

## IMPROVING COMPETITIVENESS IN THE REGION

(TC-00-12-05-3-RG)

### EXECUTIVE SUMMARY

<b>Requester:</b>	Initiative of the Bank	
<b>Executing agency:</b>	Inter-American Development Bank	
<b>Amount and source of financing:</b>	IDB: (net income of FSO)	US\$750,000
	Total:	US\$750,000
<b>Terms:</b>	Execution period:	18 months
	Disbursement period	22 months
<b>Objectives:</b>	<p>The general objective of this operation is to make available to countries in the region financial support and technical resources for establishing strategies and identifying and preparing projects to improve competitiveness. During this process, attention will focus on helping borrowing countries to identify Bank and MIF resources that could be used to implement such strategies and projects.</p>	
<b>Description:</b>	<p>The project consists of a regional consultative meeting at which will be presented the results of a series of (comparative) studies on competitiveness that will make it possible to identify in advance areas of interest by the public and private sectors. This consultative process will be used to identify priority areas of action at a national level by means of technical working meetings. Also, national strategies and/or projects will be formulated on the basis of technical studies that contribute to enhancing competitiveness.</p>	
	<p>Financing will also be provided for publication of the research so that the results of the operation can be disseminated.</p>	
<b>Environmental and social review:</b>	<p>The document was considered by CESI on 28 September 2001 (TRG37-01). At the meeting, it was recommended that efforts be made to resolve the issue of financing arrangements for indigenous peoples. It is important to note that this issue is implicitly addressed in the project insofar as it looks for ways to improve the functioning of certain markets (i.e. financial), systems, and sectors, thus contributing to socioeconomic development and growth with equity.</p>	

**Benefits and beneficiaries:**

The main benefit flowing from this operation will be that projects and strategies will be identified to make countries in the region more competitive. Since the activities and projects so identified will be the fruits of dialogue between governments and the private sector, the operation is expected to go some way towards establishing strategies that foster growth in the factors of production and their productivity.

From the Bank's standpoint, this effort will bring with it a number of benefits. First, it will contribute to dialogue with governments on policy. Second, it will make it easier to identify lending or technical-cooperation operations. In addition, it will help disseminate the findings of the Bank's research and create new channels of technical interaction between the Bank and the governments of its member countries, and between units within the Bank.

**Risks:**

The main risk associated with the present operation is that there may be conflicting views between governments and the private sector on priorities in terms of policy. The dialogue workshops are bound to build expectations of reform that run the risk of causing frustration if not backed by government commitments to come up with results in the key areas identified.

There is the added risk of some countries, whose support for the operation should cover the three modalities outlined in component II, being unable to achieve the expected outcome, which consists of establishing a competitiveness strategy founded on actions or potential projects that are likely to accomplish the objectives of this strategy. To minimize this risk, the Operating Committee will focus on ensuring that the beneficiary countries receive the proper technical assistance. Lastly, RES, the Regional Operations Departments, and the MIF will endeavor to strike a balance in the composition of the national delegations attending the Conference, workshops, and working groups. Every effort will be made to ensure that the regional conference is relevant to the needs of the different countries, monitoring activities are conducted in accordance with the program sequence by the countries, and the technical-cooperation activities are coordinated with the Bank's actions in the area of country competitiveness.

**The Bank's strategy:**

The main findings of IDB studies on competitiveness are found in "Competitiveness: the Engine of Growth" appearing in the most recent Economic and Social Progress Report (IPES) published in October 2001. In preparing this study, the Bank collaborated with the World Bank, the World Economic Forum (WEF), ECLAC, and a number of private-sector organizations in taking surveys and examining indicators of various aspects of competitiveness. These

studies serve as a basis for identifying areas of competitive strength and weakness in Latin American countries and comparing them with international patterns. Some of these studies cover small economies in the region where problems of competitiveness have been largely neglected because comparative indicators have until now not been available.

This information and analysis will go a long way towards identifying strategic areas in which competitiveness in the region can be boosted. The Bank may eventually offer financial support for many of these areas.

