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ARGENTINA

PROMOTION OF NEW GROWTH-ORIENTED ENTERPRISES

(TC-03-05-01-8-AR)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Maria Victoria Sáenz (MIF); Mariel Sabra (COF/CAR); Jacobo Alter (LEG/OPR); Carlos Guaipatín (SDS/MSM); and Fermin Vivanco (SDS/MSM), Team Leader.

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Financial statements of the General Pacheco Foundation

Project request

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ABBREVIATIONS

AWPS	Annual work plans
CESI	Committee on Environment and Social Impact
CS	Corporación del Sur [Southern Corporation]
FGP	Fundación General Pacheco [General Pacheco Foundation]
FOGABA	Fondo de Garantías de Buenos Aires
OR	Operating Regulations
PEU	Project executing unit
UDESA	Universidad de San Andrés [San Andrés University]
UIPBA	Unión Industrial de la Provincia de Buenos Aires [Industrial Union of Buenos Aires Province]
UNGS	Universidad Nacional de General Sarmiento [General Sarmiento National University]
UTN	Universidad Tecnológica Nacional-Facultad Regional General Pacheco [National Technological University]

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EXECUTIVE SUMMARY

Requester and executing agency:	General Pacheco Foundation [Fundación General Pacheco] (FGP)	
Beneficiaries:	The project's direct beneficiaries will be: (i) people who have not yet discovered that they have a vocation as entrepreneurs; (ii) individuals who are working on the development of a new business idea; (iii) entrepreneurs who own small businesses that have been in operation for less than three years; and (iv) institutional stakeholders that backstop entrepreneurship. The project will be executed in two geographical areas: the administrative subdivisions of Tigre, Malvinas Argentinas, and San Fernando in the Buenos Aires metropolitan area, and the southern portion of the Buenos Aires Federal District.	
Amount and source:	MIF (Facility II-A):	US\$ 780,000
	Local counterpart:	<u>US\$ 780,000</u>
	Total:	US\$1,560,000
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Objectives and description:	<p>The general objective of this project is to contribute to the expansion of a dynamic entrepreneurial base in Greater Buenos Aires. The specific objective is to set up a model for the creation and promotion of dynamic enterprises.</p> <p>The project will entail four components. The first component will strengthen the institutional support network for entrepreneurship and will set up two development poles designed to help jump-start new business ideas: one in the northern section of Greater Buenos Aires, and the other in the southern part of the city. The second component will help 1,500 individuals develop their entrepreneurial skills and will select 300 ideas for growth-oriented business that will then receive technical assistance, mentoring, and advisory services. In the third component, 100 business projects will receive financing for technical assistance and start-up expenses; in addition, the project will help put other enterprises in contact with lenders associated with the</p>	

operation. The fourth component will focus on promoting entrepreneurship throughout Greater Buenos Aires, measuring and disseminating the project's accomplishments, and transferring the project methodology and model to two other areas in Argentina.

Social and environmental impact:

The Committee on Environment and Social Impact (CESI) reviewed this operation at its meeting of 3 August 2003. The recommendations made by the CESI have been incorporated into this memorandum. This document is therefore in line with the studies that have been conducted on the promotion of entrepreneurship among women, and the selection criteria for project beneficiaries will place priority on projects submitted by women and by persons living under unfavorable economic conditions, in accordance with paragraph 6.3 and the Operating Regulations.

Special contractual conditions:

As a condition precedent to the first disbursement, the General Pacheco Foundation will submit the following in a form that meets with the satisfaction of the Bank: (i) evidence that a project director has been selected in accordance with Bank procedures.

Exceptions to Bank policy:

None.

Coordination with other official development agencies:

There is no indication that other bilateral or multilateral official development agencies are financing projects of this nature. However, since the project's outcomes will be widely disseminated, particular importance will be placed on inviting representatives of such agencies to bring new stakeholders into this entrepreneurial support network.

I. BACKGROUND AND RATIONALE

A. National and local context

- 1.1 **The creation of microenterprises.** Between 60,000 and 147,000 microenterprises are created each year in Argentina, and between 60,000 and 115,000 close their doors (data from the Ministry of Labor). Thus, in three of the last eight years, there has been a net decrease in the number of microenterprises, and the total net average increase amounts to 9.75%. What is more, the number of informal subsistence enterprises that are created and that fail is many times greater. Calculations based on permanent household surveys conducted between 1997 and 2003 indicate that the number of microenterprises has risen from 1.5 million to 2 million, with the vast majority of these firms operating in the informal sector. A recent study¹ indicates that most of the businesses being created in Argentina are microenterprises that are neither dynamic nor innovative. For the most part, they are founded for purposes of subsistence in environments where technical support and financing for the creation of **dynamic ventures** are in limited supply (i.e. business ventures that are growth-oriented, that create jobs for persons outside the household, and that provide incomes above the owners' subsistence levels). Recent studies conducted by the Bank on the creation of new businesses² highlight the need for a comprehensive strategy and for the relevant institutions to implement that strategy in coordination with one another by building a network or *institutional value chain* that brings out synergies by drawing upon the complementary skills and resources of companies, support agencies, training centers, and institutions.

B. Barriers to entrepreneurship in Greater Buenos Aires

- 1.2 **A disconnect between university training and business ventures.** Students and graduates of technical programs in universities have access to advanced technical knowledge. The university environment does not, however, foster the creation of new businesses that could capitalize upon such knowledge. The above-mentioned IDB study indicates that, while entrepreneurs do mention the educational system as a source of technical expertise (73%) and of problem-solving skills (66%), this system as a source of entrepreneurial skills goes largely unacknowledged and is mentioned in very few cases: business as a vocation (10% of the cases), negotiating ability (21%), risk tolerance (16%), and marketing (27%). As a result, people with a university education do not apply the technical knowledge they have acquired to the creation of dynamic businesses. Thus, in Greater Buenos Aires, there is a gap between the technical know-how available to people with

¹ "Aportes para una Estrategia Pyme en Argentina" [Inputs for an SME strategy in Argentina], ECLAC, 2003

² "Entrepreneurship in emerging economies (Final Report)", IDB, 2002.

university training and the types of unskilled service activities and traditional forms of commerce involved in the new businesses that are being created.

- 1.3 **Weakness of the supporting institutional structure.** A study conducted by FUNDES/Argentina and the General Sarmiento National University [Universidad Nacional General Sarmiento (UNGS)] indicates that a majority of the population and most entrepreneurs are unaware of the existence of agencies and programs that backstop new business ventures. Various financial institutions, such as Banco Río, chambers of industry, and support agencies such as the Corporación del Sur (CS) [Southern Corporation] have apprised the Bank of their interest in supporting business undertakings initiated by young people in Greater Buenos Aires. Such support has not been forthcoming until now owing to the lack of an institutional network.
- 1.4 **Weakness of business networks.** What sets the fastest-growing firms apart from the rest is their greater use of specific and stable networking opportunities. The strengthening of such networks will therefore help to make the business creation process more productive. Nonetheless, institutions and entrepreneurs in the areas in question generally do not engage in networking.
- 1.5 **Difficulties in gaining access to financing for micro, small, and medium-sized enterprises.** According to a study carried out in October 2003 by the consulting firm Microfinanza, there are approximately 1.5 million microenterprises in Argentina that have a regular income stream. An estimated 25%-30% of these firms have access to some form of credit (mainly supplier credit, credit cards, and informal lenders), while over 70% rely on their own funds.

