of Messrs. Bonnet, Raulet, Nidelet and Robin and the reasons why they were substituted for Messrs. Turba, Balesdens, Celas and Fecourt, so that we may approve these experts officially and authorize our Controller to make payments for their services.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

FJDominguez:alv
cc: Messrs. P. Jones, Gabezas, Blumstein, Riley

Our file
Bol - 25

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Messrs. J.C. Blumstein and F. J. Dominguez DATE: January 11, 1972

FROM: T. Oursin and L.Y. Pouliquen

SUBJECT: BOLIVIA- Technical Assistance to ENFE
Meeting in La Paz with a Mission from UNDP Headquarters
Terms of Reference

1. On or about January 17, 1972, you will arrive in La Paz, Bolivia, for a stay of about one week. Together with the mission from the UNDP, New York Headquarters, which will be in La Paz at that time, you will review the progress of the ongoing technical assistance program to ENFE.

2. You will also discuss with the UNDP mission and the Government the possibility of the UNDP financing of a second phase of the program of technical assistance to ENFE, to start on July 1, 1972. This Phase II of the program of technical assistance to ENFE will primarily be at the operational level, including a heavy training component and would parallel and support ENFE's five year investment program.

3. If required, you will assist the Government in preparing their application to the UNDP for assistance in the Phase II program.

4. During his stay in La Paz, Mr. Blumstein will discuss with ENFE and Government the latest developments in the appraisal of the First Railway Project for Bolivia.

5. At the end of the mission, Mr. Blumstein will proceed to Buenos Aires and Mr. Dominguez will return to Washington.

6. Mr. Dominguez and Mr. Blumstein will submit a joint Back-to-Office Report, followed by a Full Report.

FJDominguez/JCBlumstein:hw
IBRD/IDA

Cleared with and cc: Messrs. Riley, Moini, Pouliquen
cc: Messrs. Chadenet, Baum, Ripman, Lee, van der Tak, Knox, Geolot, Jaycox, Geli, Hardy, A.T. Davis, Chapman, Bronfman, Mates, Sassoon, Helne
Miss Foster

FORM NO. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: JANUARY 3, 1972 2020

LOG NO.: WU TELEX / 3

TO: INTBAFRAD

FROM: UNATIONS NEW YORK

ROUTING

ACTION COPY: MR. DEMUTH

INFORMATION COPY:

DECODED BY:

TEXT:

1 DEMUTH

YOUR LETTER 24 NOVEMBER ASSISTANCE TO NATIONAL RAILWAYS. EXTENSION PROJECT THROUGH END JUNE 1972 INVOLVING ADDITIONAL FUNDS IN THE AMOUNT OF DOLLARS 190,000 APPROVED. PLEASE REFLECT THIS APPROVAL IN PROJECT CONVERSION BUDGET NOW UNDER PREPARATION BY YOU

VALDES

cc Moini
Blumstein
Oursin
Dominguez
Riley
R. Jones

BF

JAN 04 1972

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

TYPED

JAN 4 9 18 AM 1972
COMMUNICATIONS
SECTION

on file
Bol - 25

SOFRERAIL
PARIS

DECEMBER 14, 1971

LT

(FRANCE)

RE BOLIVIA TECHNICAL ASSISTANCE TO ENFE STOP UNDP HAS APPROVED ADDITIONAL FUNDS TO CARRY ON TECHNICAL ASSISTANCE UNTIL JUNE 1972 STOP THEREFORE WE REQUEST YOU EXTEND SERVICES MESSRS JAEGER COMMA SIMONET COMMA POLISSET COMMA ROBIN COMMA BONNET COMMA RENEZET UNTIL JUNE 30 COMMA VALDES COMMA ROLIET UNTIL MARCH STOP PLEASE SEND URGENTLY CURRICULUM VITAE ONE CAR MAINTENANCE EXPERT AND ONE WAGON MAINTENANCE EXPERT TO START BOTH ON JANUARY FIRST STOP PLEASE CONFIRM YOUR AGREEMENT AND CONCURRENCE WITH OUR ESTIMATE FOR TOTAL ADDITIONAL SALARIES THROUGH JULY 1 OF FF 765,000 STOP BANK UNDP MISSION JANUARY 1972 TO LA PAZ WILL REVIEW CONDITIONS EXTENSION TECHNICAL ASSISTANCE AFTER JULY 1

POULIQUEN
INTBAFRAD

Chief, General Economics and Preinvestment Services Division

L. Y. Pouliquen
Transportation Projects

Cleared with and cc: Messrs. Oursin, Blumstein, Riley

cc: Messrs. van der Heijden, A. Jones

cc: Mr. D.C. Lefebvre
French Engineering Bureau

FJDominguez:alv

on file

Mr. L. Y. Pouliquen

November 26, 1971

F. J. Dominguez

BOLIVIA - Technical Assistance to ENFE

1. On Tuesday, November 23, 1971, I visited the UNDP in New York to discuss with Mr. Houzer the possibility that the UNDP finance a five-year extension of the on-going technical assistance services to ENFE.

2. Mr. Houzer told me that, before the UNDP can make a decision, a full-scale review of the project, with the Bank and the Government, would be required, as stipulated in Section 6.02 of the Plan of Operation, and that such a review would best take place in La Paz, during the month of January 1972. Should the review of the project be favorable, and should the Government agree to include the corresponding expenditure in the five-year country program, the project would have to be submitted, for approval, to the June meeting of the Governing Council, unless the January meeting of the Governing Council decides to give the Administrator full authority to approve projects, in which case an earlier than June decision would be possible.

3. In the meantime, and in order to avoid any interruption in the technical assistance services, the UNDP would be prepared to grant an increase of up to $200,000 in the allocation of the on-going project, if the Government agrees to have this amount taken from the five-year country program. Consequently, it was agreed that I would prepare, together with our Railways Division, an estimate of the cost of such interim services for the January-June 1972 period, and that Mr. Riley would, on November 24, write to Mr. Valdes, confirming our agreement in principle to this solution and giving him our cost estimate. The UNDP would then obtain the Government's agreement to the inclusion of the cost of the services during January - June 1972 in the indicative planning figure, and, upon receipt of a favorable answer, would authorize the extension of the services and send us the corresponding allocation advice.

4. I impressed on Mr. Houzer the fact that the decision to grant an increase to the allocation of the present contract was urgent, since several experts now in Bolivia, whose services should be continued without interruption, are scheduled to leave La Paz by December 31. A reasonable notice should be given to them and to Sofrerail to make the necessary arrangements for the extension of their stay in La Paz.

5. Mr. Houzer was of the opinion that, under these circumstances, my presence in La Paz would not be required at this stage.

FJDominguez:alv

cc: Messrs. Riley, van der Meijden, Oursin, Blumstein/Chapman

DP/SF/310 BOL 25

November 24, 1971

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Railway Management and Organisation

In response to your letter of November 17, 1971, and further to our letter of November 5, 1971, we appreciate your positive response to our proposal that UNDP grant a temporary extension of the present contract to carry on the ongoing technical assistance to ENFE, without interruption, until the end of June 1972; this should give UNDP time to make a thorough review of the results obtained so far of the merits of a five-year extension of the program and of exploring with the Government the possibility of including the corresponding expenditures under the five-year country programme.

I understand that Mr. Houzer and Mr. Dominguez, who handles this project in our Preinvestment Services Division, discussed this matter in Mr. Houzer's office on November 23, 1971, and that, as a result of this discussion, you now prefer to postpone the review of the project until January 1972, possibly during the second week of the month. I would appreciate your confirming, as soon as possible, the date most convenient to you so that we may make arrangements for representatives of our Preinvestment Services and Railways Divisions to be present in La Paz.

We have reviewed the technical assistance program we had established, and have reduced it, for the first semester of 1972, to what we consider to be the essential fields of action, and to the minimum services in each field. This reduced program would require an increase in the original allocation of $190,000 to cover the services of the following experts and specialists:

a)	Rolling stock maintenance expert and chief of mission	3 mm
b)	Track maintenance expert	3 mm
c)	Operations expert	6 mm
d)	Rates and commercial policy expert	4 mm
e)	Statistics expert	2.5 mm
f)	Track maintenance specialist	5.5 mm
g)	Diesel maintenance specialist	6 mm
h)	Car maintenance specialist	6 mm
i)	Wagon maintenance specialist	6 mm
		42 mm

Bearing in mind that experts a), b), d), and specialist f) have a total of 8.5 mm of services in 1972 covered under the present contract, and that the services of the statistics expert will not be required after March 15, the 42 mm listed above should assure the desired continuity of technical assistance services, at a minimum level, until June 30, 1972. We hope that this will meet with your approval and that the Government will agree to this proposal.

Finally, we would like to note that, because of the short time left between now and January 1 when the arrangements for the extension of the services of the consultants' staff will come into effect, we would appreciate hearing from you at your earliest convenience.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

FDominguez:cbh

cc: Mr. Moini
Mr. Blumstein
Mr. Oursin
Mr. Dominguez
Mr. Riley

Ourbeh

November 22, 1971

Mr. Roger Jaeger
SOFERRAIL
La Paz
Bolivia

Re: BOLIVIA - Technical Assistance to ENFE

Dear Mr. Jaeger:

We refer to your letter of November 5 concerning the payment of the expenses of Messrs. Broca, Roger and Pacrasse in La Paz.

As Messrs. Broca, Roger and Pacrasse are listed as members of the field supervision team in Appendix C-1 of your contract, they are entitled to subsistence allowances in Pesos for their services in Bolivia in accordance with Appendix D-1.

Regarding the UNDP review mission which will visit La Paz in December, we will let you know as soon as a definite date is established for its arrival.

Sincerely yours,

L. Y. Pouliquen
Chief, General Economics and
Preinvestment Services Division
Transportation Projects Department

FJDominguez:alv

Cleared with and cc: Mr. R. Jones

cc: Messrs. Blumstein, Chapman, van der Heijden, Riley

DSD

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

UNITED NATIONS
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: DP/SF/310/BOL 25

17 November 1971

Dear Mr. Riley,

Subject: BOLIVIA - Railway Management and Organization

Thank you for your letter of 5 November concerning the recent Bank mission on the above-mentioned project. We were particularly grateful to receive the copy of the mission's Back-to-Office Report at this early date.

We are prepared to proceed with the mid-project review called for in Section 6.02 of the Plan of Operation and suggest that it be undertaken in La Paz from 16 to 21 December. Mr. Leonard Houzer our Area Officer for Bolivia, will be available in La Paz at that time to serve as the UNDP representative on the review mission. Please let me know if you agree with the above dates. If so, you may wish to forward a draft of the Terms of Reference for the review which we believe should include consideration of the continuation of the project and focus primarily on the economic, administrative, training and counterpart aspects of the project, rather than on technical issues already delved into by the Bank's mission.

We agree with you that it would be undesirable to have the on-going technical assistance project phased out, pending a decision as to whether UNDP or other financing would be made available for a continuation of assistance considered essential to the proposed IDA project. We are therefore prepared to give immediate consideration to the possibility of a temporary extension of the project from March to July 1972, on the understanding of course, that if a positive

..../

Mr. Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433

Moine
Q Manzel
Q Dominguez
DSD
NOV 24 1971

decision were to be taken in this regard it would not pre-judge in any way the UNDP's position on continuation of its participation in the project beyond that date. In this connection, we would be grateful to have from you as soon as possible, an estimate of the minimum resources required and their anticipated cost to maintain the project until July.

Yours sincerely,

Carlos S. Vegega
Officer-in-Charge
Regional Bureau for Latin America

on file

SOFRERAIL
PARIS

NOVEMBER 11, 1971

LT

(FRANCE)

RE BOLIVIA TECHNICAL ASSISTANCE TO ENFE STOP BANK REQUESTS YOU MAINTAIN MESSRS SIMONET COSTA ROLLET AND MENNERET IN LA PAZ UNTIL DECEMBER 31, 1971 ON UNDERSTANDING THIS IS POSSIBLE WITHIN CONTRACT CEILINGS STOP THIS WILL GIVE TIME FOR UNDP REVIEW MISSION TO VISIT LA PAZ EARLY DECEMBER AND SUBMIT RECOMMENDATION REGARDING CONTINUATION TECHNICAL ASSISTANCE TO ENFE STOP REGARDS

POULIQUEN
INTBAFRAD

Chief, General Economics and Preinvestment Services Division
L. Y. Pouliquen

Transportation Projects

Cleared with and cc: Messrs. Chapman, Blumstein, R. Jones
cc: Messrs. Riley, van der Meijden
cc: Mr. D.C. Lefebvre
(French Engineering Bureau)

FJDominguez:alv

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

BOL-9
-19
-25

UNITED NATIONS
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: SF 310 BOL GEN
SF 310 BOL 19
SF 310 BOL 25

3 November 1971

Dear Mr. Riley,

Thank you very much for your letter of October 29 regarding our various projects in Bolivia.

As you already know, I will be leaving for South America shortly visiting Bolivia among other countries. Upon my return, early in December, I shall be very happy to get in touch with you again to discuss further the above-mentioned projects.

Yours sincerely,

Gabriel Valdés S.
Assistant Administrator and Director
Regional Bureau for Latin America

Mr. Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Elmendorf
Domínguez
Demoulin

cc: Mr. Moini
DSD

NOV 03 1971

File
BOL gen
BOL-19
BOL-25

October 29, 1971

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

Since receiving your letter of October 4 regarding various activities in Bolivia, a number of Bank staff have been on missions to that country. In the course of those missions the points covered in your letter came up for discussion with the Government and with Mr. Pascoe, your resident representative. In addition, of course, you and I have touched on one of the points in our conversations at the recent meetings of the Programme Working Group and the Inter-Agency Consultative Board. In your letter, you discussed three major topics and the response accordingly is cast in the same way.

Livestock Development and Animal Health (BOL-19)

We share the concern expressed in your letter as regards the lack of financial provision by the Government for veterinary services. Because of this situation, the Government has so far failed to live up to its obligation, under Credit Agreements with us, to establish and maintain in the area served by our projects an effective foot-and-mouth disease control program. During a recent mission, representatives of the Bank Group took this matter up with the Minister of Agriculture. In the course of these discussions we also urged that the Government fulfill its obligations under the UNDP project, BOL-19. We will be pursuing the question in direct correspondence with the authorities and will keep you informed of the steps taken.

Railway Management and Rehabilitation (BOL-25)

A Bank mission has recently appraised the Railways' 5-year Investment Program with a view towards considering an IDA credit to help finance the first two years of this plan. This mission also reviewed the progress of the UNDP-financed technical assistance project and its report on this, which is expected to be completed within a few days, will be sent to you as soon as it is ready.