**Special  
contractual  
clauses:**

N/A

**Exceptions to  
Bank policy:**

N/A

## **I. FRAME OF REFERENCE**

### **A. Competitiveness and growth**

- 1.1 In Latin America economic growth and productivity are too low to have any significant impact on reducing poverty. In the 1990s, growth in the countries of Latin America and the Caribbean averaged 3.3 %, far behind the rates posted in South East Asia (5.1%), the Middle East (4%), or the rest of Asia (5.2%). If population growth is taken into consideration, average per capita income rose at an annual rate of 1.5% over the last decade well below the levels in other developing regions and the developed world.
- 1.2 At this pace, it would take nearly one hundred years for per capita income in the region to reach its present level in the United States. According to recent IDB studies on the problems undermining competitiveness in the region, low growth in Latin America reflects stagnant or declining productivity in many countries. The output per worker in the region was up by 0.7% in the 1990s. Yet, this indicator alone does not fully reflect the problem of productivity in the region as a whole. If the increase in the factors of production (and not just the quantity of labor) are considered, then productivity fell by 0.6% a year. In developed countries, however, overall productivity in the factors of production improved by 0.6% during the 1990s. During the last decade, the gap in productivity continued to widen, not only between LAC countries and the developed countries but also among LAC countries themselves. Whereas per capita income in the world's seven richest countries expanded by 2.3% a year, the improvement was only 1.1% in the seven poorest. Chile, Argentina, and Uruguay, three of the most prosperous countries in the region, were the only ones to report major gains in productivity during the 1990s, while productivity contracted significantly in very poor countries like Haiti, Honduras, and Nicaragua. Worse still, the gaps in productivity and income have been widening in virtually every country in the region, with the result that growth has had even less impact on alleviating poverty than would otherwise have been the case. In fact, if income distribution had remained unchanged, 80 million Latin Americans, not 45 million, would have been rescued from poverty during the expansion of the 1990s.
- 1.3 Although Latin America has focused on macroeconomic stabilization and trade liberalization, factors that helped it emerge from the economic crisis of the 1980s, this has not been enough to raise productivity and growth to satisfactory levels. With respect to other factors affecting economic growth and competitiveness, progress has been much more modest and the region's relative position lags behind that in other parts of the world. Some of these factors are education, financial development, infrastructure, and innovation capacity.
- 1.4 In Latin America, the average level of education of the labor force improved by just 1.5% a year during the 1990s, compared with 2.5% in South East Asia. In terms of worker competitiveness, Latin America as a region no longer abounds in unskilled

labor. However, it is not overly endowed with highly skilled workers either. To be competitive in an intermediate position like this, calls for developing worker-training capacity to a level that exceeds standards in a region, where training systems are excessively centralized and insufficient incentives exist to foster efficiency and innovation. In many countries, worker competitiveness is also threatened by worker protection schemes that are costly to employers yet of little value to many workers and by predominantly adversarial employee-employer relations that are fraught with distrust, in which no suitable collective bargaining mechanisms exist to protect the interests of both parties.

- 1.5 In the area of finance, Latin America's competitive position is particularly weak since its financial systems are shallow and access to credit is very limited and unreliable. Lack of credit is a major hurdle to corporate development according to entrepreneurs, and one of the reasons that the largest Latin American companies are substantially smaller than their counterparts in other parts of the world. Financial deepening in the region is only one third that in the developed countries or South East Asia despite the fact that it has increased thanks to macroeconomic stabilization, financial deregulation, and better supervision. Although some countries still suffer from shortcomings in these areas, the main obstacles to competitiveness on this front are legal and regulatory in nature. Legal frameworks do not protect the rights of bank creditors sufficiently because they impede the use and recovery of guarantees, transfer excessive risk to creditors in case of corporate bankruptcy, and accord the economic authorities too much power to intervene in credit contracts.
- 1.6 These shortcomings have been partially overcome in some countries by the development of credit information systems to facilitate customer screening. Successful experiences offer important lessons to other countries. Lack of access to credit is particularly serious for microenterprise but more specialized microcredit systems would need to be developed to solve this problem. Recent successes in a number of countries show that these institutions need to operate under market rules and specialized systems of supervision.
- 1.7 Shortcomings in infrastructure supply are another barrier to competitiveness and growth in many countries. Latin America has been a world leader in the privatization of infrastructure, a development that has eased fiscal constraints and made service delivery to large users more efficient. However, additional investment in some countries has been small, expansion of coverage has been limited to the largest markets, and in some sectors serious problems exist with regulation that pose a threat to stability and the long-term efficiency of reform.
- 1.8 The area with fewest problems is telecommunications where new technologies have enhanced competition and functioning regulatory systems can be designed. However, there is still a long way to go since yawning gaps continue to exist in access to services between regions and income groups and the universalization of

basic telephone service in itself is not enough. Regulations in many countries still need to be adapted to promote competition between service providers, markets, and products, thus contributing to innovation and the rapid expansion of new services.