C. Potential for creating dynamic businesses in Greater Buenos Aires

- 1.6 **Demand for entrepreneurial support services.** In recent years the people of the Buenos Aires metropolitan area have demonstrated an interest in business training and in activities designed to foster entrepreneurship, as well as a willingness to pay for such services. Evidence in this respect includes: (i) the business courses, seminars, and workshops that several universities offer, for a fee, are filled and have to turn some students away; (ii) more than 1,400 people attended the Second Assembly of Young Entrepreneurs, held by the Industrial Union of Buenos Aires Province [Unión Industrial de la Provincia de Buenos Aires (UIPBA)], in which San Andrés University [Universidad de San Andrés (UDESA)] and the UNGS played a leading role; (iii) some 2,300 people attended a symposium on business development organized by UDESA, the Technological Institute of Buenos Aires [Instituto Tecnológico de Buenos Aires (ITBA)] and the Argentine Business University [Universidad Argentina de la Empresa (UADE)]; and (iv) the number of business plan competitions has risen from 3 to 12 over the last five years.

- 1.7 **An emerging institutional structure.** The foregoing attests to the potential for a project aimed at providing support for business start-ups in various locations within Buenos Aires and its outlying areas. In addition to the leadership provided in this connection by UDESA and UNGS, the General Pacheco regional campus of San Andrés University [Universidad de San Andrés (UDESA)] has been working in this field, as has the industrial cluster in Tigre (a heavily populated area with a large concentration of manufacturing activities). The General Pacheco campus of the National Technological University [Universidad Tecnológica Nacional (UTN)] trains low-income youths to become engineers and technicians who are then able to find work in local industries. It also is a major provider of engineering and corporate management services to companies in the area, primarily via the General Pacheco Foundation, in collaboration with the Tigre Industrial Union and the above two universities. The Corporación del Sur (CS) also backstops firms and entrepreneurs in Buenos Aires by providing financial and technical resources which they can use to boost their competitiveness through design and other innovations.
- 1.8 **The Buenos Aires northern conurbation.** The municipios of Malvinas Argentinas, San Fernando, and Tigre form a triangle located 30 km. to the north of the City of Buenos Aires with a population of approximately 700,000 personas. This area, which has a higher unemployment rate than Buenos Aires, has 1,700 industrial companies.
- 1.9 **Southern Buenos Aires.** The southern part of the City of Buenos Aires is composed of the La Boca, Barracas, Nueva Pompeya, Villa Riachuelo, Villa Soldati, Villa Lugano, and Mataderos districts. This is where 25% of the city's total population (about 800,000 people) live. It is a heavily industrialized area with nearly 40% of the city's industrial plants and high unemployment.
- 1.10 **Strategy.** These two areas have a number of characteristics that are conducive to the creation of new, dynamic enterprises. They have industrial and transport infrastructures, access to goods and service markets, high unemployment, and professional institutions and entrepreneurs that are committed to the promotion of entrepreneurship. In addition, the people in this area are creating a demand for the development of the skills needed to start up new business activities. Based on the above factors, the project will backstop the creation of new dynamic enterprises by pooling the efforts of institutions of higher education, SME support agencies, organizations working to promote productive development in general, and local civil society organizations. In addition, in order to assimilate the lessons learned regarding the incorporation of the local entrepreneurial base into projects designed to promote entrepreneurship, the Tigre Industrial Union will be one of agencies working to carry this project forward.

D. MIF and IDB strategy

- 1.11 The project is in keeping with the Bank's strategy with Argentina (document GN-2250, June 2003) and, in particular, with the objective of achieving rapid economic growth in conjunction with social justice. This objective is aligned with the effort to promote the development of the country's small and medium-sized enterprises and to assist unemployed university graduates. The project also complements the MIF regional project aimed at providing a model for the mentoring of young entrepreneurs (RG-M1016), which is being executed by Impulsar and other agencies in various regions of Argentina. These two projects will work through their steering committees to set up an inter-agency coordination mechanism that will allow them to share the lessons they have learned and to seek synergies in their implementation.

E. Project rationale and focus

- 1.12 The project is based on a comprehensive strategy for promoting entrepreneurship that includes measures relating to each of the stages involved in the entrepreneurial process: (i) development of entrepreneurial motivation and skills; (ii) the start-up phase; and (iii) the first few months of operation. The project will apply this comprehensive approach in the northern conurbation of Greater Buenos Aires and in the southern districts of Argentina's capital city.
- 1.13 **Lessons learned.** The portion of the IDB study "Entrepreneurship in Emerging Economies" that deals with Argentina sets out a series of factors that are needed in order to promote entrepreneurship: (i) a commitment on the part of the public and private institutions involved in the creation of business enterprises; (ii) access to markets for goods and services; (iii) access to comprehensive support for the business creation process; (iv) links with an entrepreneurial base reaching beyond the academic sphere and the institutional network located in the project's geographical service area; and (v) the formation of entrepreneurial teams. In designing this project, consideration has been given to the recommendations made by the IDB/MIF for programs aimed at supporting the creation of business ventures, which have recently been applied in similar projects in El Salvador, Peru and Colombia. The project also incorporates the innovations and lessons learned in the MIF projects in Argentina in Consolidation of Microenterprises in Nontraditional Markets – Latin American Center for Leadership Training and Research (LEATID) (ATN/ME 7514-AR), and Entrepreneurial Development Services, Jorge E. Kittl Foundation (ATN/ME-8090-RG).

II. PROJECT OBJECTIVES AND DESCRIPTION

A. Project objectives and components

- 2.1 The project's general objective is to contribute to the expansion of a dynamic entrepreneurial base in Greater Buenos Aires. Its specific objective is to set up a model for the creation and promotion of dynamic business enterprises.
- 2.2 The project activities will promote the participation of (to begin with, three) universities, chambers of industry, financial institutions such as the Banco Rio, associations that finance business ventures, such as the Buenos Aires Guaranty Fund [Fondo de Garantía de Buenos Aires (FOGABA)] and the Corporación del Sur (CS), and private entrepreneurs in the project's service area.

1. Component 1: Strengthening the institutional support network for entrepreneurship (MIF: US\$95,360; local counterpart: US\$215,840)

- 2.3 The objective of this component is to integrate and enhance the support provided by institutions working to promote entrepreneurship. The component will reinforce the ties between: (i) entrepreneurs working on different ventures that can collaborate in the purchase of goods and services or in the consolidation of projects or activities; (ii) entrepreneurs and institutions in the community, executives of large companies, successful entrepreneurs, financiers, industrial unions, and corporate consultants; and (iii) mentors and entrepreneurial teams.
- 2.4 **Entrepreneurship focal points for jump-starting business ventures.** In order to set up an institutional structure that can consolidate a support network and give it continuity, two entrepreneurship focal points will be created, one in each project area. Unlike business incubators, these entrepreneurship focal points will not serve as a location for new ventures but will instead provide an environment in which contacts can be formed that can be used to jump-start new businesses. These poles will be open to entrepreneurs living, working, or studying in the areas targeted by the project. A publicity campaign will be used to reach these entrepreneurs, and each participant in these entrepreneurship focal points will have to pay an annual fee. It is expected that 400 entrepreneurs will become members. In addition to new entrepreneurs, the poles will attract institutions and other individuals as members that will help build the institutional support network.
- 2.5 The expected **outcomes** of this component are: (i) a network of public and private institutions that will provide support for business ventures and make the project known to their members and clients, refer entrepreneurs to it, make the services of managers and entrepreneurs available to act as mentors for new ventures, and take part in project exhibitions and other activities sponsored by these entrepreneurial focal points; (ii) 400 entrepreneurs who are members of the network and, as such,

take part in this network and in the two entrepreneurship focal points; (iii) three universities that will adopt the entrepreneurship teaching materials and methodology developed by the project; and (iv) a core group of 75 trainers, 100 advisors (at least 50 of whom will be entrepreneurs, with the rest being made up of managers, technicians, and consultants who will serve as mentors and promoters), and 25 technical experts who have been trained in the use of best practices to backstop entrepreneurs.