In regard to the joint review of the Bolivia-25 project to be conducted by the UNDP, the Bolivian Government and the Bank in accordance with Section 6.02 of the Plan of Operation, we can confirm that it is the Bank's intention to suggest arrangements for this shortly. As already mentioned to Mr. Hauser, it is our hope that this review can take place early in December 1971.

Consultative Group Proposal

Several members of the Bank staff recently discussed the Consultative Group idea in La Paz with representatives of the Bolivian Government and of various other concerned bilateral and multilateral agencies. Mr. Pascoe was consulted as well and, of course, I have reported in the Bank on the discussions we had in New York. In our discussions you indicated that you plan to visit the IDB some time next month, and we believe that the occasion of that visit would be an opportunity to explore this subject in greater detail. We look forward to that visit and would appreciate your advising us further when your plans are more definite.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Cl & cc: Mr. Moini

VJRiley:bdb

cc:

Dominguez

BOL-25

DRAFT
SAWMoini:rh
October 26, 1971

To: Mr. Vincent Riley

From: S.A.W. Moini/F. Sporon-Fiedler

Subject: BOLIVIA - UNDP

for your use in replying to

1. We ~~would~~ offer the following comments on the letter of October 4 addressed by Mr. Gabriel Valdes to Mr. Demuth. This ~~would~~ also cover your note of October 18 addressed to Mr. Alter. about our conversation with Mr. Valdes — [illegible]

2. Livestock Development and Animal Health

We share the concern expressed in your letter as regards the lack of financial provision by the Government for veterinary services. Because of this situation, the Government has so far failed to live up to its obligation under Credit Agreements with us to establish and maintain in the area served by our projects an effective foot-and-mouth disease control program. During a recent mission ~~The matter was recently taken up by~~ representatives of the Bank Group took the matter up ~~of IDA in a meeting~~ with the Minister of Agriculture, In the course of these discussions ~~during which we~~ we also ~~recommended~~ that the Government fulfill its obligations under the UNDP Project BOL 19. We will be pursuing the question in direct correspondence with the authorities and will keep you informed of the steps taken.

~~3.~~ Railway Management and Rehabilitation

A Bank mission has recently appraised the Railways' 5-year Investment Program with a view towards considering an IDA credit to help finance the first two two years of this plan. This mission also reviewed the progress of the UNDP-financed technical assistance project and we propose to send you its report on the which is expected to be completed within a few days, ~~we~~ will ~~send you~~ be sent to you as soon as it is ready our report in the near future.

~~4.~~ ~~We look forward~~ In regard to the joint review of the present UNDP supported technical assistance project to be conducted by the

UNDP, the Bolivian Government and the Bank ~~of this technical assistance project.~~ in accordance with Section 6.02 of the Plan of Operation, we can confirm to the Bank's [illegible] for the short. As already mentioned to Mr. Horzen, it is our ~~We~~ hope that this review can take place early in December 1971.

5. Consultative Group Proposal

Messrs. van der Heijden and Moini recently discussed the proposal with representatives of the Bolivian Government and multilateral agencies in La Paz and we shall be communicating with you on this matter later.

cc: Messrs Wiese
Chapman
F. Dominguez
Argyle

DRAFT
AEE:lp
October 14, 1971

Text for inclusion in reply to Valdes' letter
to Demuth of October 4, 1971

We appreciate your confirming what Mr. Pascoe had discussed during his visit here concerning arrangements for coordination of external assistance to Bolivia through meetings of donor agency representat~~ion~~ives in La Paz under the leadership of the Government. In principle, the Bank strongly supports this kind of activity; enclosed for your information is an extract on this subject from our basic statement of policy on aid coordination.

A Bank mission is currently in Bolivia, and is taking the occasion of the visit to discuss coordination possibilities with Mr. Pascoe and Bolivian officials. We will be able to give you a more precise reaction to the proposal after the mission's return.

DP/SF/310 BOL 25 November 3, 1971

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Railway Management and Organization

In my letter of October 29 dealing, inter-alia, with this project, I mentioned that the report of the recent Bank mission to Bolivia relating thereto was to be completed shortly. A copy of the mission's back-to-office report is now attached for your information. In addition to the points covered in this report, the mission also looked at the UNDP-financed technical assistance to ENFE, and its findings include the following:

1. The quality of the technical assistance continues to be satisfactory. Its progress, although variable from one sector to another, is considered satisfactory on the whole.

2. The ongoing UNDP project is scheduled to be completed at the end of March. As you will note in paragraph 5 of the attachment, the Bank mission believes that continuation of this technical assistance would be essential to the proposed IDA project. It is hoped that this can be financed by UNDP, a subject we would expect to be examined by the proposed mid-project review mission.

3. The ongoing project is scheduled to phase out between now and March 1972, and accordingly the consultants would be leaving Bolivia gradually during this period. If technical assistance is to be continued, however,(as mentioned in the paragraph above), there could be an interruption of four to eight months if this phase-out takes place. We consider this undesirable. Accordingly, we will ask that UNDP consider temporary extension of the present project through use of the Administrator's Contingency Reserve or other appropriate mechanism. We would hope to discuss this point further with you during the next few days.

4. ENFE has, by mistake, been making payments to the consultants which, under the Plan of Operation, should have been made to the UNDP. This was brought to the attention of all interested parties and will be corrected.

5. Both ENFE and the consultants agree that, at this stage, it would be a mistake to send away on fellowships any of the small number of able men now working in ENFE at the management level. ENFE and the consultants will review the scholarship program and submit alternative recommendations to the Bank.

In my October 29 letter I already suggested that the mid-project review called for in Section 6.02 of the Plan of Operation be scheduled for early in December 1971. We would appreciate your informing us of your views on this timing so that we can make appropriate arrangements for participation in this mission.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

Enclosure

VJR:cbh

Cl. and cc: Mr. Moini
Mr. Blumstein
Mr. Chapman
cc: Mr. Dominguez

Do NOT Send to NY Bol-25

ANNEX

MEMORANDUM OF UNDERSTANDING (Draft)

1. Introduction

The program being considered is the first 2 years (1972-73) of ENFE's 5-year investment and rehabilitation program. The second phase (1974-76) of the program will depend upon the successful execution of the first phase. The plan is expected to be reviewed periodically in the light of general economic trends and the development of rail traffic.

2. Government Financial Support

a) The Government will assist ENFE to cover the entire deficit arising during the current financial year (ending December 31, 1971); action should be completed before negotiations.

b) The following financial support for the 1972-73 program will be provided by Government:

Reimbursement of operating deficit	$b 27 million
Reimbursement of retirement benefits	15
Investment	36
	$b 78 million

c) The Government support specified in a) and b) will be reflected in the Government's revised budget for FY 1971, and the budget under preparation for FY 1972.

d) The payments relating to this financial support will be made available promptly to ENFE in accordance with a monthly schedule to be agreed upon between the Government and ENFE, reflecting ENFE's requirements during the year.

3. Tariff Policy

a) ENFE proposes to introduce a new tariff structure in January 1972 which, while incorporating changes in existing freight rates will not materially raise the general level. Following on this ENFE will propose, after due study, selective tariff increases sufficient to raise annual revenues by about $b 10 million. Government will authorize such changes to be made by no later than the end of 1972.

b) The financial program for the 1972-76 plan assumes that ENFE's costs (wages, fuel and other materials) will remain relatively constant over the period. Should these costs increase due to

inflation or general wage awards, ENFE shall promptly propose and Government shall approve immediate tariff increases sufficient to offset the increased costs. Such increases would, of course, be over and above those referred to in a) above.

4. Payment for Services to Other Government Agencies

Government will ensure that ENFE is paid for all services rendered to other Government agencies, as laid down by Government decree 07901. In particular ENFE will be paid for the carriage of mail, at an agreed on rate, commencing January 1972. The revenues from such payments are expected to amount to no less than $b 3 million per annum. The receipt by ENFE of annual amounts of this order has been taken into account in calculating the operating deficits referred to in para. 2.b.

5. External Financing

In addition to the funds that may become available from IDA, it is expected that other external financing will be secured on favorable terms. These terms shall be agreed on after consultation with IDA.

6. Technical Assistance

An essential part of ENFE's rehabilitation program consists of adequate technical assistance. The Government is expected to approach the UNDP promptly to provide such assistance. The level and composition of such assistance shall be agreed upon between the Government and IDA.

7. Program of Rehabilitation

Government and ENFE shall implement the agreed on programs for: improvement of operations, rehabilitation of diesel motive power and rolling stock and the phasing out of steam locomotives, rehabilitation of track, introduction and promotion of modern commercial policies, the reduction of staff and the attainment of improved working and operating ratios, all according to time schedules to be agreed upon before negotiations for the IDA Credit. The operations on the Sucre-Tarabuco line shall be terminated before the end of 1972.

8. Transport Policies

The Government is expected to ensure the development of the existing mechanism of planning and coordination within the Ministry of Transport. Towards this end the Government will seek the assistance of UNDP specialists. The studies to be undertaken by the Ministry of Transport, through this group, will include:

a) the relationship between the charges borne by road users and the costs to the economy of providing road facilities; and

b) the economic justification for all proposed transport investments, in particular:

(i) the Oruro-Cochabamba highway;

(ii) comparison of the costs of improving the Cochabamba-Aiquile railway line with that of providing an adequate alternative road;

(iii) the study of the inter-connection between the eastern and western railway systems.

The study concerning road user charges is expected to be completed before the proposed negotiations for the IDA Credit.

9. Railway Investments

a) All changes in the proposed ENFE investment plan will require consultation between the Government and IDA.

b) All other investments in railways should be fully justified economically and should only be undertaken after consultation with IDA. This refers particularly to the extension of the Santa Cruz-Rio Maniore line beyond Rio Yacapami and the inter-connection of the eastern and western railway systems.

10. Operations on Santa Cruz-Santa Rosa Line

ENFE will be isolated from any financial implications arising from the construction and operation of the Santa Cruz-Santa Rosa line (or any extensions). This includes operating deficits, capital costs and debt service, none of which were taken into account in the financial projections.

11. Institutional Matters

a) No changes will be made to the autonomy of ENFE without consultation with IDA.

b) Consideration should be given to the possibility of relieving ENFE of the administrative and financial burdens involved in maintaining the present system of "pulperia" and medical facilities for ENFE staff.

BOL-25

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Mr. L. Y. Pouliquen DATE: October 29, 1971

FROM: F. J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE (UNDP)
Supervision Mission
Back-to-Office Report

1. In accordance with Terms of Reference dated October 5, 1971, I visited La Paz from October 10 to October 16, 1971, to meet the Bank Railway mission appraising the First Railway Project. The three main objectives of my mission are briefly reviewed hereafter.

A. Extension of Technical Assistance to ENFE, Phase II

2. The Bank Railway mission considered that a Phase II of the Technical Assistance to ENFE is a prerequisite to the granting of the credit, and is prepared to recommend that it be financed from the credit itself, should the UNDP decide not to finance it.

3. Neither the IDA credit nor a UNDP grant can be approved before June-July 1972. As the Consultants engaged for Phase I will be leaving Bolivia gradually between November 15, 1971 and March 31, 1972, there will be an undesirable interruption of from four to eight months in technical assistance services. ?

4. Following its review of the on-going program in late November or early December 1971, UNDP will decide on its possible participation in Phase II.

5. If UNDP decides to participate in Phase II, the interruption in technical assistance services can be avoided provided the following actions are taken:

(a) UNDP agrees to increase by 25% its allocation for the on-going technical assistance to ENFE to extend Phase I until April 1972. ?

(b) The Government should apply to the UNDP for assistance in carrying out Phase II. The UNDP Administrator authorizes an advance allocation to cover services from May to July 1972.

B. Review of Administrative Matters

6. The quality of the technical assistance continues to be satisfactory. Its progress, although variable from one sector to another, is considered satisfactory on the whole.

7. The Consultants have some invoicing problems. I will discuss them with out Controller's Department, and letters of instruction will be sent to the Consultants and to ENFE.

under the Plan of operation

8. ENFE has, by mistake, been making payments to the Consultants, which should have been made to the UNDP. This was brought to the attention of all interested parties and will be corrected.

9. Both ENFE and the Consultants agree that, at this stage, it would be a mistake to send away on fellowships any of the small number of able men now working in ENFE at the management level. ENFE and the Consultants will review the scholarship program and submit alternative recommendations to the Bank.

C. Transport Coordination

10. Transport coordination has now become the responsibility of Subsecretary Jauregui Canavaro of the Ministry of Public Works. He agreed to the mission's suggestion that a nucleus of Bolivian professionals be created within his Ministry, and that the UNDP should be asked to supply two experts. Mr. Jauregui has already spoken to the UNDP Resident Representative, who is favorably inclined, and to his Minister, who will give his support to this scheme.

D. Recommendations

(a) The UNDP should be kept fully informed of our findings and intentions concerning ENFE, in advance of the review mission of November/December 1971.

(b) The Railways or the Preinvestment Division should send a representative to the above review of the on-going project.

(c) The Bank should, without delay, request UNDP to approve an additional 25% to its present allocation for Phase I.

(d) The letters of instruction mentioned in item 7 should be sent to ENFE and to the Consultants.

FJDominguez:alv

Cleared with and cc: Messrs. Chapman, R. Jones
cc: Messrs. Chadenet, Baum, Ripman, Engelmann, King, Lee, Lithgow, Rovani, Knox, Geolot, Hardy, A.T. Davis, Lind, van der Heijden, Blumstein, Mates, Riley

Mr. Riley

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Mr. T. Oursin DATE: October 21, 1971

FROM: F. Chapman, J. Blumstein and A. Mates

SUBJECT: BOLIVIA - Appraisal of the Proposed First Railway Project Back-to-Office Report

1. In accordance with Terms of Reference dated September 17, 1971, we visited Bolivia between September 25 and October 15, 1971. Mr. J. Martinez of South America Department accompanied the mission and during the last week Messrs. van der Heijden (Division Chief) and Moini (Loan Officer) of South America Department participated in discussions with railway management and Government officials.

Railway Investment Plan

2. The Five-Year Investment Plan, 1972-1976, prepared by the Empresa Nacional de Ferrocarriles, (ENFE), with the assistance of their consultants (SOFRERAIL), was reviewed, and, with some modifications accepted by ENFE, was agreed by the mission. The Plan, costing about US$35.5 million equivalent, including about US$27.5 million in foreign exchange, is considered to be the minimum required to rectify past arrears of maintenance, and enable ENFE to continue to carry out its essential role of transport in Bolivia.