- 1.9 In the area of electricity, the outlook is less clear because competition cannot be encouraged in all areas of service and because of demands placed on institutions by sector regulation. Although the main difficulties are found in the smaller countries, even the large ones are not moving towards a common regulatory model that is generally accepted.
- 1.10 One area in which efficiency has improved substantially is port infrastructure because of the adoption of a port administration model that combines public ownership of basic infrastructure with private participation in the operation of general freight terminals, specialized ports that have been totally privatized for large export producers and concessions for modernization of facilities and services. Although no master system of competition and regulation exists, there are some successful cases that might serve as a model for prioritizing reform and investment in the sector.
- 1.11 In many countries, technological innovation capacity is one of the key areas of competitiveness in many countries in need of improvement. The degree of Internet penetration and the use of computers are a good measure of innovation capacity since it is a new technology that is being disseminated. In Latin America, the penetration of the Internet does not differ much from the situation in South East Asia or the Middle East but trails well behind the developed countries. That having been said, the differences between the rich and poor countries in the region are truly abysmal. The penetration of these new technologies is conditional on the availability of telecommunications infrastructure but also mirrors somewhat closely the quality of the climate for innovation, that is the level of education, respect for property rights, the ease with which companies can be established, and a country's economic liberalization to trade flows from the rest of the world. The low quality of the environment for innovation in Latin America is reflected in several aspects of their science and technology systems: minimal investment in research and development (R&D), few patents, underutilized human resources, informal innovation practices, and weak links between business and universities.
- 1.12 The two most important common causes of poor productivity and competitiveness in LAC countries as outlined in the preceding paragraphs are a low level of education and the inability of public institutions to deal effectively with the rule of law, government efficiency, control of corruption, and the quality of regulatory frameworks governing productive activities. Amongst their many effects, these shortcomings serve as a disincentive to investment and encourage companies and individuals to divert their resources from production and innovation to defensive activities and to seek income and privileges.

- 1.13 The rate of advance in establishing and implementing coordinated actions between governments, business, and civil society to address problems with competitiveness differs considerably from one country to another. To maximize this effort, these agents of development must have meaningful information on the relative importance of the problems and their ramifications so that areas of priority can be identified to enhance competitiveness in light of political, economic, and social constraints.
- 1.14 Countries like Colombia, El Salvador, and Costa Rica have made headway in establishing consultative mechanisms to coordinate actions between governments, business, and civil society. Such coordinating mechanisms have led to the formation of Competitiveness Committees that have now made it possible to prioritize areas of action, resulting in strategies such as the strengthening of clusters or industrial chains. Beginning to emerge from such strategies are investment projects that may culminate in support from the MIF or the Bank. Countries such as Panama have started to head in this same direction but lack mechanisms to strengthen dialogue and identify priorities. In countries such as Paraguay or the Dominican Republic public discussion and understanding of the basic strengths and weaknesses of competitiveness are still at an embryonic stage.

**B. Progress on the issue within the Bank**

- 1.15 In some countries, strengthening competitiveness is a pivotal component of the strategies agreed on with the governments in the country papers. In some Central American countries, the Bank is already providing support for dialogue and competitiveness programs that could be strengthened and expanded under the present operation.
- 1.16 The main findings of IDB studies on competitiveness are found in an article "Competitiveness: the Engine of Growth" contained in the most recent Economic and Social Progress Report published in October 2001. In preparing this study, the Bank collaborated with the World Bank, the World Economic Forum (WEF), ECLAC, FELABAN, and the Gallup Organization to compile information on competitiveness indicators developed on the basis of international methodologies applied in other regions in order to identify areas of competitive strength and weakness in each country.<sup>1</sup> The new studies cover countries in Latin America and the Caribbean not previously ranked with these indicators. In addition to the IPES, other reports are being published such as the WEF's Latin American Competitiveness Report, the World Bank's World Development Report 2002, which is devoted to the Institutions for Markets issue, and the report put out by the World Bank Latin America Bureau on patterns of international specialization in the region. Other publications of note are the 1998 INCAE competitiveness reports for

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<sup>1</sup> The 2001 IPES provides more information about the general and detailed indicators used to measure competitiveness.

the Central American economies and the soon to be completed Andean Development Corporation (CAF) and Harvard University studies on the Andean economies.