- 2.6 The following **activities** will be carried out in order to achieve these outcomes: (i) selection and training of specialists in the development and design of materials; (ii) review and development of curricula and of new teaching materials, to include written texts, a documentary (in book form) on successful entrepreneurs, and audiovisual materials; (iii) selection and training of entrepreneurship trainers; (iv) selection and training of advisors in the delivery of technical assistance, mentoring, and liaison with agencies for new businesses; (v) inauguration of the entrepreneurship focal points (one in each of the project's service areas) and activities aimed at: (a) raising community awareness through talks, project fairs, and liaison events; (b) sensitization to the importance of entrepreneurship; (vi) incorporation of entrepreneurship training components in the curricula of institutions of higher learning based on experiences afforded by the project; and (vii) recruitment of specialized consulting services for the formulation of a plan for ensuring the sustainability of the entrepreneurship focal points.

2. Component 2: Entrepreneurial skills and business creation (MIF: US\$376,400; local counterpart: US\$284,500)

- 2.7 This component's objective is to provide entrepreneurs with practical, results-based business skills that will bridge the gaps left by traditional university training and help them establish contacts among themselves (one of the lessons learned in this field). This component will also promote efforts to jump-start new business idea via contacts between new entrepreneurial teams and experienced entrepreneurs. This component's **expected outcomes** are: (i) 1,500 people with skills useful in the creation of new businesses, such as: a vocation for business, the formulation and implementation of business plans, negotiating ability, risk tolerance, initiative, marketing techniques and salesmanship, business management, etc.; (ii) preparation of 500 business plans by newly formed entrepreneurial teams and their evaluation by the project's executive committee; (iii) 300 business plans prepared by selected entrepreneurial teams that will receive advisory services, technical assistance, and mentoring for the start-up of new business ventures; and (iv) 100 new firms whose operations have been started up by project beneficiaries.
- 2.8 **Activities** to be implemented in order to produce these outcomes include: (i) the selection of beneficiaries and comprehensive entrepreneurship training for university students, graduates, and graduate students who have potential as

entrepreneurs; (ii) a call for the submission of business plans for new, dynamic enterprises by entrepreneurial teams and the selection of 50 of those plans in each six-month period; (iii) assignment of trainers (managers, entrepreneurs, consultants) to business projects (a maximum of three projects per advisor); (iv) guidance in expediting the founding of new enterprises: technical assistance, the establishment of contacts with suppliers, clients, and potential partners; coaching on the formation of linkages with financiers and on problem-solving; (v) implementation of networks of contacts and the horizontal transfer of entrepreneurial skills; (vi) conferences and community activities; and (vii) mentoring by advisors who are entrepreneurs with directly related experience and/or executives with entrepreneurial experience.

3. Component 3: Access to financing for business projects (MIF: US\$100,000; local counterpart: US\$300,000)

- 2.9 This component's objective is to address the difficulties that entrepreneurs encounter in obtaining financing from formal-sector lenders at the various stages involved in starting up their business ventures. To this end, a mechanism will be set up to provide US\$200,000 in financing for the start-up of 100 entrepreneurial team projects during their first six months in existence. The financing will cover up to 80% of technical assistance and advisory services for the new enterprises, the process of obtaining licenses for new businesses and registering them, compliance with environmental and labor standards and regulations, and marketing, and up to 40% of other expenses related to the introduction of products or services. The component will include financing arrangements with FOGABA and two other financial institutions to provide financing for firms that are more than a year old.
- 2.10 The **expected outcomes** of this component will be: (i) 100 new companies which, based on their innovative nature or the growth potential of their business plans, have received US\$2,000 each in financing for technical assistance or consulting services directly related to their start-up needs during their first few months in operation; (ii) 40 new enterprises that have been in operation for more than six months and have obtained financing directly from FOGABA; and (iii) approximately 20 firms that have been in operation for at least one year and that have obtained financing from one of the financial institutions that has signed agreements with the project. **The activities** to be undertaken as part of this component will focus on setting up these three channels of financing for new enterprises in the project service areas and making sure that they work. Specifically: (i) the subsidization fund for corporate start-ups will be used for initial technical assistance activities specifically designed for dynamic business ventures that the relevant financial institutions will not finance; (ii) advisory services for enterprises that can qualify for the financing provided by FOGABA for business ventures that have already begun operations; and (iii) the establishment of contacts with banking institutions with which the project will

sign cooperation agreements. The executive committee will be the body in charge of making the first two channels operational. To this end, it will be responsible for selecting projects that will be given seed money in the form of subsidies and referring projects to FOGABA. In order to make the third channel feasible, three project fairs will be held in the entrepreneurship focal points, and technical consulting services will be provided by project advisors.

4. Component 4: Dissemination, learning, and project transfers (MIF: US\$67,740; local counterpart: US\$5,000)

- 2.11 This component's **expected outcomes** will be: (i) to have made the project known to over 10,000 individuals who may join the network as potential entrepreneurs, advisors, or business trainers; (ii) to have promoted an institutional learning process in the field of entrepreneurship and to have raised the profile of the subject of entrepreneurship in the local media; (iii) to have transferred the project methodology and materials to at least two locations outside the Buenos Aires metropolitan area, where 60 trainers and 60 advisors will be trained. **The activities** to be undertaken as part of this component will include: (i) implementation of a project dissemination and promotion strategy; (ii) preparation of a baseline to be used in measuring the project's progress against its performance benchmarks; (iii) analysis of the market of potential project clients in order to facilitate implementation of the activities; (iv) development of methodologies for monitoring the beneficiaries of the various activities; (v) identification of best practices in the provision of assistance for new knowledge-based enterprises that will serve as benchmarks for the project; (vi) exploration of additional institutional links for the project; (vii) provision of strategic information to the project's executing unit; (viii) delivery of advisory services regarding entrepreneurial issues to the executing agency; (ix) definition and evaluation of the areas to which the model will be transferred; (x) training courses for advisors in those areas; and (xi) provision of trainer training in order to develop the local supply of support services for new growth-oriented enterprises.

III. PROJECT COSTS AND FUNDING

A. Cost and funding

- 3.1 The project's cost has been estimated at US\$1.58 million, of which US\$780,000 will be provided by the MIF and US\$780,000 will take the form of the local counterpart contribution (at least 50% of which must be in cash), as noted below.

Budget (US\$)	MIF	Local	Total	%
I. Strengthening the institutional support network	95,360	215,840	311,200	19.95%
II. Entrepreneurial skills and business creation	376,400	284,500	660,900	42.37%
III. Access to financing	100,000	200,000	300,000	19.23%
IV. Dissemination, learning, and project transfers	67,740	5,000	72,740	4.66%
V. General project coordination	96,300	74,660	170,960	10.96%
VI. Evaluation, audits, and contingencies	44,200	-	44,200	2.83%
Total	780,000	780,000	1,560,000	100.00%
%	50%	50%		

- 3.2 At least 50% of the counterpart contribution will be provided in cash by private donors: Francisco de Narváez (US\$100,000), CS (US\$270,000), and the Universities Program of Banco Santander Río de la Plata (US\$50,000).

B. Project sustainability

- 3.3 This project's aim is to promote the creation of new, growth-oriented enterprises by providing institutional support. Given this orientation, its sustainability should be considered from two vantage points. In terms of the new enterprises themselves, the project will employ specific screening criteria to ensure that the project works with the entrepreneurial teams having the greatest potential and dynamic business plans. At the institutional level, the project will focus on ensuring the operational effectiveness of the existing institutional structure for the promotion of entrepreneurship and creating lasting ties among the various institutions involved. Project activities in the entrepreneurship focal points (business plan competitions, project fairs, mentoring, and other events) will contribute to the achievement of these objectives. The entrepreneurship focal points will, over time, draw more and more of the financing for their activities from their membership fees and will function as an entrepreneurs' club that will be the "home office" for the project's institutional network. Based on the findings of the midterm review, a plan for ensuring the continuity of the entrepreneurship focal points will be developed to underpin a strategy for ensuring the sustainability of the project and of its entrepreneurial focal points.