3. Major items include rehabilitation of track, rolling stock and maintenance facilities, acquisition of additional diesel locomotives to replace steam and rolling stock to replace worn out cars, and to carry the forecast increased traffic. It is essential to ensure the success of the investment plan, that ENFE should continue the program of technical assistance, presently being undertaken by consultants, (SOFRERAIL) financed by UNDP, but which is scheduled to end by December 1971 (see Mr. Dominguez' Back-to-Office report of October 22, 1971).

Financing of Plan

4. Because ENFE is not expected to become financially self-sufficient before 1976 or 1977, the railway will require, over the plan period, in addition to the US$35.5 million equivalent for investment, a further US$5.5 million to finance deficits, payment of retirement benefits and additional working capital. Assuming that

all the foreign exchange requirement of US$27.5 million can be provided from IDA credits and suppliers credits on favorable terms, then the Government would have to provide the local currency requirements of about US$13.5 million equivalent, at the rate of about US$3 million annually for the first three years, reducing to US$1.5 million in 1976. General agreement was reached on this financing plan. A problem in Bolivia is the shortage of local funds, and the possibility of providing some financing of local currency costs of the Railway program from the proposed IDA credit, is discussed below.

Possible IDA Financed Project

5. The first two years, 1972-1973, of ENFE's 5 year plan, estimated to cost US$11 million equivalent, would form a suitable first railway project, with the whole of the foreign exchange component of US$8 million being financed by an IDA Credit. Included in this amount is one million dollars for the continuation of technical assistance. Should UNDP agree to finance this item, as a second technical assistance project, (to be reviewed by a UNDP mission in November 1971), these funds could be utilized to finance local currency costs. The economic rate of return on the project has been tentatively assessed at about 17%, derived not only from the avoidance of extra costs involved in the diversion of traffic to roads, but also from the loss of traffic in the East, where no roads exist to carry the forecast export traffic. A contributory factor is the savings in operating costs due to dieselizing and use of more efficient equipment.

6. An alternative to the above is to increase the project cost to US$13.5 million equivalent by raising the number of freight cars from 200 to 400 (and reducing correspondingly those to be provided in 1974-76), with all 400 coming from Japan on financial terms no less favorable than IBRD loans, together with the refinancing by Japan, on more favorable terms, of the existing loan for diesel locomotives and rolling stock (currently requiring about US$1.5 million annually for debt service). This would ease the burden on Government finances by releasing US$2.5 million from the proposed IDA Credit for financing local currency costs of the project.

Conditions for Financing

7. A draft "Memorandum of Understanding" was given to ENFE and the Government, for consideration. The memorandum, a copy of which is given as an Annex, requires action on the following matters:

i) the financial support to be given by the Government during the current year, 1971, and for the years 1972-1973;

ii) tariff policy, including introduction of a new railway tariff in 1972, raising of freight rates and measures to deal with inflation;

iii) payments for carriage of mail on a tariff basis;

iv) terms of procurement of external financing;

v) continuation of technical assistance;

vi) implementation of action programs by ENFE and by Government;

vii) transport policies and studies;

viii) railway investment, particularly for expansion of facilities;

ix) finances of operations on the newly constructed Santa Cruz-Santa Rosa line (and on any extensions thereto), and

x) institutional matters, including autonomy of ENFE.

The Government has promised to send its comments on this memorandum to the Association within the next 15 days.

Action Recommended

8. i) Letters should be written to the Government and ENFE confirming the matters discussed and the further action required.

ii) An appraisal report for the proposed credit be prepared.

cc: Messrs. Chadenet, Baum, Ripman, Knox, Jaycox, Engelmann, King, Lee, Hardy, Geli, A.T. Davis, Lind, van der Heijden, Moini, Martinez, Riley, Prudence, Cabezas, Dominguez,
Miss Foster
Files

FChapman:seg

IBRD/IDA

ANNEX

MEMORANDUM OF UNDERSTANDING (Draft)

1. Introduction

The program being considered is the first 2 years (1972-73) of ENFE's 5-year investment and rehabilitation program. The second phase (1974-76) of the program will depend upon the successful execution of the first phase. The plan is expected to be reviewed periodically in the light of general economic trends and the development of rail traffic.

2. Government Financial Support

a) The Government will assist ENFE to cover the entire deficit arising during the current financial year (ending December 31, 1971); action should be completed before negotiations.

b) The following financial support for the 1972-73 program will be provided by Government:

Reimbursement of operating deficit	$b 27 million
Reimbursement of retirement benefits	15
Investment	36
	$b 78 million

c) The Government support specified in a) and b) will be reflected in the Government's revised budget for FY 1971, and the budget under preparation for FY 1972.

d) The payments relating to this financial support will be made available promptly to ENFE in accordance with a monthly schedule to be agreed upon between the Government and ENFE, reflecting ENFE's requirements during the year.

3. Tariff Policy

a) ENFE proposes to introduce a new tariff structure in January 1972 which, while incorporating changes in existing freight rates will not materially raise the general level. Following on this ENFE will propose, after due study, selective tariff increases sufficient to raise annual revenues by about $b 10 million. Government will authorize such changes to be made by no later than the end of 1972.

b) The financial program for the 1972-76 plan assumes that ENFE's costs (wages, fuel and other materials) will remain relatively constant over the period. Should these costs increase due to

inflation or general wage awards, ENFE shall promptly propose and Government shall approve immediate tariff increases sufficient to offset the increased costs. Such increases would, of course, be over and above those referred to in a) above.

4. Payment for Services to Other Government Agencies

Government will ensure that ENFE is paid for all services rendered to other Government agencies, as laid down by Government decree 07901. In particular ENFE will be paid for the carriage of mail, at an agreed on rate, commencing January 1972. The revenues from such payments are expected to amount to no less than $b 3 million per annum. The receipt by ENFE of annual amounts of this order has been taken into account in calculating the operating deficits referred to in para. 2.b.

5. External Financing

In addition to the funds that may become available from IDA, it is expected that other external financing will be secured on favorable terms. These terms shall be agreed on after consultation with IDA.

6. Technical Assistance

An essential part of ENFE's rehabilitation program consists of adequate technical assistance. The Government is expected to approach the UNDP promptly to provide such assistance. The level and composition of such assistance shall be agreed upon between the Government and IDA.

7. Program of Rehabilitation

Government and ENFE shall implement the agreed on programs for: improvement of operations, rehabilitation of diesel motive power and rolling stock and the phasing out of steam locomotives, rehabilitation of track, introduction and promotion of modern commercial policies, the reduction of staff and the attainment of improved working and operating ratios, all according to time schedules to be agreed upon before negotiations for the IDA Credit. The operations on the Sucre-Tarabuco line shall be terminated before the end of 1972.

8. Transport Policies

The Government is expected to ensure the development of the existing mechanism of planning and coordination within the Ministry of Transport. Towards this end the Government will seek the assistance of UNDP specialists. The studies to be undertaken by the Ministry of Transport, through this group, will include:

a) the relationship between the charges borne by road users and the costs to the economy of providing road facilities; and

b) the economic justification for all proposed transport investments, in particular:

(i) the Oruro-Cochabamba highway;

(ii) comparison of the costs of improving the Cochabamba-Aiquile railway line with that of providing an adequate alternative road;

(iii) the study of the inter-connection between the eastern and western railway systems.

The study concerning road user charges is expected to be completed before the proposed negotiations for the IDA Credit.

9. Railway Investments

a) All changes in the proposed ENFE investment plan will require consultation between the Government and IDA.

b) All other investments in railways should be fully justified economically and should only be undertaken after consultation with IDA. This refers particularly to the extension of the Santa Cruz-Rio Maniore line beyond Rio Yacapami and the inter-connection of the eastern and western railway systems.

10. Operations on Santa Cruz-Santa Rosa Line

ENFE will be isolated from any financial implications arising from the construction and operation of the Santa Cruz-Santa Rosa line (or any extensions). This includes operating deficits, capital costs and debt service, none of which were taken into account in the financial projections.

11. Institutional Matters

a) No changes will be made to the autonomy of ENFE without consultation with IDA.

b) Consideration should be given to the possibility of relieving ENFE of the administrative and financial burdens involved in maintaining the present system of "pulperia" and medical facilities for ENFE staff.

Bol-25

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Mr. F. J. Dominguez DATE: October 5, 1971

FROM: L. Y. Pouliquen

SUBJECT: BOLIVIA - Technical Assistance to ENFE
Supervision Mission
Terms of Reference

1. On or about October 10, 1971, you will proceed to Bolivia for a period of about one week, and will meet the Bank mission, which, under the leadership of Mr. Chapman, is appraising ENFE's 1972/1976 Investment Plan and the First Railway Project for possible financing by IDA.

2. The objectives of your mission are:

(i) to advise ENFE in preparing an application to UNDP for an extension of the technical assistance program. This program should be commensurate with the size of the First Railway Project as identified for possible IDA financing.

(ii) to review all administrative matters related to the execution of the on-going contract between the Consultants and the Bank, and particularly the following aspects of the Consultants' performance:

(a) progress and quality of the technical assistance;

(b) conformity to bar chart schedules and expenditure schedules;

(c) possible changes to the bar chart which may require contract amendment;

(d) relations between Government and Consultants;

(e) performance of the Government in giving local support and supplying counterpart personnel;

(f) any administrative matters which may require action by the Bank; and

(g) review the progress of the fellowship program.

(iii) to review with the Government the progress made in implementing the General Transport Survey's recommendations regarding transport coordination.

3. Upon your return, you will write a Back-to-Office followed by a Full Report.

FJDominguez:alv

Cleared with and cc: Messrs. Oursin, van der Heijden, Riley, Morra

cc: Messrs. Chadenet, Baum, Ripman, Lee, Knox, Geolot, Hardy, A.T. Davis

Form No. 48
(10-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

REQUEST FOR SHIPMENT AND MAILING OF PACKAGES

Department	Division	Date
DEVELOPMENT SERVICES	Technical Assistance	October 5, 1971

MATERIAL TO BE DISPATCHED

Quantity	Description
4 vols.	Report on UNDP project: BOLIVIA Railways Management and Organization (BOL-25) "Investment Plan 1972-1976; preliminary version Empresa Nacional de Ferrocariles (ENFE) and SOFRERAIL, July 1971

To	Special Instructions
Mr. Gabriel ValdesSS. Assistant Administrator and Director Regional Bureau for Latin America United Nations Development Programme United Nations, New York 10017	

Date Wanted at Destination	Valuation of Contents	Authorized Signature

RECORD OF DISPATCH

No. of Packages	Weights	Measurements	Insurance No.	Cost

Shipment Marked	Shipment Via

Date of Dispatch	Signature of Dispatcher

This should be seen from Mr. E. Valdes
Att: M. Houzer

BOE 25

September 28, 1971

Mr. Leonard Houzer
UNDP
New York, New York, 10017

Dear Mr. Houzer:

I write with reference to my telephonic request for a joint review by the UNDP and the Bank of the UNDP-financed technical assistance to the Bolivian Railways that commenced in September 1970.

A Bank mission is presently in Bolivia to appraise ENFE's development and investment program towards considering an IDA credit to assist in financing the program. The terms of reference of the mission are enclosed.

We feel that the presence of this four man mission offers an excellent opportunity for the Bank and the UNDP to undertake a joint review of the technical assistance program, as envisaged in the Plan of Operation (Sec. 6.02). We realize that our request for UNDP participation allows rather short notice and regret the delay in communicating our request. Our mission is, however, scheduled to be in Bolivia until October 15 and as the review should not require more than 4-5 days it would appear sufficient if the representative of the UNDP could arrive in La Paz by October 10. Besides, we could consider extending the mission's stay in Bolivia by a few days if this would facilitate UNDP participation.

With best regards,

Sincerely yours,

S.A.W. Moini
South America Department

Enclosure (1)

Cleared with and cc: Messrs van der Heijden
Dominguez
Bronfman
cc: Messrs Riley
Chapman (o/r)

SAWMoini:rh

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

UNITED NATIONS
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: DP/SF/310/BOL/15
DP/SF/310/BOL/25

23 September 1971

Dear Mr. Demuth:

Subject: Integrated Transport Survey BOL 15

Further to the conversation your Officer concerned had with the Area Officer of this Bureau, we have reviewed the request made in Mr. Riley's letter of 15 July for the use of approximately $4,000 remaining in the fellowship component of the budget of the above-noted project.

As we informed you by our letter of 12 August, we have no objection to agreeing to the type of fellowships proposed by the IBRD, namely, UNDP funds being utilized to defray the travel expenses for three officials to Mexico and Chile for an observation tour.

We, however, hesitated to authorize the fellowships utilizing the funds available under the BOL 15 project budget since that project has been completed and no international expert is in the country either to guide the fellows in the preparation of the study programme or to assist them, upon their return, in the application of the newly adquired knowledge. Therefore, we felt that it will be more appropriate to finance these fellowships under the BOL 25 "Railways Management and Organizations" project as we proposed to Mr. Riley in our letter of 12 August.

/...

Mr. Richard H. Demuth
Director
Development Services Department
International Bank for Reconstruction
and Development
Washington D, C. 200433

van der Heijden
Moini
R. Jones
Dominguez
Morra
Sassoon
DSD

SEP 30 1971

In the light of the telephone conversation with the Area Officer and since the IBRD is anxious to utilize the funds available under the BOL 15 project, we agree to the Bank's proposal.

We would appreciate your reflecting this authorization in the final Adjustment Advice for this project.

Yours sincerely,

for David H. Blanton

Gabriel Valdés S.
Assistant Administrator
and
Director, Regional Bureau for Latin America

our file

September 21, 1971

Gen. A. Andrade de Araujo
GEIPOT
Praca Duque de Caxias 86
8° Andar-Bloco C-S/18
Rio de Janeiro, Brazil

Dear Gen. de Araujo:

This is to acknowledge receipt of Messrs. Starec and Westurland's UNDP Fellowship Nomination Forms from the UNDP Resident Representative Office.

As you know, it will take our office a minimum of three months to place these two gentlemen (somewhat longer for Mr. Starec) and thus it is very likely that they will not be able to start their training program until early 1972. Under UNDP's new procedures, expenditures which take place after January 1, 1972 are chargeable to BRAZIL's 1972-76 Indicative Planning Figure (IPF). This is true whether or not the funds were initially authorized under an existing project such as the Transport Survey.

We would appreciate your confirmation that (a) the cost of training will be accepted as a charge against this IPF, and (b) both gentlemen will be available for training early next year - January, or February or March 1972.

With best regards.

Sincerely yours,

Giuseppe A. Morra
Training Adviser's Office
Office of the Director - Projects

cc: Messrs. King
Riley
Levy
UNDP-Rosenright

GMorra:ssp

Bol-25 7

REPUBLICA DE BOLIVIA

MINISTERIO DE OBRAS PUBLICAS, COMUNICACIONES Y TRANSPORTES

Cite No. 3891

La Paz, 16 de septiembre de 1971

Señor S.M.L. Van der Meer
Chief Pre-Investment Services
Transportation Project Department
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
1818 H Street, N.W.
Washington D.C. 20433 U.S.A.