- 1.17 These many indicators and studies should take us one step further to identifying or reviewing strategic areas for improving competitiveness in LAC countries, in many cases with the possible financial backing of the IDB.
- 1.18 The present operation will make an initial contribution to this effort. All countries in the region will be eligible for the technical assistance activities proposed in this operation. Although the resources will not be sufficient to cover the needs of all the countries, it is hoped that the project will be of particular interest to small countries included for the first time in these systems of indicators and countries in which the political climate in 2001 and 2002 is favorable for discussion of areas of priority to improve competitiveness. Every effort will be made to ensure balanced representation from the three regions on the project *Operating Committee* consisting of RES, INT, RE1, RE2, RE3, and the MIF (see chapter III).

## **II. THE PROGRAM**

### **A. Objectives**

- 2.1 The general objective of this operation is to make available to the countries financial support and technical resources for establishing strategies and identifying and preparing projects to improve competitiveness. During this process, attention will focus on helping borrowing countries to identify Bank and MIF resources that could be used to implement such strategies and projects.

### **B. Description of the program**

- 2.2 The following activities will be pursued:

#### **I. Regional conference (US\$35,000)**

- 2.3 A regional conference will be organized with the help of representatives from government, the private sector, and research centers in the region. At this one-day conference, to be held at the Bank's headquarters, qualitative indicators of competitiveness will be presented, and international methodologies applied. Also, the competitive strengths and weaknesses of countries in the region will be compared with those of countries in other regions and the most important strategies for improving competitiveness discussed. The purpose of this regional consultative conference will be to disseminate the findings of the studies mentioned in paragraph 1.15, to sound out governments and the private sector on their interest in the services to be supported under this program and to hear suggestions from governments and business on strategies and mechanisms to implement components



2 and 3 of this operation. Every country in the region will be invited to take part in the regional conference.

## **II. Establishing priority areas of action (US\$606,000)**

- 2.4 Country participation in this component will depend on the extent to which dialogue between the government and the private sector has determined priority areas of action in which competitiveness can be enhanced. In any event, participation in a project will begin with a request from the government to the Bank's respective Regional Operations Department. As progress is made in establishing a national competitiveness strategy, the government may accept one or more of the following types of technical assistance:
- a) Establishing areas of priority,
  - b) Identifying specific activities and projects, and
  - c) Determining specific projects for a competitiveness strategy.
- 2.5 **Modality 1: Establishing areas of priority.** For countries in which a structure for discussion and coordination is not yet in place, the Bank will organize a seminar to present and discuss the findings of the studies on competitiveness referred to in paragraph 1.15. Taking part as commentators and panelists will be government officials, businessmen, and analysts who will be specifically asked to select, on the basis of the studies, priority areas of action that, in their judgement, may be viable in their country. The Bank through its Regional Operations Departments will make every effort to identify countries in which a forum for dialogue on competitiveness does not yet exist and to encourage national meetings to be organized.
- 2.6 Identifying priority areas of action to improve competitiveness in each country will emanate from a process of dialogue between governments and business with technical support from the Bank and consultants hired for this operation. The national meetings will last two days and be organized by the Bank in close consultation with the government. Five national meetings are expected to be held.
- 2.7 The main outcome of these seminars will be identifying in advance priorities for developing a competitiveness strategy. Given the nature of the international studies, priorities are expected to be identified in areas such as financial and capital market development, worker training and social security reform, infrastructure regulation systems reform, reform of science and technology systems, institutional strengthening, and industrial and investment policy enhancement.
- 2.8 **Modality 2: Identifying specific activities and projects.** Countries that presently have spaces for coordination and that have already established priority areas of action in competitiveness will not need workshops to identify priorities as in modality 1. The support in this case will consist of identifying specific activities and projects or, if necessary, specifying any additional studies that may be needed to accomplish this aim. This type of support will be carried out in technical working

groups to discuss the areas previously identified. The technical groups will consist of a small number of representatives from government and business, together with national analysts and international consultants. These working groups will be organized by the government in consultation with the Bank. It is estimated that as many as seven groups may be arranged under this modality.

