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MULTILATERAL INVESTMENT FUND

ARGENTINA

**DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES IN
OPEN-AIR BUSINESS DISTRICTS**

(AR-M1023)

DONORS MEMORANDUM

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CONTENTS

EXECUTIVE SUMMARY

I.	EXECUTIVE SUMMARY	1
II.	BACKGROUND AND RATIONALE	1
	A. Retail trade in Argentina.....	1
III.	DESCRIPTION.....	4
	A. Objectives	4
	B. Components	4
	Component I: Awareness-raising for stakeholders and development of strategic plans for each OABD (MIF: US\$218,000; CAME: US\$249,460)	4
	Component II: Partnership development and formation of strategic alliances (MIF: US\$510,500; CAME: US\$544,500).....	5
	Component III: Development of a website for dissemination and electronic commerce (MIF: US\$71,650; CAME: US\$78,250).....	5
	Component IV: Project dissemination (MIF: US\$44,850; CAME: US\$38,050).....	6
IV.	COST AND FINANCING.....	6
V.	EXECUTING AGENCY AND EXECUTION MECHANISM.....	7
	A. Executing agency	7
	B. Execution mechanism.....	7
VI.	MONITORING AND EVALUATION	8
	A. Monitoring	8
	B. Evaluations.....	9
VII.	BENEFITS AND RISKS.....	9
VIII.	SOCIAL AND ENVIRONMENTAL IMPACT	9

ANNEXES

Annex I	Logical Framework
Annex II	Itemized Budget

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL FILES

Annex III	Project Operating Regulations
Annex IV	Procurement Plan

ABBREVIATIONS

CAME	Confederación Argentina de Mediana Empresa [Argentine Confederation of Medium-sized Enterprises]
ICT	Information and communication technologies
MIF	Multilateral Investment Fund
NGOS	Nongovernmental organizations
OABD	Open-air business district
PCR	Project completion report
PEU	Project executing unit
PPMR	Project performance monitoring report
SMES	Small and medium-sized enterprises

**DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES IN OPEN-AIR BUSINESS
DISTRICTS**

(AR-M1023)

I. EXECUTIVE SUMMARY

Executing agency:	Confederación Argentina de Mediana Empresa [Argentine Confederation of Medium-Sized Enterprises] (CAME)	
Beneficiaries:	The beneficiaries will be small and medium-sized enterprises (SMEs) in retail trade and tourism and small producers of handicrafts that have up to 100 employees and are authorized by the municipio to operate.	
Financing:	MIF (Nonreimbursable)	US\$1,120,860 (50%)
	Local counterpart:	<u>US\$1,120,860 (50%)</u>
	Total:	US\$2,241,720 (100%)
Objectives:	The project's goal is to contribute to the competitiveness of SMEs in Argentina. The purpose is to help make SMEs dedicated to retail trade and service delivery more competitive, by partnering to form consortiums to run open-air business districts (OABDs) that promote tourist activity in various Argentine cities. The project has been divided into four components: (i) awareness-raising for stakeholders and development of strategic plans for each OABD; (ii) partnership development and formation of strategic alliances; (iii) development of a website for dissemination and electronic commerce; and (iv) project dissemination.	
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Special contractual clauses:	The conditions precedent to the first disbursement are as follows: (i) the project director has been hired, in accordance with the terms of reference agreed on with the Bank; (ii) the Operating Regulations are in effect; and (iii) the consultative committee has been established.	
Exceptions to Bank policy:	None.	
Environmental and social review:	The Committee on Environment and Social Impact reviewed and approved the project abstract on 19 January 2007 (meeting 02-07).	