Copias:
Ocorsson
Chapman
Bloomstein
Riley
Fontaine

Señor:

REF.: AMPLIACION ASISTENCIA TECNICA DE SOFRERAIL A ENFE

De acuerdo a las recomendaciones de los personeros del Banco Mundial que estuvieron aquí en mayo último, el Gobierno preparó una solicitud pidiendo la ampliación del programa de asistencia técnica que actualmente presta la Misión Sofrerail a la Empresa Nacional de Ferrocarriles.

Originalmente esta ampliación de la asistencia técnica estaba considerada dentro del Plan de Inversiones 1972-1976, pero, los personeros del Banco sugirieron que para disminuir los gastos se propusiera su financiamiento al Programa de Desarrollo de las Naciones Unidas (UNDP).

A tal fin, este Despacho envió la solicitud correspondiente al Ministerio de Planificación y Coordinación, para su tramitación oficial respectiva, la misma que luego de aprobada fue comunicada tanto al Ministerio de Relaciones Exteriores como al Representante Residente de las Naciones Unidas en La Paz.

Mientras tanto, ENFE espera la llegada de la Misión del Banco Mundial, anunciada para el 26 del mes en curso, oportunidad en la que se evaluaría y redactaría definitivamente la solicitud para su envío a UNDP.

En esta situación, el señor Juan Pascoe de UNDP en esta ciudad, manifiesta que de tramitarse esta solicitud como un proyecto nuevo, tendría que seguir su tramitación normal que probablemente podría ser aprobado por el Consejo de Administración en New York recién en el mes de junio de 1972; y como la actual Misión termina su contrato en marzo de 1972, supondría que a

REPUBLICA DE BOLIVIA

MINISTERIO DE OBRAS PUBLICAS, COMUNICACIONES Y TRANSPORTES

Cite No.....

Sr. Van der Meer. - 16 - IX - 71.

///la terminación de los trabajos de Sofrerail, conforme a contrato, éstos interrumpirían sus actividades con el consiguiente perjuicio para la marcha de los trabajos en actual ejecución.

Por tanto, siendo de imperiosa necesidad para la Empresa Nacional de Ferrocarriles que la asistencia técnica de Sofrerail pueda seguir adelante, sin ninguna interrupción, le ruego tomar contacto con los funcionarios del Programa de Desarrollo de las Naciones Unidas, a fin de ayudar a ENFE a encontrar una solución de continuidad.

En la seguridad de contar con su valiosa colaboración, aprovecho la oportunidad para saludar a Ud. muy atentamente.

Ambrosio García Rivera
MINISTRO DE TRANSPORTES Y COMUNICACIONES
PRESIDENTE DEL CONSEJO DE ADMINISTRACION DE ENFE

cc. Van der Heijden, BIRD
Fco.Dominguez, BIRD
G.G. ENFE
Sofrerail LP.
UNDP LP.

MRO/grs

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date

NAME	ROOM NO.
Mr. V. RILEY	

BOL FOR 257

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

From S. A. W. MOINI

FORM No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: SEPTEMBER 17, 1971 1640

LOG NO.: RC 32/ 18

TO: VAN DER HEIJDEN INTBAFRAD

FROM: LA PAZ

ROUTING	
ACTION COPY:	MR. VAN DE HEIJDEN
INFORMATION COPY:	MR. ALTER
DECODED BY:	

TEXT:

SUGIERO GESTIONEN UNDP NEW YORK JUNTO MISION ESE BANCO ARRIBARA 26 ACTUAL SE ADJUNTEN REPRESENTANTES SEDE CENTRAL UNDP FIN EVALUAR ASISTENCIA TECNICA MISION SOFRERAIL Y AVANCE TRABAJOS PLAN INVERSIONES ENFE. REPRESENTANTE RESIDENTE UNDP BOLIVIA JUAN PASCOE ENCUENTRASE SEDE UNDEVPRO NEW YORK Y COADYUVARA MISMA GESTION. CREEMOS ESTE PROCEDIMIENTO FACILITARA FUTURAS NEGOCIACIONES ATTE

NAVAJAS ENFE

BF

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

ORIGINAL

Form No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date Sept 13

NAME	ROOM NO.

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

Comments, if any.

From

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

UNITED NATIONS
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO • NEW YORK

REFERENCE: 310 BOL 25

3 September 1971

Dear Mr. Demuth,

Subject: BOLIVIA 25 - National Railways

Please refer to your letter of 16 July 1971 regarding the above project.

We concur with your opinion that the proposal for further assistance could only be reviewed after the appraisal of the present activities has been completed.

We have also received a letter from the Resident Representative submitting a request from the Government for two additional expert posts in Diesel Maintenance (7 months) and Traffic Management (4 months), respectively. The inclusion of these two posts would not incur additional costs since they would be financed by cutting the duration of other posts. We are agreeable to this arrangement and the Resident Representative will be informed by copy of this letter.

Yours sincerely,

for Carlos S. Vegega
Deputy Director
Regional Bureau for Latin America

Mr. Richard H. Demuth
Director
Development Services Department
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washing, D.C. 20433

Domingez
Moreno
R. Jones
Cabrera?

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP

Date: September 28, 1971

NAME	ROOM NO.
Mr. V. Riley	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
X	Information		Signature
	Initial		Send On

REMARKS

out
Bu 26

From: S.A.W. Moini

REGISTERED
MAIL NUMBER 175184

MINISTERIO DE PLANIFICACION Y COORDINACION
BOLIVIA

1809

BOL-95

La Paz, septiembre 2 de 1971

Señor
S.A.W. Moini
Departamento para Sudamérica del
Banco Internacional de Reconstrucción
y Desarrollo
1818 H Street, N.W. Washington D.C. 20433

Copia para información
Mr. Crafoord
Mr. Chapman
R. Jolly
V. Miley
Rodriguez
Spinel
Yale

Señor:

Me refiero a su comunicación de 21 de julio de 1971, que trata sobre algunos cambios en los servicios de los expertos de SOFRERAIL, concretamente una extensión de cuatro meses de las labores del señor Laparra y una disminución en las correspondientes de los señores Chatelin, Polisset, Bonnet y Nidalet, en un mes para cada uno.

Mediante la presente, me cabe manifestarle el acuerdo de este Ministerio con dichas modificaciones, las cuales fueron también solicitadas por la Empresa Nacional de Ferrocarriles (ENFE).

Me es grato expresar a Ud. mis atentos saludos.

Lic. Edwin Rodríguez Aguirre
Ministro de Planificación y Coordinación

BOL.25

DE MONTESSUS
SOFRERAIL
PARIS

AUGUST 24, 1971

LT

(FRANCE)

SERVICES TWO SPECIALISTS CANNOT BE SUPPLIED UNDER PRESENT PLANOP DUE SHORTAGE FUNDS STOP SUGGEST ENFE DISCUSSES MATTER WITH UNDP RESIDENT REPRESENTATIVE WHO IS BEST QUALIFIED SUGGEST APROPRIATE FUNDING METHOD STOP LETTER FOLLOWS

VANDERMEER

S.M.L. van der Meer

Transportation Projects

cc: Messrs. Oursin, Blumstein, Mates, Riley, Moini

FJDominguez:alv

file
BOL-25

August 23, 1971

Mr. D. C. Lefebvre
1825 Jefferson Place, N.W.
Washington, D.C. 20036

Re: BOLIVIA - Technical Assistance to ENFE

Dear Mr. Lefebvre:

Thank you for your letter of August 6, 1971, forwarding a copy of a letter from SOFRERAIL, dated August 4, 1971, on the subject of ENFE's desire to secure the services of two technicians in maintenance of railroad cars and wagons. I regret to inform you that, under the present UNDP allocation, we do not have enough funds to cover the expenses of these experts. Furthermore, the twelve-month period of their services would go beyond the termination of SOFRERAIL's present contract.

I suggest that ENFE or the Government approach Mr. Pascoe, the UNDP Resident Representative in La Paz, and discuss the matter with him to see if UNDP would be willing to finance the additional cost.

We have no objection to the appointment of Mr. Valence.

Sincerely yours,

S.M.L. van der Meer
Chief, Pre-Investment Services,
Aviation and Pipelines Division
Transportation Projects Department

FJDominguez:alv

Cleared with and cc: Messrs. Abdi, Blumstein

Form No. 48
(10-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

REQUEST FOR SHIPMENT AND MAILING OF PACKAGES

Department	Division	Date
Development Services	Technical Assistance	August 16, 1971

MATERIAL TO BE DISPATCHED

Quantity	Description
5 vols.	BOLIVIA: Railways Management and Organization BOL-25 Progress Report by SOFRERAIL, Paris, June 1971. 4-English, 1 Spanish

Send To	Special Instructions
Mr. Gabriel Valdes S. Assistant Administrator and Director Regional Bureau for Latin America United Nations Development Programme United Nations, New York 10017	

Date Wanted at Destination	Valuation of Contents	Authorized Signature

RECORD OF DISPATCH

No. of Packages	Weights	Measurements	Insurance No.	Cost

Shipment Marked	Shipment Via

Date of Dispatch	Signature of Dispatcher

4

UNITED NATIONS  NATIONS UNIES

MS/mofg

PNUD SF 2 BOL 25 /2339

10 August 1971

Dear Mr. Valdés:

Subject: PNUD SF BOL 25 Railway Management and Organization.

Further to my letter of 21 July, please find enclosed a copy of the letter from the Ministry of Foreign Affairs making official the request from the Government for the inclusion of two experts within the above mentioned project without incurring cost into any additional financing.

A copy of my letter to you and the corresponding annex is being sent to Mr. Demuth of the International Bank for Reconstruction Development.

Yours sincerely,

Juan Pascoe S.
Resident Representative

Mr. Gabriel Valdés S.
Assistant Administrator and Director
Regional Bureau for Latin America
UN Development Programme
United Nations
New York, N.Y.

A Jones
Spillenger
D. Mendez
PSD

AUG 16 1971

Bol-25

July 29, 1971

Lic. Moises Ramos Osinaga
Asesoria de Planificacion de ENFE
Empresa Nacional de Ferrocarriles
Gerencia General
Casilla No. 428
La Paz, Bolivia.

Dear Mr. Ramos:

In the absence of Mr. Moini, I acknowledge your letter dated July 19, 1971.

We are pleased to know that the auditing and approval of the statements of expenditures of SOFRERAIL are proceeding satisfactorily.

We look forward to receiving your letter and the approved statements.

Yours very truly

J.A. Martinez
South America Department

cc: Messrs. Dominguez
Riley
Jones
Moini

JAMartinez:ak

REPUBLICA DE BOLIVIA

MINISTERIO DE RELACIONES EXTERIORES Y CULTO

La Paz, 21 de julio de 1971

N° DGOI/A/

Señor Representante Residente:

El Ministerio de Planificación y Coordinación mediante nota número 1442 de 30 de junio pasado, ha puesto en conocimiento de esta Cancillería que, dentro del proyecto de Asistencia Técnica a Ferrocarriles que se realiza conjuntamente con Naciones Unidas como organismo ejecutivo, y el Banco Mundial como entidad financiera, los señores Keason y Blumstein, supervisores del Banco que asistieron a discusiones con los ejecutivos de la Empresa Nacional de Ferrocarriles, han recomendado la contratación de dos expertos adicionales en Mantenimiento de Tracción Diesel, uno, y en Puestos de Mando para Tráfico el otro, por un lapso de 7 y 4 meses, respectivamente.

En vista de que estos contratos no significan nueva erogación de fondos por parte del PNUD, sino una readecuación de los mismos, solicitamos a usted dar curso a este pedido.

Al agradecer a usted anticipadamente esta gestión, le reitero las seguridades de mi mayor consideración.

Al señor
Juan Pascoe
Representante Residente del Programa
de las Naciones Unidas para el Desarrollo
Presente.-

2/8

M/S

Enviar
Banco y PNUD

rcq/lud.

PNUD-SF 2 BOL 25/2085

21 July 1971

Dear Mr. Valdés,

Subject: BOLIVIA - Railways Management and Organization (BOL.25)

The Minister of Planning and Co-ordination has sent me a copy of his letter addressed to the Minister of Foreign Affairs asking the Government to officially request the inclusion of two additional expert for the above-mentioned project.

As you may gather from the enclosed photocopy of the letter, the Government states that according to the recommendations made by Messrs. Kesson and Blumstein of the World Bank, during their recent visit to the country, the need for hiring two additional experts in the following fields has been highlighted.

a) 1 expert in Diesel Maintenance for a period of seven months.

b) 1 expert in Traffic Management for a period of four months.

It has also been stated that the inclusion of these two experts would not mean an additional allocation of funds for UNDP, as they could be financed by cutting short the mission of other experts attached to the project.

I am copying this letter to Mr. Demuth of the IBRD for information.

Looking forward to your prompt reply concerning this matter, I remain,

Yours sincerely

Juan Pascoe S.
Resident Representative

Mr. Gabriel S. Valdés
Assitant Administrator
and Director Regional
Bureau for Latin America
U.N. Development Programme
New York - N.Y.

cc: Mr. Dominguez
Mr. Skillings
DSD

COPIA

La Paz, Junio 30 de 1971

Al señor
Dr. Huáscar Taborga Torrico
Ministro de Relaciones Exteriores
y Culto
Presente

Señor Ministro:

Tengo el agrado de poner en su conocimiento que dentro del Proyecto de Asistencia Técnica a Ferrocarriles, que se ejecuta con la cooperación de Naciones Unidas, como organismo financiador y el Banco Mundial como entidad ejecutiva, se ha recibido las recomendaciones de los señores Kesson y Blumstein, enviadas por el Banco para supervisar y discutir con los ejecutivos de la Empresa Nacional de Ferrocarriles, los detalles necesarios al mejor aprovechamiento de la asesoría de SOFRERAIL , consultora que a mas de subcontrato ejecuta el estudio respectivo.

De dichas recomendaciones se ha sugerido la necesidad de pedir la contratación de dos expertos adicionales:

a) un experto en Mantenimiento de Tracción Diesel, por 7 meses, y

b) un experto en Puestos de Mando para tráfico, por 4 meses.

Estos dos expertos, no significan un incremento de fondos por parte del PNUD, sino simplemente una readecuación de recursos.

En este sentido, ruego a usted señor Ministro, presentar el pedido oficial ante el señor Representante Residente de NN.UU.

Con este motivo ofrezco a usted, las consideraciones de mi distinción personal.