- 2.9 **Modality 3: Identifying specific projects for a competitiveness strategy.** The third modality will entail conducting studies as needed to establish a series of specific activities and projects for a competitiveness strategy in each area of priority. Since identification studies are involved, their duration will be limited to two months at a maximum cost of US\$30,000. More detailed studies and consulting services could be financed subsequently by the MIF for formulation and execution of specific projects and activities. In conducting the identification studies, priority will be accorded to research and consulting centers and to local consultants provided that they satisfy the conditions of professional excellence and have the necessary experience in the Bank's judgement. It is estimated that seven studies could be financed under this modality.
- 2.10 The project *Operating Committee* will ensure that the countries in which progress in coordinating activities to improve competitiveness has been modest receive technical assistance under the three modalities planned for this component. Efforts will be made to ensure that these countries have a competitiveness strategy that outlines potential programs and projects to enhance competitiveness.

### **III. Synthesis and dissemination of results (US\$30,000)**

- 2.11 The proceeds of the financing will be used to assist governments and/or private entities or research centers with the publication of reports or the findings of seminars, working groups, or consultancies planned as part of this operation.
- 2.12 Upon completion of the activities in each country, corresponding Regional Department's contact person on the Operating Committee will be responsible for making a brief presentation on the findings, to which will be attached all materials, studies, and consulting reports presented at the seminars and working groups.

### **C. Cost and financing**

- 2.13 The total cost of this operation will amount to US\$750,000. The Bank's contribution, to be drawn on the net income of the Fund for Special Operations, will be used exclusively to finance expenses described in this plan of operations. Following is an estimated summary budget of the project (see also Annex II with the detailed budget).

**Consolidated budget**

<b>Component/category</b>	<b>IDB (FSO)</b>
I. Regional conference	35,000
II. Establishing priority areas of action	606,000
III. Synthesis and dissemination of results	30,000
IV. Technical coordination of the program	60,000
V. Contingencies	19,000
<b>Total</b>	<b>750,000</b>

- 2.14 The proceeds of the IDB financing will be used to cover: (i) the cost of contracting research centers and international and local experts to organize the international conference, develop national workshops, support the technical working groups, and design specific projects for a competitiveness strategy in at least seven countries in the region; (ii) travel and lodging expenses incurred by these centers or individual consultants to participate in the conference, workshops, working groups, and study designs; (iii) logistical and communications support associated with the conference, workshops, and working groups; (iv) the fees of a regional technical coordinator for 12 months (part-time); and (v) preparation, translation, and publication and dissemination of the program results. Expenses associated with participation in the workshops by officials from the public or private sectors will not be covered by the Bank.

**III. PROGRAM EXECUTION**

**A. Execution and management of the project**

- 3.1 The activities described in this plan of operations will be carried out by the Bank. Technical responsibility will fall to the Research Department (RES), and basic responsibility will rest with the Integration and Regional Programs Department (INT/RTC). The Research Department, in its capacity as technical coordinator, will be supported by the *Operating Committee*, whose members come from INT/RTC, RES, the Bank's Regional Operations Departments (RE1, RE2, and RE3), and the MIF. The head of each department will designate one individual as contact person for the program. Participation by the Operations Departments will ensure that the program activities are consistent with advances in competitiveness made in the

countries and the country strategies. Also, their active involvement is expected to sustain the Bank's strategies and programs in the countries.