IV. EXECUTING AGENCY AND MECHANISM

A. Executing agency

- 4.1 The project will be executed by the General Pacheco Foundation [Fundación General Pacheco (FGP)]. The FGP is a non-profit institution and was founded in 1992 to promote scientific, technological, educational, and cultural activities that

will contribute to the development of the service area of the General Pacheco regional campus of the National Technological University [Universidad Tecnológica Nacional (UTN)]. The FGP is a respected institution in the northern conurbation's industrial community and stands out for its effective administration of business service, engineering, and academic coordination projects with the Red Unidesarrollo [uni-development network]. It has demonstrated its commitment to promoting entrepreneurship in the region's university community and has contributed to the development of local industry through its Technological Center [Centro Tecnológico]. The FGP is overseen by a 14-member administrative council. Its management structure includes a manager and four administrative officers, with the technical structure being determined by the projects. In August 2004, 15 people were working on project activities and another 80 were employed on a temporary basis with (i) the scaling of the project based on effective credit demand in the project areas and ACAMI's current financial condition and capacity; (ii) the availability of other sources of resources to complement the Bank financing; (iii) the Diocese's financial commitment to the ACAMI project; (iv) indicators to gauge the improvements the project brings to the microentrepreneurs' socioeconomic situation; (v) confirmation that counterpart resources are available; (vi) the financial terms and conditions of the project; and (vii) the extent to which ACAMI consolidates operations with respect to activities with its partners and the most suitable legal framework for the strategy.

- 4.2 **Promotional agencies.** In keeping with best practices in the field of entrepreneurship, which entail the provision of comprehensive support for new ventures through an institutional network that maintains a local presence in the area concerned, the project will be able to rely on a network of promotional agencies that will supply it with human resources, materials, and support. There will be five such agencies: the Tigre Industrial Union, UNGS, UDESA, UTN de Pacheco, and CS-CMD. The last two institutions will serve as the venues for the development pole activities. Agencies with which institutional relations already exist will become members of the institutional network. These new members will contribute to the success of the ventures at different stages: the FOGABA; the Banco de Santander Río de la Plata; the Technology Division of the City of Buenos Aires [Dirección de Tecnología del Gobierno de la Ciudad de Buenos Aires]; the National Council of Scientific and Technical Research [Consejo Nacional de Investigaciones Científicas y Técnicas (CONICET)] and the Secretariat for Technology, Science and Productive Innovation [Secretaría para la Tecnología, la Ciencia y la Innovación Productiva (SECTIP)], both of the Ministry of Education, Science, and Technology.

B. Implementation mechanism

- 4.3 **Executing agency.** A project executing unit (PEU) will be set up within the FGP. The PEU will be composed of a project director, a coordinator, and an accounting and administrative assistant. The terms of reference for the recruitment of these

individuals will be part of the project's Operating Regulations (OR). The PEU will be in charge of: (i) preparing and executing the annual work plans (AWPs); (ii) coordinating project activities in relation to the AWP and the OR; (iii) procurement of goods and services; (iv) overseeing the performance of consultants; (v) processing disbursement requests for submission to the Bank; (vi) presenting statements of account and management reports to the project's steering committee for submission to the Bank; (vii) disseminating and promoting the project and issuing vacancy announcements; (viii) implementing the AWP; and (ix) monitoring achievement of performance benchmarks set out in the logical framework.

- 4.4 **Steering committee.** The steering committee will be composed of 12 members, at least half of whom will represent the private sector. The private-sector representatives will include three local entrepreneurs: a representative of the Tigre Industrial Union; a representative of the Francisco de Narváez business group, which is a project donor; and a representative of the Banco Santander Río de la Plata, which is also a donor. The steering committee will also include an expert in entrepreneurship, a representative of the FGP, one representative of each of the three universities working to promote the project, and a representative of the CS-CMD. The steering committee will meet semiannually and will form an executive committee with a rotating five-person membership.
- 4.5 **Project readiness.** The project is at quite an advanced stage of preparation: (i) institutional arrangements have been made with the five promotional agencies needed to set up the institutional support network; (ii) letters of commitment have been drawn up for all the counterparts providing cash contributions for the project; and (iii) the steering committee and executive committee have been formed.
- 4.6 **Disbursements and execution period.** The project will be executed over a 36-month period, while the disbursements will be made over a period of 42 months. The rotating fund will be equivalent to 10% of the Bank's contribution.
- 4.7 **Procurement of goods and services.** The engagement of all services and the procurement of all goods involved in the project's execution will be conducted in accordance with Bank policy. Any procurement or recruitment that does not comply with these provisions may be ruled to be an ineligible expenditure and, as such, not qualified for financing by the Bank.
- 4.8 **Accounting.** The FGP will establish and maintain suitable financial accounting, internal control, and filing systems. These systems will permit the identification of the sources and uses of project funds. The accounting system will be organized in such a way so as to provide the necessary documents, facilitate the verification of transactions, and permit the timely preparation of financial reports and

statements. Project files will be stored in such a way as to ensure that: (i) the amounts received from different sources can be identified; (ii) they provide information on project expenditures based on accounting records previously approved by the Bank in which MIF contributions are kept separate from funds provided by other sources; and (iii) they provide enough detailed information to identify the goods and services that have been obtained, as well as the uses made of those goods and services. The executing agency will open separate bank accounts that are specifically earmarked for MIF funds and for local counterpart funds. This agency will also process the disbursement requests and the accompanying rationales in accordance with the Bank's disbursement policies.

- 4.9 **Audits.** Within 90 days after the final project disbursement, the FGP will prepare the final financial statements on the Bank's contribution and counterpart funds and will submit them to the Bank. An independent auditing firm that is acceptable to the Bank will audit these financial statements.

V. MONITORING AND EVALUATION

- 5.1 **FGP monitoring.** The FGP will be responsible for compiling and analyzing the information required to conduct ongoing monitoring of the major benchmarks outlined in the logical framework (Annex I). To expedite this task, the project will finance the recruitment of consultants during its start-up to: (i) prepare a baseline study within the first six months of its execution; and (ii) support the FGP in refining the system for monitoring project activities and indicators. The FGP and the Bank will use the baseline and monitoring system for the project's supervision and evaluation and will refer to them when preparing semiannual progress reports, the midterm review, and the final evaluation.
- 5.2 **Basic and technical responsibility.** The Bank's Country Office in Argentina will be responsible for project monitoring and technical supervision. It will receive support from the IDB/MIF in preparing evaluations and in exchanging information and lessons learned from other similar projects.
- 5.3 **Progress reports.** The FGP will submit semiannual progress reports on the project to the Bank at least 30 days before the close of each six-month period. The second progress report will include information from the baseline study that will permit progress to be measured against the performance benchmarks listed in the logical framework (Annex I). Progress reports will document the activities conducted during the preceding six months and will set out a work plan and a disbursement schedule for the next period. They will devote particular attention to: (i) the status of the work plan in terms of its execution and the project budget; (ii) progress made in consolidating the institutional support network; (iii) attainment of benchmarks, problems encountered, and steps taken to solve them; (iv) advances made in institutional coordination with Impulsar, the

executing agency in Argentina of the MIF regional project on entrepreneurship; and (v) progress in ensuring the sustainability of the entrepreneurship focal points. The Bank's Country Office will verify that benchmarks have been reached and, in the event of significant deviations or delays, may discontinue project disbursements until the causes have been identified and measures for dealing with them have been adopted to the Bank's satisfaction.