POR ORDEN DEL SENOR MINISTRO

Ing. (ilegible)
Subsecretario "

EMT/iat
c.c. NN.UU.
c.c. ENFE

COPIA

Bol-3

July 21, 1971

Col. Jaime Cadima Valdez
Minister of Transport and Communications
La Paz, Bolivia

Dear Mr. Minister:

May I extend our thanks to you and Mr. R. Navajas for the cordial reception and cooperation offered by the Government and ENFE to the mission which visited Bolivia recently to review the progress of ENFE and the technical assistance by the Consultants, SOFRERAIL.

The mission has reported that cooperation between ENFE and SOFRERAIL is excellent, that the technical assistance is progressing in a very satisfactory manner and that ENFE has been able to supply nine of its best men as counterparts to work with the Consultants' experts. The mission reviewed the draft of the first Progress Report, due in July 1971, and paid particular attention to the proposed five-year investment plan which will be part of the report. They noted with satisfaction that the agreements reached by the previous mission concerning the inclusion of time-phased plans of action in the first Progress Report have been fulfilled.

We note that the proposal for inclusion in the Consultants' team of three additional experts of the foreman category has recently received the Government's approval. The Bank has already communicated its agreement to the proposals, which would result in increasing the total assistance by eleven man-months, in view of the fact that the corresponding expenditures can be met by the funds available under the present contract.

The mission has also reported that the Consultants and ENFE recommend that the technical assistance program be extended on an intensive basis, mainly at the operational level, until the end of 1972 and, on a much smaller and decreasing basis, from 1973 to 1976. We feel that the proposal can be reviewed most appropriately at the time of the forthcoming appraisal for proposed IDA assistance.

It appears from the five-year investment plan that a first project, covering 1972 and 1973, could be prepared for appraisal for an IDA credit. We propose that a Bank mission visit Bolivia in September-October 1971 for this purpose.

The proposed appraisal mission would, besides scrutinizing the investment plan, wish to discuss the following matters which seem crucial to the improvement and rehabilitation of ENFE:

(i) the formulation and adoption by the Government and ENFE of time-phased plans of action regarding the more vital aspects of the rehabilitation program such as retirement of redundant staff, curtailment of uneconomic services, concentration and modernization of workshops, improvement of track, and the utilization and maintenance of traction equipment and rolling stock;

(ii) the setting of financial targets for the Eastern and Western systems of ENFE; these would help guide future tariff increases and wage policies of ENFE; and

(iii) the adoption of a new tariff structure based on the actual cost of providing the facility; in this regard improvement in the collection of passenger fares seems to require serious attention.

The recent mission has reported on the need to improve the coordination and planning in the transport sector. In view of the substantial investments proposed for both roads and railways it seems important that the development programs for the various modes be coordinated and considered as a whole. The mission discussed this matter with the Sub-Secretary of Planning and Coordination, Mr. Nestor M. Dalenz, and found that he fully recognizes the need to create an adequately staffed cell in the Secretariat to undertake studies and to consolidate data for the sector as a whole. We understand that the shortage of specialized and experienced personnel is a major difficulty in establishing such a cell but would urge the Government to consider the early creation of a nucleus of such a cell from whatever staff is available. It should, thereafter, be possible to assist the cell in its functioning by securing experts from the UNDP and to develop it by training its staff.

We would welcome your views on the matters we have raised herein. I am sending copies of this letter to the Minister of Planning and Coordination, Mr. R. Navajas, and the UNDP Representative.

With kind personal regards.

Sincerely yours,

S.A.W. Moini
South America Department

Copy to: Mr. Oscar Vega Lopez
Cleared with and cc: Messrs Ratter
Dominguez

cc: Messrs Skillings, Riley, Prudence, Cabezas, Blumstein, Mates, Martinez

SAWMoini:rh

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bolivia - ENFE - Phase 2 - BOL/72/002 - Volume 1	1075544

Document Date	Document Type
07/21/1971	Letter

Correspondents / Participants
From: S.M.L.. van der Meer, Chief, Pre-Investment Services
To: B. Broca, SOFRERAIL

Subject / Title
Bolivia - Technical Assistance to ENFE

Exception(s)
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Salma Berrada	April 29, 2025

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

BOL-85

TO: Mr. V. Riley

DATE: July 19, 1971

FROM: S.M.L. van der Meer

SUBJECT: BOLIVIA - Technical Assistance to ENFE
Extension of Services of Experts

1. On May 6, 1971, the Ministry of Planning and Coordination wrote to Mr. G. Alter, requesting the inclusion of the services of two additional experts in the SOFRERAIL, namely:

An expert in diesel maintenance for a period of seven months, and

An expert in command post operations for a period of four months.

On June 23, 1971, Mr. R. Skillings wrote to the Ministry advising that the Bank had agreed to the request.

2. On June 30, 1971, Mr. Juan Pascoe S., UNDP Resident Representative in La Paz, wrote to the Bank, forwarding copies of letters from the Ministries of Planning and Foreign Affairs, requesting that the services of the diesel traction expert on the SOFRERAIL team (Mr. R. Laparra) be extended by four months. The cost of this extension is to be compensated by a reduction of one month each in the services of four other members of the team, namely, Messrs. Chatelin, Polisset, Bonnet and Nidelet. This alteration to the bar-chart was discussed by the Bank's mission in June 1971, and recommended by the mission in its Back-to-Office and Full Report. I am sending Area a draft of a letter to be sent to the Ministry, approving this alteration. Area will clear the letter with you.

3. The cost of the additional eleven months mentioned in paragraph 1 and of the substitution mentioned in paragraph 2 can all be paid for under the contract ceilings and will leave residual contingencies of $20,490 in foreign currency and $3,884 equivalent in local currency, or respectively 5% and 6.7% of the contract's undisbursed amounts in each currency, as of June 1, 1971.

FJDominguez:alv

cc: Messrs. Kanchuger, Moini

FORM NO. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMEN
ASSOCIATION

ROUTING SLIP	Date July 12, 1971

NAME	ROOM NO.
Mr. F. Dominguez	G-1041
Mr. Moini	A-849

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

For comments, if any.

7/19

From
V. J. Riley

PROGRAMA DE LAS NACIONES UNIDAS
PARA EL DESARROLLO

UNITED NATIONS DEVELOPMENT PROGRAMME

UNITED NATIONS NATIONS UNIES

NACIONES UNIDAS
CASILLA 686
Avenida Arce No. 2419
LA PAZ—BOLIVIA

Teléfonos: 52448 - 23279 - 23403 - 50415

MS/mofg
Cables: "UNDEVPRO" La Paz

Nos. "TELEX"
All America (ITT): 3560030
West Coast: BX5245

Referencia: PNUD SF 2 BOL 25/1863

2 July 1971

Dear Mr. Demuth,

On June 29th we held a meeting to evaluate the progress of Project PNUD SF BOL 25 "Railway Management and Organization Programme" subcontracted to SOFRERAIL based on a report presented by the project Director, Mr. Roger Jaeger.

Please find enclosed a copy of the aforementioned report as well as a summary of the comments and conclusions reached during the meeting. For your information, this review has been part of a process initiated in agreement with the Ministry of Planning to review and identify problems in respect of every Special Fund project in Bolivia.

Yours sincerely,

Juan Pascoe S.
Resident Representative

Mr. Richard H. Demuth, Director
Development Service Department
International Bank for Reconstruction
and Development
Washington, U.S.A.

Demuth
Moini
DSD

JUL 09 1971

MISION DE ASISTENCIA TECNICA EN LOS
FERROCARRILES BOLIVIANOS (ENFE)

Dentro de la serie de reuniones efectuadas con el fin de evaluar los proyectos que están siendo ejecutados con la cooperación del PNUD, el martes 29 de junio se trató la misión de asistencia técnica en los ferrocarriles bolivianos.

Se contó con la participación de:

Por el Ministerio de Planificación:	Jorge Alcoba
	Oscar Ríos
	Ramiro Alvarez
Por el Ministerio de Finanzas:	Mario Patón M.
	Carlos Azcarrunz A.
Por la Dirección Nal. de Ferrocarriles	Moisés Ramos

Comentarios

Se analizó el informe presentado por el Ing. Juger y el Ing. Ademár Velarde (Gerente de ENFE) Director y codirector del proyecto, respectivamente.

A lo largo del análisis se vió que el proyecto es satisfactorio, hasta el momento se está cumpliendo con el plan de operaciones. En efecto, cabe hacer notar que éste se debe a que el proyecto ha tenido una adecuada respuesta por parte de los directivos y obreros de ENFE y que la firma consultora "Sofrerail" ha cumplido con su agenda de actividades, para tal efecto ha mantenido constante supervisión en dicho proyecto.

Por otra parte los directores, manifestaron que se había visto por conveniente solicitar al PNUD, la ampliación de dicho proyecto para poder cubrir de esta forma la fase de ejecución; al respecto, se hizo notar que esta solicitud de ampliación no había sido presentada todavía al Ministerio de Planificación. Es importante aclarar que se trata de una solicitud para un nuevo proyecto destinado a la supervisión del crédito.

Conclusiones

En resumen se vió que el proyecto en cuestión se desarrolla dentro de un marco de normalidad del plan de operaciones. Se insistió que en lo posible se acelere la presentación del proyecto de ampliación de la Asistencia Técnica a ENFE, para que pueda ser discutido.

Sociedad Francesa de Estudios y Realizaciones
Ferroviarias (SOFRERAIL)

=========

Misión de Asistencia Técnica en los

Ferrocarriles Bolivianos (ENFE)

=========

Objeto de la misión

A pedido del Gobierno Boliviano, el programa de desarrollo de las Naciones Unidas (UNDP) ha aceptado financiar una misión de asistencia técnica en los ferrocarriles bolivianos - (Empresa Nacional de Ferrocarriles del Estado; ENFE). Por el contrato con fecha 9 de septiembre de 1970, el Banco Internacional de Reconstrucción y Desarrollo, actuando como "Agente ejecutivo" de la UNDP, ha encargado esta tarea a la Sociedad Francesa de Estudios y Realizaciones Ferroviarias (SOFRERAIL).

Según los términos de referencia del contrato, esta asistencia debe realizarse sobre 8 sectores de la actividad ferroviaria:

1.- Coordinación de los transportes, perspectivas futuras del ferrocarril, (Previsiones de tráfico, plan de inversiones y perspectivas financieras),

2.- Organización de la Administración de los ferrocarriles,

3.- Estadísticas,

4.- Costos, tarifas y política comercial,

5.- Movimiento - Explotación,

6.- Movimiento - Tracción,

7.- Mantenimiento del material,

8.- Mantenimiento y mejoramiento de la vía.

Puesta en marcha de la Misión

La llegada de los miembros se fué escalonando desde fines del mes de octubre de 1970 hasta fines de marzo de 1971 para alcanzar actualmente el número de 12.

Desde su arribo la misión ha recibido una excelente acogida de parte de los dirigentes de la ENFE y las diferentes actividades se han desenvuelto en un excelente clima de colaboración.

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Desarrollo de la actividad de la Misión

En el curso de los primeros meses de su presencia los miembros de la misión han analizado la situación actual de la ENFE.

A partir de estas observaciones se han hecho algunas recomendaciones, así como también un plan de acción-prácticos.

Estas actividades se reproducen a continuación para cada uno de los sectores previstos en el contrato.

Sector 1: Coordinación de los transportes - Perspectivas de tráfico - Plan de inversiones - Situación financiera

La tarea esencial del sector 1 ha sido la preparación del plan de inversiones para el período 1972-1976.

Este plan reproduce las previsiones de tráfico para el período mencionado, en función de la evolución de la actividad económica del país, los gastos de inversiones a prever en los diferentes sectores para hacer frente al tráfico previsto, los resultados que se espera alcanzar gracias a estas inversiones y las perspectivas financieras futuras de la ENFE.

El monto de las inversiones a prever es de 402 millones de pesos.

Este plan ha recibido la aprobación del Consejo de Administración de la ENFE. Será sometido al BIRD que próximamente fijará la parte que tomará en su financiamiento; se puede esperar una participación del orden de 240 a 300 millones de pesos, que corresponden a las compras que se harán en el extranjero, siendo el resto de las inversiones de la incumbencia del Gobierno Boliviano.

Sector 2: Organización de la Administración de la Empresa

El estudio se refiere esencialmente a las reformas de estructura de la empresa y a las reglas de Administración del personal (reclutamiento, remuneraciones, formación).

Se han hecho proposiciones concretas a la empresa, que deberá proceder progresivamente a su aplicación. Estas proposiciones deberán servir de base a las discusiones que deben tener lugar en el seno de la "Comisión para el estudio de la Racionalización de Salarios", creada por decreto gubernamental.

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Sector 3: Estadísticas

Se propondrá la realización de un plan estadístico general , que agrupará los diferentes tipos de estadísticas necesarias: producción, medios de producción, calidad del servicio.

La misión ha propuesto que la "Asesoría de Planificación" sea responsable de la elaboración y de la difusión de estas estadísticas.

La implantación de este dispositivo se prevé para fines de 1971.

Sector 4: Precios de costo- Tarifas - Política Comercial

Se ha procedido a la determinación de los precios de costo de los diferentes elementos del transporte ferroviario: unidades kilómetro de las diversas categorías de tráfico, variación de estos costos con la distancia de transporte y la carga de los vagones.

El conocimiento de estos precios de costo permitirá establecer una nueva tarificación que podrá ser aplicada a partir del 1? de Enero de 1972.

Igualmente se prevé la creación de un servicio comercial, para el cual se ha establecido un informe especial que define los detalles de su organización.

Sector 5: Movimiento-Explotación

Una modificación completa de los servicios pasajeros y carga será puesta en servicio a fines de junio de 1971. El nuevo plan propuesto por la misión tiene por base la creación de trenes de carga directos a grandes distancias que circulen con horarios fijos, siendo los vagones agrupados y encaminados por lotes entre las principales estaciones de la red. Las distribuciones terminales de las estaciones intermedias estarán aseguradas por los trenes mixtos actuales.

Este servicio debe permitir mejorar el encaminamiento de los vagones y ofrecer un mejor servicio a la clientela.

En lo que concierne a los pasajeros, se ha previsto una mejora muy importante de los servicios "ferrobus" entre La Paz-Oruro- Cochabamba para satisfacer la actual demanda insatisfecha.

Sector 6: Movimiento-Tracción

En función de los nuevos horarios a implantarse el 21 de junio de 1971, ha sido posible obtener una utilización mucho mejor del personal de conducción y de las máquinas de tracción. Los recorridos anuales individuales de las locomotoras han aumentado en un 50%, el personal de conducción necesario ha sido reducido en un 20%.