- 3.2 A technical coordinator based in the Bank's Research Department will assist with the program. The coordinator will be responsible for all operational and technical aspects of the program (terms of reference in the INT/RTC technical files). The coordinator will perform his duties, working closely with the Operations Committee. The coordinator's main functions will be (i) to convene meetings of the Operations Committee members, (ii) to arrange for hiring and coordinate program activities, (iii) to establish a final agenda for the regional conference and for the national seminars and technical working groups, (iv) to select participants and guests for regional consultative meetings, national seminars, and technical working groups, (v) to select research centers and national and international consultants, (vi) to establish the terms of reference for the consulting work planned, (vii) to prepare program progress reports, and (viii) to keep a record of the activities completed and provide any information that may be requested in connection with the program.
- 3.3 The requests submitted by the beneficiary countries (see component II: Establishing priority areas of action) will need to be channeled through the Regional Departments and discussed with the Committee members and by the program coordinator. The coordinator will also serve as contact person with other organizations/institutions having a major or minor role in this program. Depending on the area of priority, other Bank Divisions with the appropriate technical capacity will help to draft the agendas for the technical working groups and the terms of reference for the consultants performing the studies.

**B. Procurement of goods and services**

- 3.4 The Bank's usual procurement policies, standards, and procedures will apply.

**C. Execution period and disbursement schedule**

- 3.5 This operation will be carried out over a period of 18 months, commencing on the date on which it is approved. The proceeds will be disbursed over 22 months from the aforesaid date.

## **IV. FEASIBILITY AND RISKS**

**A. Environmental impact**

- 4.1 The project was considered by the CESI on 28 September 2001 (TRG 37-01). At the meeting, it was recommended that efforts be made to resolve the issue of financing arrangements for indigenous peoples. It is important to note that this matter is implicitly addressed in the project insofar as it seeks ways to improve the

functioning of certain markets (i.e. financial), systems, and sectors, thus contributing to socioeconomic development and growth with equity.

**B. Benefits**

- 4.2 The main benefit flowing from this operation will be that projects and strategies will be identified to make countries in the region more competitive. Since the activities and projects so identified will be the fruits of dialogue between governments and the private sector, the operation is expected to go some way towards establishing strategies that foster growth in the factors of production and their productivity.
- 4.3 From the Bank's standpoint, this effort will bring with it a number of benefits. First, it will contribute to dialogue with governments on policy. Second, it will make it easier to identify lending or technical-cooperation operations. In addition, it will help disseminate the findings of the Bank's research and create new channels of technical interaction between the Bank and the governments of its member countries, and between units within the Bank.

**C. Risks**

- 4.4 The main risk associated with the present operation is that there may be conflicting views between governments and the private sector on priorities in terms of policy. The dialogue workshops are bound to build expectations of reform that run the risk of causing frustration if not backed by government commitments to come up with results in the key areas identified.
- 4.5 There is the added risk of some countries, whose support for the operation should cover the three modalities outlined in component II, being unable to achieve the expected outcome, which consists of establishing a competitiveness strategy built on actions or potential projects that are likely to accomplish the objectives of this strategy. To minimize this risk, the Operating Committee will focus on ensuring that the beneficiary countries receive the proper technical assistance. Lastly, RES, the Regional Operations Departments, and the MIF will endeavor to strike a balance in the composition of the national delegations attending the conference, workshops, and working groups. Every effort will be made to ensure that the regional conference is relevant to the needs of the different countries, monitoring activities are conducted in accordance with the program sequence by the countries, and the technical-cooperation activities are coordinated with the Bank's actions in the area of country competitiveness.

## WHAT ARE THE CHALLENGES TO COMPETITIVENESS IN LATIN AMERICA?

### *Regional Consultative meeting convened by the IDB*

To launch the Competitiveness Support Program, the Bank is convening a regional consultative meeting of representatives from governments, the private sector, and research centers in the region.

*Presented* at the conference will be *the qualitative indicators* of competitiveness, the international methodologies applied, and the competitive strengths and weaknesses of countries in the region compared with those of countries in other regions, and the main strategies for enhancing competitiveness will be discussed. The purpose of this consultative meeting will be threefold: to disseminate the findings of the studies mentioned, sound out governments and business on their interest in the services to be promoted under the present operation, and to hear suggestions from government and the private sector on the strategies and mechanisms that should be implemented.