- 5.4 A final report is to be submitted sixty (60) days after the final disbursement. The Bank will use these reports to oversee the progress made in the project's implementation and to prepare a final report within three months after the final disbursement.
- 5.5 **Evaluations.** When at least 50% of the MIF resources have been disbursed or 18 months into the project's execution, whichever comes first, the Bank will use project funds to have a midterm review prepared. This evaluation will analyze: (i) the effectiveness and efficiency of the project's execution; (ii) the extent to which the project's purpose is being achieved; (iii) lessons learned during implementation; (iv) recommendations for improving execution during the second half of the project; and (v) institutional, financial, and operational achievements and problems that will influence the project's sustainability. When 90% of the Bank's resources have been disbursed, the Bank will commission the preparation of a final evaluation. This evaluation will measure: (i) the extent to which the project's specific objective and goals have been met; (ii) the efficiency, effectiveness, additionality, and sustainability of the project components; (iii) the project's impact on its beneficiaries and participants, with reference to the indicators listed in the logical framework and baseline data; (iv) statistics on the continued existence and growth of the firms that have received assistance; and (v) lessons learned and best practices.

VI. BENEFITS AND RISKS

- 6.1 **Benefits.** The rationale for the project is that an improvement in the entrepreneurial base of a country, region, or area should be promoted with the help of short- and long-term strategies. In the short run, the project will support the start-up of 100 new enterprises designed by entrepreneurial teams. In the long run, the project will establish a support network for entrepreneurial teams that will operate through the entrepreneurship focal points and the adoption of business curricula by the three universities taking part in the project. Experience has shown that the most successful programs make use of both these kinds of strategies.
- 6.2 **Additionality.** The MIF has been working in various areas to promote entrepreneurship, including education, training, technical assistance, business incubators, regulatory systems, and investment funds. It has also backstopped institutions seeking to provide support for new enterprises, such as: Empretec

(El Salvador, Panama, and Guatemala), PROBIDE (Peru), and Endeavor (Chile and Uruguay). These programs have been focused on a specific, crucial factor in the creation of new businesses, but over the past two years, however, comprehensive MIF entrepreneurship projects have been launched with such agencies as the Integral Development Collective [Colectivo Integral de Desarrollo (CID)] in Peru, the Entrepreneurial Foundation for the Sustainable Development of Small and Medium-Sized Enterprises [Fundación Empresarial para el Desarrollo Sostenible de la Pequeña y Mediana Empresa (FUNDAPYME)] in El Salvador, the Corona Foundation [Fundación Corona] in Colombia, and the project which is the subject of this memorandum. These projects seek to integrate the lessons learned in various areas in which the MIF has been working and thus devise a broader range of measures for helping entrepreneurs to overcome the obstacles they face.

- 6.3 **Beneficiaries.** The project's direct beneficiaries will be: (i) people who have not yet discovered that they have a vocation as entrepreneurs; (ii) individuals who are working on the development of a new business idea; (iii) entrepreneurs who own small businesses that have been in operation for less than three years; and (iv) institutional stakeholders that backstop entrepreneurship. The project will be executed in two geographical areas: the administrative subdivisions of Tigre, Malvinas Argentinas, and San Fernando in the Buenos Aires metropolitan area, and the southern portion of the Buenos Aires Federal District. There will be no age limit for project beneficiaries, and an effort will be made to foster team-building. The selection criteria for project beneficiaries will place priority on projects submitted by women and by persons living under unfavorable economic conditions. The project may include beneficiaries from other areas, provided that they study, work, live, or have a business venture in one of the project areas.
- 6.4 **Risks.** Three possible risks have been identified: (a) a lack of motivation to participate in activities on the part of the target population; (b) an unwillingness to pay for the activities to be conducted in the entrepreneurship focal points, which could undermine the project's sustainability; and (c) a lack of external financing for the implementation of business projects and their conversion into going business concerns following their start-up phase. In order to mitigate the first of these risks, the project includes funding for a publicity campaign and for community activities in the entrepreneurship focal points aimed at raising people's awareness about the importance of entrepreneurship. To mitigate the second of these risks, the project will finance consultancy services aimed at developing a strategy to ensure the entrepreneurship focal points' sustainability. To mitigate the third of these risks, the project will make arrangements with financial institutions to provide financing for firms that have been in operation for more than one year.

VII. SOCIAL AND ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Committee on Environment and Social Impact (CESI) reviewed this operation on 3 August 2003, and the present document reflects the Committee's recommendations. The document is therefore in line with the studies that have been conducted on the promotion of entrepreneurship among women, and the selection criteria for project beneficiaries will place priority on projects submitted by women and by persons living under unfavorable economic conditions.

LOGICAL FRAMEWORK

PROMOTION OF NEW GROWTH-ORIENTED ENTERPRISES (TC-03-05-01-8-AR)

Objectives	Indicators	Means of verification	Assumptions
Goal			
To contribute to the expansion of a dynamic entrepreneurial base in Greater Buenos Aires	By the end of the third year, 100 new dynamic business ventures have been undertaken and form part of the entrepreneurial base of Greater Buenos Aires	<ul style="list-style-type: none"> Baseline Ex post evaluation 	Macroeconomic stability
Purpose			
To set up a model for the creation and promotion of dynamic enterprises	<p>By the end of the third year, 20 firms created during the project's first year are presented to a control group:</p> <ul style="list-style-type: none"> 1.5 times higher job growth rate 1.5 times higher sales growth rate Sales: 60% more in total and/or 15% more per employee Twice the formalization rate 1.5 times higher rate of access to financial and nonfinancial services <p>By the end of the third year, two new municipalities that have not participated in the project have begun to adopt its model for the creation and promotion of new businesses</p>	<ul style="list-style-type: none"> Baseline Semiannual progress reports Initial, midterm, and final project reports and comparison with the baseline study Ad hoc studies Files on enterprises in municipalities / employee benefit plans Databases on projects submitted in business plan competitions Annual monitoring of control group 	<p>There is a critical mass of young people interested in creating new business ventures</p> <p>The young people interested in creating businesses remain interested in participating in the project and paying for project activities</p> <p>The organizations making up the institutional network remain committed to the project</p>
Components			
1. Strengthening the institutional support network for entrepreneurship	<p>By the end of the project:</p> <ul style="list-style-type: none"> 3 universities are adopting the methodology and teaching materials developed by the project 75 entrepreneurial trainers have received instruction 	<ul style="list-style-type: none"> Annual work plan Consultant reports and contracts Semiannual progress reports 	<ul style="list-style-type: none"> Secondary schools and institutions of higher learning are committed to the provision of entrepreneurial training

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> 100 people (entrepreneurs and managers) have been trained to serve as mentors and advisors for new entrepreneurs 25 specialists in entrepreneurship (consultants, technicians working with entrepreneurial support institutions) have been trained Two entrepreneurship focal points are offering technical assistance, mentoring, and contacts with support institutions Financiers, entrepreneurs, and support institutions have taken part in the three project fairs 	<ul style="list-style-type: none"> Initial, midterm, and final project reports and comparison with the baseline study Trainer monitoring reports Operating Regulations for the entrepreneurship focal points 	<ul style="list-style-type: none"> Entrepreneurs are interested in providing guidance to young persons wanting to start up businesses There are local institutions interested in sending employees for training
2. Support for the growth of new enterprises and young entrepreneurs	<p>By the end of the project:</p> <ul style="list-style-type: none"> 1,500 young people have received entrepreneurial training and instruction in the development of business plans 500 business plans have been formulated and evaluated 300 business plans are receiving support from advisors and form part of the entrepreneurship focal points 100 new enterprises have begun operations by the end of the third with the help of project financing and guidance 	<ul style="list-style-type: none"> Annual work plan Results of course evaluations Results of course evaluations by promoters, mentors, and contact people Semiannual progress reports Initial, midterm, and final project reports and comparison with the baseline study Entrepreneur monitoring reports 	<ul style="list-style-type: none"> Course participants continue to be interested in founding their own businesses
3. Access to financing for new dynamic business projects	<ul style="list-style-type: none"> 100 business projects have received project seed money in the form of subsidies Over 40 ventures are being financed by FOGABA and/or Corporación del Sur (CS) Over 20 ventures are being financed with credits from the financial sector 	<ul style="list-style-type: none"> Semiannual reports and the portfolio of selected projects Reports on the FOGABA and Corporación del Sur (CS) portfolios 	<ul style="list-style-type: none"> Financial institutions remain interested in the project
4. Dissemination, learning, and project transfers	<p>During the project:</p> <ul style="list-style-type: none"> A book of case studies on local entrepreneurs has been prepared and published Project outcomes have been disseminated among over 10,000 persons 	<ul style="list-style-type: none"> Annual work plan Consultant reports and contracts Semiannual progress reports Initial, midterm, and final project reports and comparison with the 	<ul style="list-style-type: none"> The project and the lessons learned from it arouse interest in transferring it to other areas Local media become interested in entrepreneurship