No ha sido posible proceder a la dieselización completa como consecuencia del número insuficiente de locomotoras Diesel en servicio. Pero, gracias al plan de inversiones, la tracción vapor podrá ser suprimida ../

en 1974.

Sector 7: Mantenimiento del material

El parque de material rodante (locomotoras, coches, carros), es muy antiguo y está en muy mal estado de mantenimiento.

La rehabilitación de este parque es obstaculizada por una escasez general de repuestos, que podrá ser superada solamente con la realización del plan de inversiones. La situación seguirá siendo preocupante mientras tanto.

La misión ha estudiado además la reorganización completa del mantenimiento del material estableciendo reglas de mantenimiento y definiendo los establecimientos encargados de aplicar estas reglas. En particular la elección de las Maestranzas, ha recaído respectivamente en Viacha para el mantenimiento del material Diesel y en Uyuni para el mantenimiento de los coches y carros. Estos dos talleres son objeto de un estudio completo de reorganización para adaptarlos a sus nuevas funciones.

Sector 8: Vía y Obras

Las vías están en mal estado general como consecuencia de la insuficiencia de mantenimiento y del retraso acumulado en el reemplazo del material, en particular los durmientes y el balasto.

Las compras indispensables de material se efectuarán en el marco del plan de inversiones. Además, la misión ha establecido un programa de mantenimiento cíclico de la vía. Con miras a aplicar este programa, se han escogido 2 distritos piloto que permitan formar el personal y poner a punto las herramientas necesarias. La extensión progresiva de este mantenimiento al conjunto de la red está prevista para 1973.

/mofg

FORM NO. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date July 12, 1971

NAME	ROOM NO.
Mr. F. Dominguez	G-1041
Mr. Moini	A-849

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

For comments, if any.

7/19

From

V. J. Riley

PROGRAMA DE LAS NACIONES UNIDAS
PARA EL DESARROLLO
UNITED NATIONS

UNITED NATIONS
DEVELOPMENT PROGRAMME
NATIONS UNIES

NACIONES UNIDAS
CASILLA 686
Avenida Arce No. 2419
LA PAZ—BOLIVIA

Teléfonos: 52448 - 23279 - 23403 - 50415

Cables: "UNDEVPRO" La Paz

Nos. "TELEX"
All America (ITT): 3560030
West Coast: BX5245

MS/mofg

Referencia: PNUD SF 2 BOL 25/1831
Sub-Contrato

30 June 1971

Dear Mr. Demuth,

Subject: PNUD/SF-BOL-25 - Railway Reorganization Study

Please find enclosed copies of letters from the Ministries of Foreign Affairs and Planning requesting that the contract of Mr. Raymond Laparra attached to SOFRERAIL Mission in Bolivia, be extended for an additional four months. As it now stands, this expert's stay in Bolivia will end next 10 November.

As indicated in these letters, Mr. Laparra's extension for four months will not imply any further charges to the SF since it is being proposed that his stay be financed by reducing the stay of four SOFRERAIL experts, Messrs. Chatelin, Polisset, Bonnet and Nidelet, by one month each. UNDP has been advised of this request.

Yours sincerely,

J Pascoe

Juan Pascoe S.
Resident Representative

Mr. Richard H. Demuth, Director
Development Services Department
International Bank for Reconstruction and Development
1818 H. Street, N.W.
Washington, D.C.

cc Domingez
Moini
SD

JUL 09 1971

La Paz, Junio 3 del 1971

Al señor

Dr. Mario Velarde Dorado
MINISTRO INTERINO DE RELACIONES EXTERIORES

Presente

Señor Ministro:

El Ministerio de Transportes y Comunicaciones mediante nota M-13-1467 de fecha 18 de Mayo, solicita a esta Despacho la ampliación per cuatro meses adicionales de los servicios del señor Raymond Laparra, miembro de la Misión SOFRERAIL que asesora a la Empresa Nacional de Ferrocarrilles (ENFE).

Sobre el particular, este Ministerio - considera viable la prolongación de los indicados servicios ya que no significará ningún desembolso adicional para el - Programa de Asistencia Técnica previsto para el proyecto, - puesto que, como compensación del indicado servicio se reducirá en un uso la permanencia de los siguientes cuatro expertos: señores Chatelin, Polisset, Bennet y Nidelet.

Al solicitarle transmitir este pedido - al señor Representante Residente del Programa de la Naciones Unidas para el Desarrollo, renuevo a usted, señor Ministro, las seguridades de mi distinguida consideración.

C
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../Bgm.
cc. MN.UU.

La Paz, 8 de junio de 1971

Señor Representante Residente:

El Ministerio de Planificación, mediante oficio Nº 1190 de 3 del corriente, cuya copia cursa en la Representación a su digno cargo, a pedido del Ministerio de Transportes y Comunicaciones, solicita la ampliación per cuatro meses adicionales del contrato del señor Raymond Laparra, miembro de la Misión SOFRERAIL que asesora a la Empresa Nacional de Ferrocarriles (ENFE).

Al rogar a usted se digne transmitir a Naciones Unidas esta solicitud oficial, le reitero las seguridades de mi mis distinguida consideración.

Al señor
Juan Pascoe
Representante Residente del Programa de
las Naciones Unidas para el Desarrolio

Presente

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P
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A

EMPRESA NACIONAL DE FERROCARRILES

GERENCIA GENERAL

CASILLA No. 428

Dirección Telegráfica:
"FERROBOL"

Teléfonos:
26916 - 25694 - 28895 - 22510

La Paz, 19 de Julio de 1971.

Sírvase citar No. SOF. 1-71.

Sr. J. Fajans,
INTERNATIONAL BANK OF RECONSTRUCTION AND DEVELOPMENT,
South America Department,
1818 H Street, N.W.
Washington D.C., 20433, USA.

C.C. DOMINGUEZ
RIVEY
JONES
MOINI

Señor:

Ref: APROBACION DE CUENTAS DE GASTOS DE MISION SOFRERAIL.

Como es de su conocimiento, he sido designado por el Gobierno de Bolivia su Representante, en conformidad con el Artículo IV, Sección 4.06 del Plan de Operación suscrito el 28 de Septiembre de 1970, con facultad para revisar y aprobar los estados de cuenta por gastos realizados por la Misión SOFRERAIL, con motivo del estudio de rehabilitación de los Ferrocarriles de Bolivia.

Debido a algunas enmiendas que tuvo que efectuarse, surgidas en la revisión de la documentación presentada por los consultores franceses, la aprobación de sus cuentas en moneda nacional ha sufrido un considerable retraso. Al presente están yá superadas todas las observaciones y confío en que en el futuro todo el trámite correspondiente será regularizado dentro de los plazos estipulados.

En el próximo correo tendré el agrado de enviarle todas las cuentas aprobadas, que corresponden a varios meses pasados.

Aprovecho esta oportunidad, para saludar a Ud., muy atentamente.

Lic. Moisés Ramos Osinaga.
Asesoría de Planificación de ENFE.

J. Blumstein
F. Dominguez
R. Jones
S. Moini

Incl: fs. 1.

489-001-043
1-69-10.000 H.

EMPRESA NACIONAL DE FERROCARRILES

GERENCIA GENERAL

CASILLA No. 428

Dirección Telegráfica:
"FERROBOL"

Teléfonos:
26916-25694-28895-22510

La Paz, 29 de Marzo de de 1971

Sírvase citar No. AP. 69/71.

Señor

Roger Jaeger,
JEFE DE LA MISION SOFRERAIL,

Presente.

Señor:

Ref: INFORME SOBRE RENDICION DE CUENTAS POR GASTOS LOCALES

Esta Gerencia General ha tomado conocimiento de la documentación presentada por la Misión - por gastos efectuados en moneda local- de conformidad a lo establecido por la Sección 3.04, inciso b) del Artículo III del Contrato suscrito el 9 de septiembre de 1970 entre el Banco Internacional de Reconstrucción y Desarrollo (BIRD) y SOFRERAIL; y, la Sección 4.06 del Plan de Operaciones, suscrito entre el Gobierno de Bolivia, el BIRD y el Programa de las Naciones Unidas para el Desarrollo (UNDP), en 28 de septiembre de 1970.

Anexo a la presente, me permito devolver a Ud. las 4 carpetas conteniendo la documentación relativa a sus rendiciones de cuentas, por los siguientes meses:

Carpeta N° 1: Por los meses de Octubre y Noviembre de 1970.
Carpeta N° 2: Por el mes de Diciembre de 1970.
Carpeta N° 3: Por el mes de Enero de 1971.
Carpeta N° 4: Por el mes de Febrero de 1971.

A cada uno de estos estados mensuales acompaño un informe detallado sobre la revisión efectuada y que le hago conocer con objeto de que se subsanen las observaciones anotadas.

Con las aclaraciones debidas, será grato para esta Gerencia continuar el trámite respectivo enviándolo a la sede del BIRD, de donde el Sr. S.A.W. Moini del Departamento de Sud América, me escribió recientemente reclamando acelerar el procedimiento de aprobación de los estados de cuenta, conforme a contrato.

A la espera de su pronta respuesta, aprovecho la oportunidad para saludar a Ud. muy atentamente.

EMPRESA NACIONAL DE FERROCARRILES

Ing. RENE NAVARIAS MOGRO
Gerente General

Anexo:
4 carpetas
cc : GO.-
GA.-
MTO/hmf

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Cable Address – INTBAFRAD

INTERNATIONAL DEVELOPMENT ASSOCIATION
Cable Address – INDEVAS

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.
Area Code 202 • Telephone - EXecutive 3-6360

DP/SF/310 BOL 25

July 16, 1971

Mr. Gabriel Valdes S.
Assistant Administrator and Director
Regional Bureau for Latin America
United Nations Development Programme
United Nations, New York 10017

Dear Mr. Valdes:

BOLIVIA: Railways Management and Organization

A Bank mission has just returned from Bolivia. The purpose of its visit was: (a) to review the progress of the technical assistance given to the Bolivian railways (ENFE) by the French consultants, SOFRERAIL, under the above project; and (b) to review the draft of the investment plan which the consultants have prepared and will submit in their first progress report, due in July 1971.

The consultants' performance is satisfactory and they have established a good working relationship with the management and professional staff of ENFE. Their recommendations are being well received and some are already being implemented, mainly in the organizational field. The consultants and ENFE are of the opinion that, in the fields where ENFE needs help most (such as track and rolling stock rehabilitation and maintenance departments), further technical assistance will be required to fully implement the consultants' recommendations. (The present project is scheduled to end in the Spring of 1972.)

The Bank proposes to send a mission to Bolivia in September 1971 to appraise the investment plan for 1972-76, now being prepared by the consultants, for the purpose of rehabilitating and re-equipping ENFE. We feel that the proposal to seek further assistance from UNDP to extend the technical assistance now being provided can be reviewed most appropriately after the appraisal has been completed. Such an extention would be all the more desirable if an IDA credit results from the appraisal. At that time and on the basis of the discussion with the Government, it would then be possible to decide on the details and timing of the necessary technical assistance. We would hope to consult further with you then on how it can best be arranged.

Sincerely yours,

Vincent J. Riley
Chief, Technical Assistance Division
Development Services Department

FJDominguez:cbh
cc: Mr. Pascoe, UNDP, La Paz
Secretario de Planificacion y Coordinacion, La Paz
Ministro de Obras Publicas y Communicaciones, La Paz
Ing. R. Navajas, Gerente, ENFE
Cl. and cc: Mr. Moini

BOL-25

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Messrs. E.V.K. Jaycox and S.M.L. van der Meer DATE: July 9, 1971

FROM: J. Blumstein, A. Mates and F.J. Dominguez

SUBJECT: BOLIVIA - Technical Assistance to ENFE
Second Supervision Mission
Back-to-Office and Full Report

1. In accordance with Terms of Reference dated April 15, 1971 and May 24, 1971, Messrs. Dominguez, Blumstein and Mates arrived in La Paz on May 30 to supervise the work of the Consultants, and to review the progress on their operational recommendations and the proposed investment plan for the period 1972-1976 which will be included in their first Progress Report, due early in July 1971.

Summary

2. The technical assistance being supplied by the Consultants is fully satisfactory, and is progressing in accordance with the bar-chart and payment schedules. Relations between the Consultants and ENFE are excellent. ENFE has provided the required facilities and nine competent counterparts. Minor changes to the bar-chart have been suggested and should be approved by the Bank. The fellowship program was discussed and should be received by the Bank shortly. (paras. 11, 12, 13 and 16)

3. Little progress has been achieved by the Government in implementing the recommendations on transport coordination contained in the UNDP-financed Bolivia Transport Survey, prepared by Daniel, Mann, Johnson, Mendenhall, in September 1969. The Ministry of Coordination and Planning accepted the Consultants' suggestions to create a special agency within the Ministry, to carry out transport coordination studies, and to ask the UNDP to supply one or two experts to act as advisers to this agency. (para. 15)

4. The Consultants and ENFE are of the opinion that the technical assistance program should be extended by one year, in order to implement, at the operational level, the recommendations made by the Consultants. The mission discussed this matter with the UNDP Resident Representative, who agreed in principle and suggested that, eventually, part of the cost might be included in the IDA credit. (para. 14)

5. The next progress report, due in mid-July 1971, will include the proposed 1972-1976 investment plan for ENFE, together with time-phased Plans of Action for key sectors (operations, equipment and track maintenance, commercial policy and financial targets). The report will be ready on time; the mission reviewed the draft report and considered it to be satisfactory. (paras. 18 and 19)

6. The five-year investment plan, as suggested by SOFRERAIL, amounts to the equivalent of US$33.3 million, out of which US$25.6 million are foreign currency expenditure. This investment plan was based on the urgent need for rehabilitation of the present system and on the requirements resulting from future additional freight and passenger traffic.

Action and Recommendations

7. A letter should be sent to the Minister, thanking him for the courtesies extended to the mission and summarizing its findings. Since Mr. R. Skillings made an oral presentation of the mission's findings to the Minister on June 5, this letter should be cleared by him. A draft letter is attached (Appendix A).

8. The Bank should send a letter to the UNDP, saying that an IDA credit to Bolivia is being considered for the purpose of rehabilitating and re-equipping ENFE; that an extension, without interruption, of the present program of technical assistance to ENFE was essential to the success of this operation; and that the cooperation of the UNDP was considered to be indispensable and is requested. A combined IDA credit and UNDP-sponsored technical assistance program, similar to the one existing in Afghanistan for the Highway Maintenance Program, could be considered. A draft of this letter is attached (Appendix B).