### FORMAT OF THE AGENDA (tentative)

09:00 a.m.	Welcome and opening remarks: Enrique Iglesias
09:30 a.m.	The problems of productivity and competitiveness in Latin America
10:15 a.m.	Discussion: Comments by policymakers and analysts
10:45 a.m.	Break
11:00 a.m.	Latin American countries and their competitiveness rankings: presentation on the findings of the studies conducted by the World Economic Forum
11:45 a.m.	Discussion: comments by policymakers and analysts
12:15 p.m.	Lunch: Guest speaker on technology, human resources, and competitiveness
02:00 p.m.	International trade and the patterns of specialization in Latin American nations
02:45 p.m.	Discussion: Comments by policymakers and analysts
03:15 p.m.	Round table: What do Latin American countries need to do to strengthen their competitive position? Views of four or five policymakers and analysts from the region
04:30 p.m.	Closing remarks: Enrique Iglesias

## DETAILED BUDGET

Components and activities	IDB (FSO)
<b>I. Regional consultative meeting</b>	<b>35,000</b>
Fees and travel expenses of six international experts @ US\$5,000 each	30,000
Logistical support and interpretation	5,000
<b>II. Establishing priority areas of action</b>	<b>606,000</b>
2.1 <i>Modality 1: Establishing priority areas: Five national workshops</i>	<b>165,000</b>
2.1.1     Fees and travel expenses of six experts per workshop @ US\$5,000 each	150,000
2.1.2     Logistical support: US\$2,000 per workshop	10,000
2.1.3     Publications, materials, and communications: US\$1,000 per workshop	5,000
2.2 <i>Modality 2: Identifying specific projects and activities: six technical working groups</i>	<b>231,000</b>
2.2.1     Fees and travel expenses of individual experts or experts from research centers for each group to perform an assessment, @ US\$30,000	210,000
2.2.2     Logistical support expenses: US\$2,000 per group	14,000
2.2.3     Publications, materials, and communications: US\$1,000 per workshop	7,000
2.3 <i>Modality 3: Identifying specific projects for a competitiveness strategy: 7 studies</i>	<b>210,000</b>
2.3.1     Fees and travel expenses of individual experts or experts from research centers for each group to perform studies, @ US\$30,000	210,000
<b>III. Synthesis and dissemination of results</b>	<b>30,000</b>
3.1     Editing, translation, publication, and dissemination expenses	30,000
<b>IV. Program coordination</b>	<b>60,000</b>
4.1     Fees for individual consultant: 12 months @ US\$5,000/month	60,000
<b>V. Contingencies</b>	<b>19,000</b>
<b>TOTAL</b>	<b>750,000</b>

**LOGICAL FRAMEWORK  
IMPROVING COMPETITIVENESS**

<b>OBJECTIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTION</b>
to improve competitiveness in priority beneficiary countries.			
to provide technical assistance to a group of countries in identifying projects and a competitiveness strategy.			
<b>Activities and activities</b> <b>1.1 Consultative meeting</b>	1.1 Organization of a regional conference at which presentations will be made of consultative indicators of competitiveness, applied international methodologies, and competitive strengths and weaknesses of countries in the region and they will be compared with countries in other regions and the major strategies for enhancing competitiveness will be discussed.	1.1.1 Minutes of the conferences	Need and interest on the part of beneficiary countries to undertake competitiveness enhancing activities
<b>2.1 Identifying priority areas of</b> <b>Organization of workshops (seminars) in selected countries</b>	2.1 Presentation of at least 8 requests for technical support by countries in the region.	2.1.1 Presentation of results and minutes of the 8 seminars	Need and interest on the part of beneficiary countries to undertake competitiveness enhancing activities
	2.2 Modality 1: 5 seminars to present and discuss the respective country results contained in the competitiveness studies.	2.2.1 Documents and reports	
	2.3 Modality 2: 7 technical working groups organized on areas of action for identifying specific projects or specifying studies that may be needed for this purpose.	2.3.1 Results of the studies	The studies will assist beneficiary governments to prepare/for projects or programs.



	2.4	Modality 3: 7 studies organized to identify specific projects and activities for a competitiveness strategy in each area of priority.		
is and dissemination of	3.1	Publication of reports or results of seminars, working groups, and/or consulting work.	3.1.1	Copy of the reports
				Dissemination activities with interest in undertaking programs and policies to foster competitiveness in other countries in the region

PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE  
STRENGTHENING OF COMPETITIVENESS PROGRAM

The Board of Executive Directors

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, to take such measures as may be pertinent for the execution of the plan of operations referred to in Document AT-\_\_\_\_\_ with respect to a nonreimbursable technical cooperation program for the strengthening of competitiveness.
2. That up to the sum of US\$750,000, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.