**Coordination
with other
donors:** None.

II. BACKGROUND AND RATIONALE

A. Retail trade in Argentina

- 2.1 Retail trade has been the great uniter of cities and the urban economy. It is now considered part of the urban infrastructure in all cities and attracts tourists and residents. Hence, the greater or lesser degree of urban commercial appeal influences local and regional economic development, since demand for goods and services increases with a higher flow of persons shopping in business districts or engaging in recreational and leisure activities, mainly tourist activities.
- 2.2 In many cities in the Argentine Republic, urban commerce is adversely affected by the establishment of hypermarkets and shopping malls. Consequently, the historic centers of some cities have fallen into disuse and lost their appeal, both for residents and tourists, by failing to create better conditions for drawing in and keeping in people, and through the lack of business promotion strategies on the part of merchants.
- 2.3 In this conceptual framework, open-air business districts (defined as a delimited area within a city, with a certain commercial density, where the city's business owners, in alliance with the local government and through business agreements, carry out business promotion campaigns designed to attract more persons with buying potential) become a clear factor in the development of retail trade and tourism service establishments. Implementation of a business management model for these centers would therefore have a positive impact on the competitiveness of the aforesaid sectors.
- 2.4 In the Argentine Republic, commerce represents 14% of formal employment (1.2 million) in 850,000 establishments, with a 15% share of GDP. Some 60% of commercial premises are occupied by establishments employing between 1 and 10 persons. Hypermarkets, in turn, employ 93,000 persons in 75 establishments. In addition, the retail trade sector accounts for 30% of self-employment nationwide.
- 2.5 For the SMEs that the project seeks to benefit, annual sales volumes range from US\$100,000 to US\$250,000. It is estimated that in the eight localities in which the project would be executed, there are approximately 50,000 establishments, generally managed by one person or as family businesses, that are potential beneficiaries. They are at a disadvantage relative to large chains, shopping malls, and large commercial areas, mainly because they cannot draw in and retain the buying public and do not have a mechanism for promoting their products. Accordingly, joint action through the formation of consortiums is expected to enable them to tackle this disadvantage in a satisfactory manner.
- 2.6 Another advantage is urban development, enhancing the buyer experience through improvements in safety, cleanliness and visual order.
- 2.7 The project will help generate services that businesses on the whole do not have, such as an information site for merchant groups via tourist information sites,

thereby generating economies of scale and improving the businesses' overall competitiveness.

- 2.8 **The tourism sector.** Tourism is one of the most developed sectors at present. Foreign and domestic tourist activity rose 9.7% in 2005 (one half point above total economic growth), and is projected to increase by the same proportion again this year. In 2005 tourism produced US\$3.254 billion in revenue, and in 2006 that figure reached approximately US\$3.7 billion, generated by the more than 4 million foreigners who visited the country. This places the sector fourth in terms of export revenue—behind the oilseed, petroleum, and automotive industries, but ahead of grain and meat exports. These figures demonstrate the need to retrofit open-air business districts so that small and medium-sized businesses can increase the level of consumption by visitors and tourists.
- 2.9 Street businesses offer variety. Experience in other countries also shows that the improvement of public space in commercial areas, along with partnership between the merchants in the area, brings more potential buyers into the street.
- 2.10 **Identification of the problem.** A diagnostic assessment of the situation in some Argentine cities found there was scant dissemination and business promotion of retail businesses and tourism service providers compared to large commercial areas; it also found marked urban and commercial deterioration of shopping streets and open-air walkways and of public space, making them unattractive for reasons including the visual pollution of business signs, the lack of adequate urban equipment, the lack of urban sanitation, the scant services for pedestrians, the absence of adequate commercial signage and safety, parking, noise pollution and other considerations.
- 2.11 In addition, the business sector is not involved in managing these areas, which would contribute to the formulation of commercial strategies that enhance their appeal and increase public demand, including from city residents, visitors, and tourists.
- 2.12 In light of this, various merchants' associations, chambers of commerce, and tourist services have expressed interest in generating a commercial promotion strategy and joining with local governments to enhance the main commercial arteries so as to supplement the tourist offerings of some cities. This will create an enabling environment for retail businesses and services, particularly those catering to the hotel industry, recreation, cultural tourism, handicrafts, and visitor and tourist services. Accordingly, support for the development of partnership business management models to promote the competitiveness of commerce and services in relation to large commercial areas is considered necessary.
- 2.13 **Rationale.** The competitiveness of each enterprise (retail or service business) is limited by its scant possibility of individually generating changes in the environment and promoting its goods and services and by its own characteristics as a small business. It has been confirmed that businesses in the same sector that partnered with one another to become more competitive have been able to establish

a greater market presence relative to large commercial areas than those that continued to operate individually. The innovative aspect of the project is that it seeks to combine local strengths in the participating cities with the potential of the business owners in the commercial sector, which is representative of local economic development. Argentina does not have any public-private projects for retail trade that involve merchants in the same sector partnering together. The blending of tourism and commerce is key.