9. The mission recommends that the five-year investment plan be subdivided into two phases. Phase I, covering the first two years of the plan, could constitute a project suitable for an IDA credit of about US$13 million, i.e., the foreign exchange content (US$11.7 million) plus up to 40% of the local expenditure (ref. Bank letter dated September 3, 1969 to Government).

10. The appraisal mission scheduled for September 1971 should pay special attention to the following items:

(i) the setting up of a transport coordination program with a view to avoid the over-expansion of highways;

(ii) the economic viability of the newly constructed Santa Cruz-Santa Rosa line;

(iii) improvement in collection of passenger fares;

(iv) implementation of a new tariff structure based on cost pricing;

(v) time-phased Plans of Action in selected key sectors; and

(vi) retirement of redundant staff, and determination of future wage policies.

At the same time, the detailed review of the work carried out under the technical assistance contract with the Consultants, as mentioned in Section 6.02 of the Plan of Operation, should take place. The mission should be composed of a railway engineer, a transport economist, a financial analyst and a representative of the Pre-Investment Services Division.

Technical Assistance

11. The technical assistance supplied by the French Consultants, SOFRERAIL, under a contract signed on September 9, 1970, is of good professional quality and is progressing satisfactorily. The team appears to work in good harmony and to be composed of experienced men. Relations between the Consultants and ENFE are excellent; the head of the Consultants' team, Mr. Jaeger, has established a close cooperation with the ENFE manager as have the other experts with their respective counterparts. The Consultants are substantially adhering to the bar-chart and to the expenditure schedules. A detailed evaluation of their progress is given in Appendix C.

12. ENFE has provided the Consultants with adequate offices located within their Head Office. Although ENFE suffers from an acute shortage of professional staff, nine counterparts of good caliber have been appointed on a full-time basis; their performance is considered to be very good.

13. The Consultants, in agreement with ENFE, have suggested the following alterations to the bar-chart:

(i) the extension of the services of the expert on Diesel Traction Operation (4 months);

(ii) the addition of the services of an operation specialist (4 months); and

(iii) the addition of the services of a diesel maintenance specialist (7 months).

As a partial compensation, the services of four other experts (one Economist in charge of Investment Planning, one expert in Diesel Traction and Car Maintenance, two experts in Track Maintenance and Improvement) could be curtailed by one month each. The mission is of the opinion that these alterations would be of benefit to the program, and that, since the corresponding expenses can be met under the contract ceilings and still leave contingency margins of about 5%, they should be approved as soon as the Government's agreement to these changes is received.

14. The Consultants and ENFE are of the opinion that the present technical assistance should be extended uninterruptedly until 1976, parallel to the IDA credit. They further believe that an intense effort should be made in 1972, mostly at the operational level, to solidly implant the recommendations made by the Consultants in 1971, and that a followup program of decreasing intensity should be carried out during the following years. This would avoid the repetition of previous experiences, where, for lack of followup at the operational level, technical assistance programs provided very small or no practical results. The mission agrees that such an extension of the technical assistance program should be approved. Tentative bar-chart and expenditure schedules were established in agreement with ENFE management. Preliminary conversation with the UNDP Resident Representative and the Sub-Secretary of Planning and Coordination, Mr. Nestor Dalenz M., produced favorable reactions. With the agreement of the UNDP Resident Representative, the first step will be taken by ENFE, which will submit to the Ministry of Planning and Coordination an adequately justified request for an extension of technical assistance. The UNDP Resident Representative mentioned that, unless the extension of technical assistance over the period 1972-1976 (evaluated, in a first estimate, at 242 man-months and US$1,300,000) is strongly motivated, the UNDP may agree to cover only part of its cost, in which case, the balance should be included in the IDA credit. He suggested that a letter from the Bank to the UNDP, stating (a) that an IDA credit for the rehabilitation and re-equipment of ENFE was being considered, (b) that further technical assistance is indispensable for the success of the operation and (c) that the cooperation of UNDP would be of great value to the project. (A draft for such a letter is submitted in Appendix B.)

15. The progress made in implementing the General Transport Survey's recommendations concerning transport coordination was reviewed at a meeting with the Sub-Secretary of Planning and Coordination, at which Mr. Oscar Zapata, former coordinator of counterparts during the General Transport Survey, was also present. Little has been achieved in implementing these recommendations, due mainly to a shortage of staff with experience in this field. The Vice-Minister accepted the mission's suggestion that UNDP's cooperation in setting up a transport coordination agency would be helpful. He would prefer forming a group of professionals in La Paz, and having UNDP experts come to Bolivia to work with this group and provide the required training while working on Bolivian problems, rather than sending Bolivian professionals abroad on scholarships. The Vice-Minister instructed Mr. Zapata to prepare a work program for such a group, to be submitted to the Bank and to UNDP. The UNDP Resident Representative, informed of the results of the meeting with the Vice-Minister, said that the UNDP could provide the expert or experts required.

16. The Consultants have suggested that two categories of fellowships be considered:

(i) engineers and department heads (7) - two months at SNCF, followed by one month of visits to installations either in France, Spain or wherever a subject of special interest exists.

(ii) specialists (12) - three months, preferably in Latin America, in a country where there is a SOFRERAIL team.

The list of specialties in which training would be given is attached (Appendix D). The ENFE management would like to extend the engineers' and department heads' fellowships from three to four months, and would like to send the specialists to Europe if at all possible. A new schedule is now being prepared by ENFE and the Consultants, and will be submitted shortly to the Bank. ENFE prefers that the fellowship program take place mostly after December 1971, since the present counterparts are to be considered for these fellowships and their departure before that date would hamper the present program.

17. Apparently, due to a wrong interpretation of its obligations under the Basic Agreement and the Operation Plan, the Government has not been paying its Contribution Towards Local Operating Costs (15% contribution). The UNDP Resident Representative, to whom the fact was mentioned by the mission, said that the same problem had arisen in several other UNDP projects in Bolivia, and that the UNDP Financial Mission, scheduled to visit La Paz in July 1971, would, inter alia, discuss this problem with the Government.

Investment Plan

18. SOFRERAIL's traffic forecast serves as a basis for the investment plan suggested by them. The traffic forecast for freight is based on wide-range surveys of different products. It shows for the Western System an increase of 37% in ton-km for industrial products, 44% for agricultural products and 21% for all other products, giving an overall 35% increase in ton-km from 1969 to 1976 (280.9 million to 380.1 million ton-km). On the Eastern System, the freight traffic is projected to grow by 2.6% from 1969 to 1976, and this rather slow growth is due mainly to the elimination of freight for pipeline construction. Detailed information on future expected freight traffic is given in Appendix E.

19. The past data on passenger traffic are given in Appendix F. The annual rate of growth in pass-km was 4.5% for the period 1965-1969 and consisted of 3.7% on the Western System and 7.5% on the Eastern System. A noteworthy phenomenon is the shift of regular train passengers to railcars; pass-km on regular trains went down from 160 million in 1965 to 110 million in 1969, while railcar pass-km went up from 7.5 million in 1967 to 76 million in 1969. SOFRERAIL's passenger traffic projections for the ENFE show an annual rate of growth of 3% in pass-km for both the Western and the Eastern Systems. It should be noted that, although the

estimates seem to be on the conservative side, there are no data available regarding passenger traffic on trucks (which are used in Bolivia to carry passengers) and data regarding passenger traffic on buses are very deficient.

20. The proposed investment plan, covering the five-year period 1972-1976, amounts to a total expenditure of about US$33 million, of which about US$25 million are foreign exchange costs. The main items included in the plan are:

1.	Infrastructure:	
	Track improvement (re-sleepering and ballasting)	5.2
	Strengthening of bridges	.5
	Consolidation of ORURO-COCHABAMBA line (protection against flooding, study and provision for needed adjustments)	3.0
2.	Telecommunications	.7
3.	Equipment:	
	10 diesel locomotives	3.0
	50 passenger coaches	3.0
	800 freight cars	9.6
	Rehabilitation of existing stock	1.0
	Provision of spare parts	.3
4.	Modernization of workshops	1.3
5.	Miscellaneous	3.1
	Contingency	2.6
	Total	33.3

The distribution over the period is as follows:

	Foreign Cost US$ million	Local Expenses $b. million	Total US$ million
1972	2.5	19.1	4.1
1973	9.2	30.4	11.7
1974	7.0	15.4	8.3
1975	3.4	13.3	4.5
1976	3.5	13.7	4.6
	25.6	91.9	33.3

The amount of the plan has to be considered in light of the fact that it is (i) mainly a rehabilitation plan of a system in which there is a big amount of deferred maintenance and the facilities are no longer adequate for the present level of traffic and (ii) a modernization plan to enable ENFE to reduce the cost and to increase the capacity to the future level of traffic.

21. Based on the traffic forecast, the economic rate of return was derived for three alternatives: (1) adoption of the investment plan; (2) adoption of a reduced investment plan; and (3) no investment in railways. The rate of return was computed only for the first year in which the investment in railways would be completed. Alternative 1 gave an economic rate of return of 13.6%, when compared to alternative 2 and 23.1% when compared to alternative 3 (Appendix G).

22. The mission investigated the suggested substitution of 10 diesel locomotives for steam locomotives. In this computation, the savings on fuel alone for the railways amount to $b 4.77 million per year on an investment of $b 36 million, which yields a rate of return of about 12.2%. This does not take into account the savings in personnel. Thus, the investment in diesel locomotives seems justified.

23. Cash flow and deficit/surplus projections will be included in SOFRERAIL's report due early in July. On the revenue side, SOFRERAIL assumes that the new tariff structure will be implemented in 1972. Regarding personnel expenditures, SOFRERAIL suggests reduction of staff from the current level of 6,420 to 5,500 in 1976 and the transfer of the reduction in costs to the rest of the employees. While this is probably an attractive offer for the labor union, it will create an additional financial burden on ENFE since it will have to compensate the persons retiring. Thus, it seems that only part of the reduction in costs should be transferred to the rest of the employees.

24. It should be noted that the financial position of the railways might be hampered by the decision to overexpand the construction of highways, despite the indication of their unprofitability (e.g., no positive response was given by the Ministry of Transport with regard to Bank recommendation not to build the Cochabamba-Oruro highway). In addition, the line built from Santa Cruz to Rio Memore, under the supervision of a mixed Argentine-Bolivia commission, might incur financial losses in the future. The Bolivian Minister of Transport defined this question as "political".

FJDominguez/AMates:alv

Attachments

cc: Messrs. Chadenet, Baum, Engelmann, King, Lee, Lithgow, Rovani, Knox, Geolot, Mackay (2), Geli, van Helden, A.T. Davis, Lind, J.D. Elliott
Messrs. Skillings, Moini, Riley, Spencer, Morra, R. Jones, Sassoon
Miss Foster

DRAFT OF A LETTER TO BE SENT BY THE BANK TO THE MINISTER

The Minister of Public Works and Transportation
La Paz, Bolivia

Dear Mr. Minister:

May I extend our thanks to you and Mr. R. Navajas for the cordial reception and cooperation offered by the Government and ENFE to the mission which visited Bolivia recently to review the progress of ENFE and the technical assistance by the Consultants, SOFRERAIL.

The mission has reported that cooperation between ENFE and SOFRERAIL is excellent, that the technical assistance is progressing in a very satisfactory manner and that ENFE has been able to supply nine of its best men as counterparts to work with the Consultants' experts. The mission reviewed the draft of the first Progress Report, due in July 1971, and paid particular attention to the proposed five-year investment plan which will be part of the report. They noted with satisfaction that the agreements reached by the previous mission concerning the inclusion of time-phased plans of action in the first Progress Report have been fulfilled.

We note that the proposal for inclusion in the Consultants' team of three additional experts of the foreman category has recently received the Government's approval. The Bank has already communicated its agreement to the proposals, which would result in increasing the total assistance by eleven man-months, in view of the fact that the corresponding expenditures can be met by the funds available under the present contract.

The mission has also reported that the Consultants and ENFE recommend that the technical assistance program be extended on an intensive basis, mainly at the operational level, until the end of 1972 and, on a much smaller and decreasing basis, from 1973 to 1976. We feel that the proposal can be reviewed most appropriately at the time of the forthcoming appraisal for proposed IDA assistance.

It appears from the five-year investment plan that a first project, covering 1972 and 1973, could be prepared for appraisal for an IDA credit. We propose that a Bank mission visit Bolivia in September 1971 for this purpose.

The mission also discussed with the Sub-Secretary of Planning and Coordination the possibility of improving the transport sector. The Sub-Secretary recognizes the need to create an adequately staffed cell in the Secretariat to undertake studies and to consolidate data for the sector as a whole. We understand that the shortage of specialized and experienced personnel is a major difficulty in establishing such a cell but would urge the Government to consider the early creation of a nucleus of such a cell from whatever staff is available. It would, thereafter, be possible to assist the cell in its functioning by securing experts from the UNDP and to develop it by training its staff.

Mr. Jauregui Canavaro mentioned at our June 5 meeting that the Government was interested in re-activating the question of the Santa Cruz Airport. As I said, the study of such an airport could best be made under the auspices of the UNDP, and the Bank would be ready to consider acting as Participating and Executing Agency for such a study. If the Government so decides, we would be prepared to consider sending a mission to Bolivia to assist in preparing the Terms of Reference and a request to the UNDP for assistance for such a study.

We would welcome your views on the matters we have raised herein. I am sending copies of this letter to the Secretario de Planificacion y Coordinacion, Mr. R. Navajas, and the UNDP Representative.

With kind personal regards.

Sincerely yours,

Robert F. Skillings
South America Department

APPENDIX B

DRAFT OF A LETTER TO BE SENT BY THE BANK TO UNDP

Valdez

UNDP
New York

(ENFE)

Dear Sirs:

A Bank mission has just returned from Bolivia. The purpose of its visit was (a) to review the progress of the technical assistance given to the Railways by the French Consultants - SOFRERAIL - under ~~a UNDP-financed contract~~ the above project; and (b) to review the draft of the Investment Plan which the Consultants have prepared and will submit in their first Progress Report, due in July 1971.

Bolivian

The Consultants' performance is satisfactory and they have established a good working relationship with the management and professional staff of ENFE. Their recommendations are being well received and some are already being implemented, mainly in the organizational field. The Consultants and ENFE are of the opinion that in the fields where ENFE needs help most (such as track and rolling stock rehabilitation and maintenance departments), further technical assistance will be required to fully implement the Consultants' recommendations. The Bank proposes to send a mission to Bolivia in September 1971, to appraise the investment plan for 1972-76, now being prepared by the Consultants, for the purpose of rehabilitating and re-equipping ENFE. We feel that the proposal to extend the technical assistance now being provided ~~by the UNDP~~ can be reviewed most appropriately after the appraisal has been completed. Such an extension would be all the more desirable if an IDA credit results from the appraisal. ~~We would then be able~~ to decide on the details and timing of the necessary technical assistance. We would then hope ~~and be able~~ to consult with you on how it can best be arranged.