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> There has been an observable increase in the media attention devoted to entrepreneurship 6 strategic brainstorming sessions are conducted by project staff (semiannually) 3 networking seminars are held with representatives of local institutions (annually) 2 new municipalities have adopted the project methodology 	<p>baseline study</p> <ul style="list-style-type: none"> Project promotion materials Document on good practices Evaluations of the sessions and seminars 	
Activities			
Component 1 1.1 Development and articulation of teaching tools 1.2 Human resource development 1.3 Entrepreneurship focal points	<p>By the end of the first six months:</p> <ul style="list-style-type: none"> (i) Senior and junior specialists to develop and design materials have been selected and trained (ii) Curricular and teaching materials (including written materials, the book on successful entrepreneurs, and audiovisual materials) have been developed (iii) The two entrepreneurship focal points have been opened (one in each area served by the project) (iv) The first call for new business projects has been carried out <p>By the end of the third six-month period:</p> <ul style="list-style-type: none"> (v) 75 entrepreneurial trainers have been selected and trained (vi) The first project fair is receiving support (vii) The second and third calls for new business projects <p>By the end of the fourth six-month period:</p> <ul style="list-style-type: none"> (viii) 100 advisors have been selected and trained to provide technical assistance and coaching and to help the new enterprises make contact with financial and nonfinancial institutions (ix) The fourth call for new business projects 	<ul style="list-style-type: none"> Annual work plan Consultant reports and contracts Results of evaluations Semiannual progress reports Initial, midterm, and final project reports and comparison with the baseline study Monitoring reports on entrepreneurs who attended the courses Trainer monitoring reports 	<p>Qualified human resources exist that are interested in working with project beneficiaries</p> <p>The relevant institutions continue to be interested in being involved in project activities</p>

Objectives	Indicators	Means of verification	Assumptions
	<p>By the end of the sixth six-month period:</p> <p>(x) The fifth and sixth calls for new business projects will have been carried out</p> <p>(xi) Instruction in entrepreneurial skills is being incorporated into the programs of the participating institutions of higher learning</p> <p>(xii) A sustainability plan for the entrepreneurship focal points has been approved after the findings of the midterm review have been made known</p>		
<p>Component 2</p> <p>2.1 Trainer training</p> <p>2.2 Community activities</p> <p>2.3 Development of networks</p> <p>2.4 Call for business ideas</p> <p>2.5 Selection of 300 business ideas</p> <p>2.6 Guidance and jump-starting of business plans</p> <p>2.7 Technical assistance for the start-up of business plans</p>	<p>By the end of the first six months:</p> <p>(i) Individual beneficiaries will have been selected</p> <p>By the end of the sixth six-month period:</p> <p>(ii) Beneficiaries have received comprehensive training in entrepreneurship</p> <p>(iii) 300 of the business plans submitted by entrepreneurial teams have been selected (50 selected in each six-month period)</p> <p>(iv) 100 trained advisors (managers, entrepreneurs, consultants) have been assigned to the selected projects (a maximum of 3 projects per adviser)</p> <p>(v) Support has been provided to the 300 entrepreneurial teams in establishing contacts with potential suppliers, clients, partners and financiers and in solving business start-up problems</p> <p>(vi) Networks of contacts have been created and the horizontal transfer of entrepreneurial skills is being conducted (via the entrepreneurship focal points)</p> <p>(vii) Community awareness activities and conferences have been conducted (via the entrepreneurship focal points)</p> <p>(viii) Potential entrepreneurs have been coached by those advisors who are entrepreneurs with directly related experience and/or executives with entrepreneurial profile</p>	<ul style="list-style-type: none"> ▪ Annual work plan ▪ Operating Regulations for the entrepreneurship focal points ▪ Consultant reports and contracts ▪ Results of course evaluations by promoters, mentors, and contact people ▪ Semiannual progress reports ▪ Initial, midterm, and final project reports and comparison with the baseline study ▪ Monitoring reports on entrepreneurs who participated in the activities designed to help them establish contacts ▪ Terms of reference for the selection of projects to receive support ▪ Entrepreneur monitoring reports ▪ Arrangements with nonformal institutions 	<p>Potential entrepreneurs remain interested throughout their entrepreneurial training courses</p> <p>Entrepreneurs form project teams and present their projects when the executing agency calls for submissions</p>

Objectives	Indicators	Means of verification	Assumptions
	(ix) 100 business projects have been chosen to receive subsidized technical assistance		
Component 3 3.1 Competition for dynamic business projects 3.2 Fund for jump-starting new dynamic enterprises 3.3 Facilitation of access to financing	By the end of the second six-month period: (i) The subsidization fund for corporate start-ups will have financed 20 new business ventures (ii) Financing arrangements will have been signed with two financial institutions By the end of the fourth six-month period: (iii) The subsidization fund for corporate start-ups will have financed 50 new business ventures (cumulative) (iv) Enterprises that have been in operation for less than six months will have received advisory services to help them qualify for financing from FOGABA and other lenders By the end of the sixth six-month period: (v) The subsidization fund for corporate start-ups will have financed 100 new business ventures (cumulative) (vi) Enterprises that have been in operation for at least a year will have received advisory services to assist them in establishing contacts with banking institutions with which cooperation agreements will be concluded		The business creation projects will meet the eligibility requirements of the different sources of financing

Objectives	Indicators	Means of verification	Assumptions
Component 4 4.1 Definition of the baseline and monitoring of indicators 4.2 Design and implementation of a communications strategy 4.3 Identification of two municipalities for the transfer of project experiences 4.4. Transfer of the support model 4.5 Monitoring, formulation and dissemination of best practices 4.6 Definition of baseline and monitoring of indicators	<p>By the end of the first six-month period:</p> <p>(i) The market of the project's potential clients has been analyzed in order to facilitate project activities</p> <p>(ii) A program dissemination and promotion strategy has been developed</p> <p>(iii) A baseline has been constructed so that the program's progress can be measured against performance indicators</p> <p>(iv) A methodology for monitoring beneficiaries has been developed</p> <p>(v) The executing unit has the strategic expertise it needs to implement the project</p> <p>By the end of the second six-month period:</p> <p>(vi) Best practices in assisting new growth-oriented enterprises that can serve as benchmarks for the project have been identified</p> <p>By the end of the fourth six-month period:</p> <p>(vii) The possibilities for developing additional institutional links for the project have been explored</p> <p>By the end of the fifth six-month period:</p> <p>(viii) The two new areas to which the model will be transferred have been evaluated and defined</p> <p>By the end of the sixth six-month period:</p> <p>(ix) The program dissemination and promotion strategy has been implemented</p> <p>(x) Training courses for promoters in the new project areas have begun</p> <p>(xi) Trainers and advisors have been trained to develop the local supply of support for new, growth-oriented enterprises</p>	<ul style="list-style-type: none"> ▪ Annual work plan ▪ Consultant reports and contracts ▪ Results of course evaluations by promoters and trainers in the two selected areas ▪ Semiannual progress reports ▪ Initial, midterm, and final project reports and comparison with the baseline study ▪ Study of sources of potential entrepreneurs ▪ Survey of presence of the entrepreneurial dimension in the media ▪ Promotional project materials ▪ Document on good practices ▪ Evaluations of the sessions and seminars ▪ Updated inventories and mapping of support institutions 	<p>The interest shown by institutions in transferring the model to other areas in the country crystallizes in institutional commitments</p>