- 2.14 The partnership model for businesses in the same sector has been tested, although in different localities (pharmacies in different neighborhoods), through a prior MIF retail training program (ATN/ME-6718-AR and ATN/MH-6719-AR); here, too, the innovation holds up, because the project proposes to work with small business groups in different industries on the same street, to form open-air business districts that also integrate commerce and tourism. These districts will have a number of shared services coordinated by a manager and a common physical appearance, thereby contributing to urban development. It should be noted that there is a pilot project in the municipio of Morón in Greater Buenos Aires where the businesses' sales have increased, displacing part of the tourist flow from large enclosed shopping centers with chain stores.
- 2.15 For this to be feasible, it requires the support of the local governments, since they are responsible for the infrastructure works to upgrade the streets and sidewalks, and for determining whether the areas will be partially or totally closed to vehicles. It should be noted that, as in the case of Morón, local governments could also increase their tax revenue through these areas that have been developed by businesses.
- 2.16 The additionality resides in benefits to the urban SMEs that will take away from this business district partnership experience, a model for replicating it in different sectors of the economy. Likewise, the best practices derived from project execution will have a demonstration effect that will benefit retail trade and tourism service providers in other cities.
- 2.17 **The Bank's strategy and coordination with other entities.** This project contributes directly to making the Argentine economy more competitive and is fully aligned with the **country strategy** and **the Argentine private-sector development strategy**. In the experience of the Confederación Argentina de Mediana Empresa [Argentine Confederation of Medium-sized Enterprises] (CAME), the participation of municipios in urban reform processes in commercial areas generates demand from local governments for urban renewal loans. Likewise, the influx of tourists could increase municipal and local government demand for infrastructure and services.

III. DESCRIPTION

A. Objectives

- 3.1 The project's **goal** is to help make small and medium-sized enterprises (SMEs) in the commerce and services sector in Argentina more competitive. Its **purpose** is to support retail and service SMEs, through the formation of consortiums to manage open-air business districts (OABDs) that will promote tourist activity in various Argentine cities.

B. Components

- 3.2 To achieve this purpose, the program will execute projects in cities/localities that were responsive to engaging in innovative processes linking commerce and tourism as part of the local economic development strategy. The cities/localities were selected from among the following, all of which have sought CAME support and have initial support from their local government: Buenos Aires, Vicente López (Province of Buenos Aires), Villa Gesell (Province of Buenos Aires), Bariloche (Province of Río Negro), Gualguaychú (Province of Entre Ríos), Rosario (Province of Santa Fe), Junín (Province of Buenos Aires), Córdoba (Province of Córdoba), Santa Fe (Province of Santa Fe) and Calafate (Province of Santa Cruz). Support will be provided for one business district per city. Thus, a local platform has been formed from which experiences and lessons will be drawn, generating a demonstration effect for subsequent replication elsewhere in the country.

Component I: Awareness-raising for stakeholders and development of strategic plans for each OABD (MIF: US\$218,000; CAME: US\$249,460)

- 3.3 The objective of this component is to inform the business community and local government about what is involved in organizing open-air business districts (OABDs), interest them in the benefits that can be achieved, and support the implementation of strategic plans for such districts.
- 3.4 The following technical assistance and training activities will be carried out: (i) awareness-raising for retail businesses, collaborating enterprises, and local governments through public informational conferences, confidence-building workshops among stakeholders, and sector motivation workshops; (ii) formulation of strategic plans among the business stakeholders, local governments, and collaborating enterprises, based on commercial and market studies; and (iii) project promotion through dissemination in mass media, such as magazines and television, in which CAME has a presence.
- 3.5 These activities will include information on environmental considerations relevant to the participating enterprises, such as: environmental legislation; cleaner technologies; providers of services or inputs supporting environmental management, and corporate social responsibility.
- 3.6 As a result of these activities, it is expected that: (i) partnering SMEs and the public sector will have had their awareness raised and will be collaborating in the

organization of OABDs; (ii) at least eight agreements for the establishment of OABDs will have been signed between local entities representing commercial SMEs and local governments; and (iii) at least eight localities will have an OABD operating sustainably by the end of the project.