(The present project is scheduled to end IN the SPRING of 1972)

seek further assistance from UNDP to

At that time and on the basis of the discussion with the government it would be possible.

Sincerely yours,

cc: Mr. Pascoe, UNDP Resident Representative in La Paz
Secretario de Planificacion y Coordinacion, La Paz
Ministro de Obras Publicas y Communicaciones, La Paz
Ing. R. Navajas, Gerente, ENFE

Dominguez: cbh

Cl. + cc Maini

EVALUATION OF CONSULTANTS' PROGRESS

I. Transport Coordination - Investment Planning, Project Preparation

a. Transport Coordination - Several meetings were called by the Consultants in November and December of 1970 to discuss transport coordination problems with ENFE, the Ministry of Public Works and Transports, and the Ministry of Planning and Coordination. Few practical results were obtained, and the meetings were suspended. They are expected to be resumed in June 1971.

b. Investment Plan - A draft of the Plan was discussed by the mission with the Consultants and ENFE, and, very briefly, with the Minister of Public Works and Transportation. It will be included in the first Consultants' Progress Report, due early in July 1971.

II. Management - Personnel Management

The expert, Mr. Duran, has completed his work. The structure of ENFE was considered to be basically sound. ENFE has accepted the few changes which the Consultants recommended, and their implementation has been started. The implementation of the Consultants' recommendations on personnel management will start in August 1971 and will last about one year. Each expert has determined the personnel training requirements in his particular field, a consolidation of these requirements has been made, and a recommendation has been made that a training center be created at Cochabamba. ENFE agrees, but no action has been taken yet.

III. Statistics

The general plan for statistics consists of three main groups:

a. Statistics of production (travellers, merchandise, financial results of operation, train, mileage and tonnage). This group will become effective between early July and the end of August 1971.

b. Statistics of production means (personnel, equipment, track, power requirements). This group will become effective in September-October 1971.

c. Statistics of quality of service (train delays, operation accidents, work accidents). This group will begin operation at the end of November 1971.

IV. Tariffs and Commercial Policy

A methodology for calculating costs has been established, and unit costs have been established; as an example, the costs of transporting the Mutun iron ore have been established. Further, the calculation of the cost of transporting liquefied gas is now in progress. Two samplings of full railroad cars, covering four characteristic months, will be completed by June 30, 1971; the results will permit an analysis of the real utilization of the rolling stock and supply a basis for the new tariff structure, which is scheduled to go into effect on January 1, 1972. ENFE has approved the Consultants' recommendations concerning the creation of a Commercial Department, which, in a first stage, will have a staff of 27. The ENFE Council is expected to approve the creation of the Commercial Department at its June 30 meeting. The business promotion effort will start after the new tariffs, new time schedules and other contemplated improvements are enforced.

V. Traffic Operations

Transport plans for passengers and freight will be enforced on June 21, 1971 in the Western Sector and in November 1971 in the Eastern Sector. The installation of the Oruro Command Post is progressing by steps; it was initiated in January 1971 and will be completed by November 1971. The new system for the distribution of empty cars will be enforced by November 1971.

VI. Diesel Traction Operations

a. Utilization statistics for engines and engine personnel: these statistics will be enforced in June 1971.

b. Rotation of engines and engine personnel: the new rotation will be enforced on June 21, 1971, together with the new transport plan.

c. Organization of work in a pilot shop (Viacha): all preparatory work is completed; the new organization will be enforced in August 1971.

d. Training of engine personnel: this training was started early in 1971 and will be completed in October 1971.

VII. Diesel Traction and Car Maintenance

a. The Consultants propose to rehabilitate 4 diesel engines, 5 motor cars, 48 cars and 1,020 wagons by the end of 1974.

b. The cost of the acquisition of the corresponding spare parts, for the 1972 to 1976 period, was estimated at $854,000.

c. The organization of maintenance will require the concentration and modernization of the shops by the end of 1973 (VIACHA - all traction equipment; UYUNI - cars and wagons of the Western Sector, all axles and wheels; ROBORE - cars and wagons of the Eastern Sector).

d. General instructions for maintenance were issued early in 1971. ENFE is applying the manufacturers' instructions for the motive power and the Consultants' recommendations for the cars and wagons. The latter will be fully enforced by the end of 1971.

VIII. Track Maintenance and Improvement

The main objectives are:

a. establishment of preventive maintenance methods: the schedule foresees the establishment of 2 pilot sectors in 1971, the extension of the method to 15 sectors (Viacha - Uyuni) in 1972 and to all ENFE by 1973.

b. ballast renewal program: 45 km in 1973 and 60 km per year in the 1974-1976 period.

c. improvement of the Oruro-Cochabamba line: recourses for keeping the line in operation during rainy season (bulldozers, tractors, track cars, spare parts) in 1972-1973; protection of line, 1972-1976.

d. Repair of telephone circuits and installation of a regulatory circuit: regulatory circuits for command posts, 1973-1974; semi-direct selective circuits, 1975-1976.

FELLOWSHIPS PROPOSED BY CONSULTANTS

I. Level: Engineers and Department Heads

Each fellowship would consist of: 2 months at SNCF
1 month either at SNCF or at another Railway (Spain or Latin America)

Proposed fields of training:

1. Investments - Costs - Statistics
2. Tariffs - Commercial Policy
3. Personnel administration (recruiting, salary rates, training)
4. Maintenance of rolling stock
5. Traction (utilization of motive power and engineers)
6. Track
7. Operations

II. Level: Specialists (Foremen and equivalent)

Fellowships to take place mainly in Latin America, in countries where there is an active SOFRERAIL team.

Proposed fields of training:

1.	Operations (station organization)	1 specialist
2.	Operations (command posts)	1 specialist
3.	Maintenance of rolling stock (diesel, cars, wagons)	4 specialists
4.	Track - District Chiefs (incl. 1 telecommunications)	4 specialists
5.	Personnel administration (staff recruiting)	1 specialist
6.	Supplies (stock management)	1 specialist
		12 specialists

This proposal is being reviewed to take into account ENFE's suggestions (a) that the fellowships for Engineers and Department Heads should be extended to 4 months; and (b) that the specialists be trained in Europe.

A revised program, with a lesser number of fellowships, is being prepared by the Consultants and will be sent shortly to the Bank.

BOLIVIAN RAILWAYS

Freight Traffic

Past Trend and Future Projections*

	Western System		Eastern System		Total	
	Ton	Ton-Km	Ton	Ton-Km	Ton	Ton-Km
	(millions)					
1960	866	155	70	8	936	163
1961	928	175	85	8	1,013	183
1962	804	190	59	8	863	198
1963	808	222	54	8	862	230
1964	802	197	62	15	870	212
1965	894	247	99	29	993	276
1966	933	232	107	34	1,040	266
1967	899	258	108	41	1,007	299
1968	933	268	103	39	1,036	307
1969	984	281	205	92	1,189	373
1976		380.1		94.5		474.6

* Estimated by SOFRERAIL mission.

BOLIVIAN RAILWAYS

Present and Projected Freight Traffic by Commodity*

	Western System		Eastern System		Total	
	actual 1969	projected 1976	actual 1969	projected 1976	actual 1969	projected 1976
	(million Ton-km)					
Industrial Products						
Minerals	56.0	66.0	-	-	56.0	66.0
Construction materials	19.5	26.7	1.9	2.7	21.4	29.4
Petroleum products	17.2	25.3	-	1.0	17.2	26.3
Asphalt	-	-	0.8	1.6	0.8	1.6
Cement	5.7	18.5	10.7	-	16.4	18.5
Wood	7.3	10.0	6.4	23.0	13.7	33.0
Chemical products	6.5	6.5	-	-	6.5	6.5
Lubricants	1.7	2.6	-	-	1.7	2.6
Vehicles	3.7	5.3	-	-	3.7	5.3
Pipes	-	-	26.3	-	26.3	-
Paper products	2.4	3.3	-	-	2.4	3.3
Lime	3.3	4.6	-	-	3.3	4.6
Subtotal	123.3	168.8	46.1	28.3	169.4	197.1
Agricultural Products						
Sugar	9.4	12.2	0.2	5.4	9.6	17.6
Flour	48.0	41.3	7.8	3.7	55.8	45.0
Wheat	20.8	32.2	-	-	20.8	32.2
Potatoes	1.0	12.4	-	-	1.0	12.4
Corn	0.4	5.0	-	-	0.4	5.0
Rice	0.5	1.0	-	-	0.5	1.0
Coffee	0.7	2.0	-	-	0.7	2.0
Cotton	-	-	0.3	2.2	0.3	2.2
Fruits	5.1	20.4	1.0	7.5	6.1	27.9
Cattle	0.4	-	7.8	10.0	8.2	10.0
Dairy products	2.3	1.1	-	-	2.3	1.1
Subtotal	88.6	127.6	17.1	28.8	105.7	156.4
Other products	69.0	83.7	28.9	37.4	97.9	121.1
Total	280.9	380.1	92.1	94.5	373.0	474.6

* Estimated by SOFRERAIL mission.

BOLIVIAN RAILWAYS

Passenger Traffic

Past Trend and Future Projections*

	Number of Passengers (thousands)	Number of Pass-Km (millions)	Average Length of Trip (Km)
Western System			
1965	1,314	166	126
1966	1,232	172	140
1967	1,223	181	148
1968	1,213	199	164
1969	964	192	199
1972		215	
1973		220	
1974		225	
1975		230	
1976		236	
Eastern System			
1965	316	47.5	150
1966	302	54	172
1967	238	41	172
1968	226	50	221
1969	257	63	245
1972		69	
1973		71	
1974		73	
1975		75	
1976		78	

* Estimated by SOFRERAIL mission.

Appendix G

Bolivian Railways

Three Alternatives for Carrying the Traffic Forecasted in 1976*

	alternative 1 full investment in railways	alternative 2 reduced investment in railways	alternative 3 no investment in railways
Investment ($b millions)			
Railways	399	120	0
Roads (buses and trucks)	0	0	74
Traffic in 1976 (millions of unit-km)			
Railways	788	610	450
Transfer to roads	0	138	274
Traffic lost	0	50	64
Total Railway Personnel	5,500	5,250	5,100
Annual Economic Costs			
Railways: Labor	96.4	91.4	88.9
Fuel	5.7	7.8	5.8
Miscellaneous	32.9	36.3	41.2
Roads	0	37.0	78.8
Traffic lost	0	9.0	12.2
TOTAL	135.0	181.5	226.9

* Estimated by SOFRERAIL Mission

our file

June 23, 1971

Ing. Nestor Dalenz Mejia
Subsecretaric de Planificacion y Coordinacion
Ministerio de Planificacion y Coordinacion
La Paz
BOLIVIA

Dear Mr. Dalenz:

Thank you for your letter of May 6, received on June 4, requesting that the Bank approve two additional experts for the team presently assisting ENFE. The services required are those of an expert in Diesel maintenance for seven months and an expert in command post operations for four months.

The services of these experts can be supplied under the existing contract and their cost will be paid from existing contingency funds, both in respect of foreign and local expenditure. Consequently, the Bank agrees to your request and will instruct the Consultants accordingly.

I should like to take this opportunity to advise you that a four-month extension of the services of the diesel traction expert, requested by Mr. Navajas in his cable of May 11, has now been approved under the same conditions as those mentioned in the preceding paragraph.

With kind regards,

Sincerely yours,

RFS

Robert F. Skillings
South America Department

cc: General Manager Navajas
Empresa Nacional de
Ferrocarrilas
Cnl D.A.E.M. Ing. Jorge Cadima Valdez
Ministro de Transportes y Comunicaciones
Mr. Juan S. Pacoe, UNDP Resident Representative to Bolivia.
Cleared with and cc: Mr. F.J. Dominguez

cc: Messrs V. Riley
S. Moini

FJDominguez/JFajans:ak

BOL-25

June 14, 1971

Cnl. Ing. Jorge Cadima Valdez
Ministro de Transportes y Comunicaciones
Ministerio de Transportes y Comunicaciones
La Paz, Bolivia

Dear Mr. Minister:

I write to thank you for your kind letter of June 1, reference 13-3-1613, by which, in accordance with Section 4.06 of the Plan of Operation for the railway reorganization study, you have designated Mr. Moises Ramos Osinaga of the Planning Office of the National Railway Enterprise to approve on behalf of the Bolivian Government statements of expenditures submitted by the consulting team of Sofrerail.

With kind regards,

Yours sincerely,

J. Fajans
South America Department

JFajans:rh

cc: Messrs Dominguez
V. Riley
R. Jones
Moini

REPUBLICA DE BOLIVIA

MINISTERIO DE OBRAS PUBLICAS, COMUNICACIONES Y TRANSPORTES

On file Bol-25

Moini
Prudencio
Riley
Mattes

Cite No. B-3-1613

La Paz, 1º de junio de 1971

Señor
S.A.W. Moini,
Departamento Sud Americano del
Banco Internacional de Reconstrucción y
Desarrollo,
1818 H Street, N.W.
Washington D.C., 20433, U.S.A.

Señor:

REF.: DESIGNACION REPRESENTANTE

Tengo el agrado de comunicarle que se ha designado al señor Licenciado Moisés Ramos Osinaga, de la Asesoría de Planificación de la Empresa Nacional de Ferrocarriles, para que en representación del Gobierno apruebe los estados de cuenta por gastos realizados por la Misión Sofrerail, de conformidad a lo establecido en la Sección 4.06 del Artículo IV del Plan de Operaciones suscrito el 28 de Septiembre de 1970 entre el Gobierno de Bolivia, UNDP y el Banco Internacional de Reconstrucción y Desarrollo, referente al programa de asistencia técnica que presta la Misión Francesa Sofrerail a la Empresa Nacional de Ferrocarriles.

En consecuencia, agradeceré a Ud. tomar debida nota de este nombramiento, encareciéndole tratar y coordinar directamente con el Lic. Ramos, cualquier problema relacionado con el cumplimiento de las cláusulas pertinentes del Plan de Operaciones antes mencionado.

Aprovecho esta oportunidad para saludarle muy atentamente.

Cnl. DAEM. Ing. Jorge Cadima Valdéz
MINISTRO DE TRANSPORTES Y COMUNICACIONES

Ministerio de Transportes y Comunicaciones
LA PAZ
BOLIVIA

El Sr.Lic.Moisés Ramos Osinaga, firmará

cc. Gerencia Grl.ENFE
Sofrerail, La Paz
UNDP, La Paz
M.Ramos O., ENFE.