ITEMIZED BUDGET

COMPONENTS	MIF	CASH CONTRIB.	IN KIND CONTRIB.	TOTAL LOCAL	TOTAL
1. Strengthening the institutional support network for entrepreneurship	95,360	14,400	201,440	215,840	311,200
1.1 Development and coordination of teaching tools	17,000	0	4,200	4,200	21,200
1.1.1 Development of teaching materials	12,600	0	4,200	4,200	16,800
1.1.2 Design of materials (manuals and handbooks)	4,400	0	0	0	4,400
1.2 Human resources development	25,250	0	29,200	29,200	54,450
1.2.1 Trainer training	19,350	0	15,850	15,850	35,200
Trainer	19,350	0	0	0	19,350
Infrastructure	0	0	15,400	15,400	15,400
Publication of participant manual	0	0	450	450	450
1.2.2 Advisor training	1,600	0	5,350	5,350	6,950
Trainer	1,600	0	800	800	2,400
Infrastructure	0	0	4,100	4,100	4,100
Publication of participant manual	0	0	450	450	450
1.2.3 Technician training	4,300	0	8,000	8,000	12,300
Trainer	4,300	0	4,000	4,000	8,300
Infrastructure	0	0	3,400	3,400	3,400
Publication of participant handbook	0	0	600	600	600
1.3 Entrepreneur development pole	53,110	14,400	168,040	182,440	235,550
1.3.1 Design of development pole	3,000	0	0	0	3,000
1.3.2 Preparation of cases and videos	9,110	0	6,600	6,600	15,710
Preparation of cases (videos)	7,610	0	5,100	5,100	12,710
Book publication expenses	1,500	0	1,500	1,500	3,000
1.3.3 Operation of development pole	41,000	14,400	161,440	175,840	216,840
Coordinator of pole	36,000	0	36,000	36,000	72,000
Administrative assistant	0	14,400	14,400	28,600	28,800
Office lease and operating expenses	0	0	69,400	69,400	69,400
Consultancy on sustainability	5,000	0	0	0	5,000
Computers	0	0	14,000	14,000	14,000
Printers	0	0	840	840	840
Infrastructure	0	0	26,200	26,200	26,200
Publication of participant handbook	0	0	600	600	600
2. Transmittal of entrepreneurial skills and business creation	376,400	156,000	128,500	284,500	660,900
2.1 Entrepreneur training	167,400	0	94,800	94,800	262,200
2.1.1 Training	160,600	0	28,600	28,600	189,200
2.1.2 Infrastructure	0	0	41,500	41,500	41,500
2.1.3 Publication of participant manual	6,800	0	2,200	2,200	9,000
2.1.4 Instruction reinforcement program	0	0	22,500	22,500	22,500
2.2 Community development	0	6,000	12,000	18,000	18,000
2.3 Network development	59,000	150,000	12,200	157,200	216,200
Cycle of encounters with specialists	9,000	15,000	0	15,000	24,000
Infrastructure	0	0	7,200	7,200	7,200
Networking and training	0	40,000	5,000	45,000	45,000
Team of networking consultants	50,000	90,000	0	90,000	140,000
2.4 Coaching for entrepreneurs (mentoring and networking)	150,000	5,000	9,500	14,500	164,500

COMPONENTS	MIF	CASH CONTRIB.	IN KIND CONTRIB.	TOTAL LOCAL	TOTAL
Project selection process	30,000	5,000	0	5,000	35,000
Project mentoring	120,000	0	9,500	9,500	129,500
3. Access to financing for new dynamic enterprises	100,000	190,000	10,000	200,000	300,000
3.1 Startup subsidies fund	100,000	150,000	0	150,000	250,000
3.2 Facilitating access to financing	0	40,000	10,000	50,000	50,000
4. Program dissemination and transfer	67,740	0	5,000	5,000	72,740
4.1 Communication and dissemination strategy	35,000	0	0	0	35,000
4.2 Identification of 2 municipalities for transfer of experience	6,000	0	0	0	6,000
4.3 Follow up, monitoring, formulation, and dissemination of best practices	20,740	0	5,000	5,000	25,740
4.4 Definition of baseline for program indicators	6,000	0	0	0	6,000
5. General project coordination	96,300	63,500	11,160	74,660	170,960
Director	58,600	38,000	0	38,000	96,600
Administrative Assistant – Accounting	19,400	10,000	0	10,000	29,400
Coordinator	9,300	7,500	0	7,500	16,800
Infrastructure and equipment	0	0	11,160	11,160	11,160
Information and administrative support	0	8,000	0	8,000	8,000
Travel and per diems	9,000	0	0	0	9,000
6. Other	44,200	0	0	0	44,200
Evaluation	19,000	0	0	0	19,000
Audit	6,000	0	0	0	6,000
Contingencies	19,200	0	0	0	19,200
Total (\$)	780,000	423,900	356,100	780,000	1,560,000

RELATED PROJECTS IN ARGENTINA
PROMOTING NEW GROWTH-ORIENTED COMPANIES
(TC0305018AR)

A. MIF projects similar or related to the project.

Number of the project and date of approval	Title of the project, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/ME-8873-RG 22 September 2004	Mentoring Model for the Development of Young Entrepreneurs Fundación Impulsar US\$1,500,000 MIF Contribution	N/A 54 months	0% 54 months	The project was approved on September 22, 2004 and the signing of the agreement is in process. Regional Technical Cooperation. Does not involve the Buenos Aires area.

B. Similar or related Bank projects.

Number of the project and date of approval	Title of the project, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
1031/OC-AR 1 August 1997	Program to support the productivity and employability (<i>empleabilidad</i>) of young people Ministry of Education and Culture US\$370 million IDB loan	4 August 1997 36 months	98%	This project has been classified as satisfactory. This classification is based on the timely delivery of the student scholarships during May of 2004 as well as the acquisition of student textbooks. In addition, the Institutional Retention Projects (IRP) continue executing satisfactorily and new IRPs will begin in 2004.

C. MIF projects addressing the same sector or beneficiaries

Number of the project and date of approval	Title of the project, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/MH-7513-RG 18 July 2001	Youth Employment: Technologies in the Workplace Program International Youth Foundation (IYF) US\$10,000,000 MIF contribution	1 August 2001 52 months	33%	The amounts of counterpart funds currently secured by IYF (within the first year of execution), seems to indicate that project implementation can be achieved within the current project time frame. The quality and number of project proposals received by IYF is also promising, and, furthermore, there seems to be no doubt about the importance of IT knowledge and its demand in LAC. Overall, the assumptions made, are still valid.
ATN/ME-7514-AR 18 July 2001	Support for Micro Enterprises in Non-Traditional Sectors LEATID – Latin American Training and Research Center for Jewish Institutional Leadership US\$830,000 MIF contribution	17 December 2001 42 months	28%	Project execution is classified as satisfactory. The executing agency took six months to comply with the conditions precedent to the first disbursement. From then on, it has been meeting the other program deadlines. The initial delay is not expected to impair achievement of the project's objectives
ATN/ME-7925-AR 26 June 2002	Local development and small business competitiveness FUNDES Argentina, Fundación Potenciar, Fundación Patagonia US\$1,860,000 MIF contribution	18 September 2002 42 months	13%	Project execution is classified as satisfactory. So far, according to the section on "Current Status and Outlook," it appears that performance indicators are being met. Nor have there been any major modifications in the assumptions that might have a negative effect on achievement of the project's objectives.

MULTILATERAL INVESTMENT FUND										
ARGENTINA MIF PORTFOLIO										
No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-25	TC9406035	ATN/MT-4742-AR	Water Sector Reform for Mendoza	MMAUV	I	7-Dec-94	Completed	795,000	100.00
2	MIF/AT-25	TC9410218	ATC/MT-4743-AR	Water Sector Reform for Mendoza	MMAUV	I	7-Dec-94	Completed	464,647	100.00
3	MIF/AT-36	TC9404063	ATN/ME-4851-AR	Network of Business Services Centers Program	UIA	IIIa	15-Feb-95	Completed	7,009,931	100.00
4	MIF/AT-66	TC9410169	ATN/MT-5080-AR	Guarantee System for Small and Medium Enterprise	MEOSP	I	29-Nov-95	Completed	560,686	100.00
5	MIF/AT-106	TC9501421	ATN/ME-5441-AR	Program for Assistance to Small Rural Producers	FAA	IIIa	11-Dec-96	Completed	3,000,000	100.00
6	MIF/AT-114	TC9501413	ATN/ME-5489-AR	Microenterprise Support Services Program	CGEE	IIIa	5-Feb-97	Completed	1,900,000	100.00
7	MIF/AT-134	TC9609184	ATN/MT-5613-AR	Regulatory Agency for Water - Sante Fe	ENRESS	I	25-Jun-97	Completed	434,782	100.00
8	MIF/AT-150	TC9707053	ATN/ME-5765-AR	Advisory Center for New Businesses	FMAYO	IIIa	19-Nov-97	Completed	2,500,000	100.00
9	MIF/AT-174	TC9704059	ATN/MT-5976-AR	Water Regulatory Agency - Buenos Aires Province	ORBAS	I	27-May-98	Cancelled	0	0.00
10	MIF/AT-182	TC9704075	ATN/MH-6026-AR	Human Resource Management System	FUE	II	26-Jun-98	In execution	2,502,500	99.92
11	MIF/AT-195	TC9805188	ATN/MH-6096-AR	Institutional Strengthening for Consumer Protection	ADELCO	II	11-Aug-98	Completed	241,680	100.00
12	MIF/AT-213	TC9806326	ATN/MT-6261-AR	Strengthening Water & Sanitation Sector Privatization	ENOHSA	I	24-Nov-98	In execution	475,000	71.62
13	MIF/AT-263	TC9710163	ATN/MT-6574-AR	Strengthening Competition Protection	CNDC	I	7-Jul-99	Completed	14,315	100.00
14	MIF/AT-273	TC9812069	ATN/MH-6605-AR	Worker Skills Certification Program	MTSS	II	4-Aug-99	In execution	3,677,000	72.83
15	MIF/AT-274	TC9810202	EQU/MS-6633-AR	Equity Fund for Small Enterprises	BCOOBAB	IIIb	1-Sep-99	In execution	6,000,000	21.43
16	MIF/AT-274	TC9810210	ATN/ME-6632-AR	Equity Fund for Small Enterprises	BCOOBAB	IIIa	1-Sep-99	Completed	90,310	100.00
17	MIF/AT-299	TC9710197	ATN/NO-6737-RG	Support to Small Retail Industry	CAME	IIIa	5-Nov-99	Completed	7,033	100.00
18	MIF/AT-299	TC9710197	ATN/ME-6718-AR	Support to Small Retail Industry	CAME	IIIa	5-Nov-99	In execution	1,400,000	93.88
19	MIF/AT-314	TC9806269	ATN/MH-6958-AR	Regional Employment Program for the Blind	FAICA	II	26-Apr-00	In execution	626,900	84.60
20	MIF/AT-322	TC9812068	ATN/MT-6953-AR	National Network of Mediation and Arbitration Centers	CARCO	I	26-Apr-00	In execution	990,000	51.33
21	MIF/AT-335	TC9905056	ATN/MH-7046-AR	Training Program for Energy Regulators in Mercosur	CEARE	II	12-Jul-00	In execution	680,000	81.39
22	MIF/AT-338	TC9907008	ATN/MH-7063-AR	Occupational Health and Safety Program	FPSST	II	26-Jul-00	In execution	2,300,000	63.28
No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb

23	MIF/AT-360	TC9910075	ATN/ME-7157-AR	Market Diversification for Small Enterprises	BCOOBAB	IIIa	4-Oct-00	In execution	1,690,000	58.08
24	MIF/AT-396	TC9812067	ATN/MH-7355-AR	Quality Standards and Certification	OAA	II	7-Mar-01	In execution	1,024,000	56.98
25	MIF/AT-396	TC0102048	ATN/MH-7356-AR	Quality Standards and Certification	FNC	II	7-Mar-01	In execution	613,000	20.41
26	MIF/AT-423	TC0012079	ATN/ME-7514-AR	Support for Small Enterprises in Non-Traditional Sectors	LEATID	IIIa	18-Jul-01	In execution	836,000	34.27
27	MIF/AT-434	TC0103048	ATN/MH-7595-AR	Private Sector Labor Intermediation Program	AMIA	II	19-Sep-01	In execution	1,730,000	27.70
28	MIF/AT-479	TC0101063	ATN/ME-7925-AR	Local Development and Small Firm Competitiveness Program	FUNDES	IIIa	26-Jun-02	In execution	1,860,000	19.99
29	MIF/AT-511	TC0204019	ATN/ME-8112-AR	Development Production Chains Provincia Córdoba	ADEC	IIIa	20-Nov-02	In execution	1,082,640	15.84
30	MIF/AT-517	TC0110053	ATN/ME-8129-AR	Indust. Ecoefficiency Dev. Program	FEM	IIIa	4-Dec-02	In execution	940,000	9.80
31	MIF/AT-528-1	TC0205020	ATN/ME-8352-AR	System Facilitating International Market Access by Small Rural Producers	FORTALECER	IIIa	25-Jun-03	In execution	1,500,000	12.54
32	MIF/AT-555	TC0305019	66/MS-AR	Expansion and Strengthening of FIE Gran Poder S. A.	FIE	IIIa	19-Nov-03	Approved	2,000,000	0.00
33	MIF/AT-555	TC0305019	67/MS-AR	Expansion and Strengthening of FIE Gran Poder S. A.	FIE	IIIa	19-Nov-03	Approved	200,000	0.00
34	MIF/AT-555	TC0305019	ATN/ME-8510-AR	Expansion and Strengthening of FIE Gran Poder S. A.	FIE	IIIa	19-Nov-03	In execution	390,640	10.00
35	MIF/AT-595	AR-M1001	ATN/ME-8762-AR	Making SMEs in the metallurgical sector more productive through ICTs	ADIMRA	IIIa	7-Jul-04	Approved	885,000	0.00
36	MIF/AT-617-1	AR-M1003	EQU/MS-8917-AR	Small Loan Facility for SME's in Argentina	FDLC	IIIb	27-Oct-04	Approved	5,000,000	0.00
37	MIF/AT-617-1	AR-M1003	ATN/ME-8916-AR	Small Loan Facility for SME's in Argentina	FDLC	IIIb	27-Oct-04	Approved	500,000	0.00
								Total MIF Amount	55,921,065	

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PROPOSED RESOLUTION

Argentina. Nonreimbursable Technical Cooperation for Promoting
New Growth-Oriented Companies.

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Fundación General Pacheco, and to take such additional measures as may be pertinent for the execution of the project proposal contained in Document MIF/AT-____ with respect to a technical cooperation for promoting new growth-oriented companies.

2. That up to the amount of US\$780,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.