Component II: Partnership development and formation of strategic alliances (MIF: US\$510,500; CAME: US\$544,500)

- 3.7 The objective of this component is to form consortiums, professionalize their management, and start up and operate the OABDs. To that end, the component will include a number of activities, divided into five subcomponents: (i) formation of OABD management consortiums; (ii) management of OABD consortiums; (iii) organization of services for the participating enterprises; (iv) strengthening of the public-private linkage; and (v) conducting surveys of business district users/customers.
- 3.8 The following activities will be implemented: formation of the OABD management consortiums through legal advisory services and technical assistance in the formulation of strategic plans; management of the consortiums through the selection, hiring, and training of one manager for each OABD; organization of the headquarters; provision of group technical assistance services to an average of 200 enterprises per OABD; provision of technical assistance for the design of group products and services to an average of 200 enterprises per OABD; and training for business owners and employees for an average of 200 enterprises per OABD.
- 3.9 Activities will also be implemented to foster and strengthen public-private linkages, through training workshops with local government representatives and business owners, and to provide technical assistance to each OABD in the design and rehabilitation of public spaces or urban rehabilitation, and in the execution of the initial joint actions.
- 3.10 As a result of these activities it is expected that: (i) at least eight OABD consortiums will have been formally constituted with their respective personnel and headquarters; (ii) three common services will have been implemented for at least eight OABDs (customer loyalty system, OABD common marketing, etc.); (iii) traffic flow to the area will have increased by 30%; (iv) urban planning improvements will be made to the business district's area of operation; and (v) there will be an improvement in public opinion regarding the attributes of the OABD zone.

Component III: Development of a website for dissemination and electronic commerce (MIF: US\$71,650; CAME: US\$78,250)

- 3.11 The objective of this component is to utilize information and communication technologies (ICT) to develop a brand for the OABDs, strengthen the communication strategy, and pave the way for increased sales by SMEs.
- 3.12 To this end, a number of technical and training assistance activities will be carried out to: (i) create the website; (ii) implement electronic commerce activities and roll

out a commercial platform suitable for the participating businesses; and (iii) conduct surveys of business district users/customers.

- 3.13 As a result of these activities, it is expected that: (i) at least 50% of the members of each consortium will offer products and services on the website; (ii) there will be at least 5,000 hits to each OABD website; and (iii) the level of satisfaction of consumers/customers of OABD establishments will be at least 50%.

Component IV: Project dissemination (MIF: US\$44,850; CAME: US\$38,050)

- 3.14 The objective of this component is to establish a management information system for monitoring project execution, disseminating experience, and identifying other cities and regions interested in replicating the experience.
- 3.15 The following activities will be carried out: (i) design and implementation of a dissemination plan, producing pamphlets, videos, and CDs; (ii) a study to determine the project startup conditions; (iii) design of the management information system; (iv) an international seminar at project completion with international experts and the OABD consortiums created under the program; (v) participation in at least three Latin American or Bank forums to present the project; and (vi) a closing workshop to draw conclusions and lessons.
- 3.16 As a result of these activities, it is expected that: (i) the project model and its potential results will be publicized; (ii) a baseline will be established in eight OABDs; (iii) a management information system will be installed; (iv) the project results will be disseminated at an international event organized for that purpose, as well as in other Latin American and Bank forums, resulting in the identification of new localities and regions to which the experience can be transferred; and (v) the experience will be systematized and lessons obtained through the closing workshop.

IV. COST AND FINANCING

- 4.1 The total budget for the project is US\$2,241,720, of which the MIF will contribute US\$1,120,860 (50%) and the counterpart US\$1,120,860 (50%), of which at least 50% will be in cash, according to the budget below. The Bank will establish a revolving fund with 10% of the MIF contribution.

Item	MIF	Local	Total	%
Component I: Awareness-raising for stakeholders and formulation of strategic plans for each OABD	218,000	249,460	467,460	21
Component II: Partnership development and formation of strategic alliances	510,500	544,500	1,055,000	47
Component III: Development of a website for dissemination and electronic commerce	71,650	78,250	149,900	7
Component IV: Project dissemination	44,850	38,050	82,900	4
Project executing unit	189,000	180,600	369,600	16

Item	MIF	Local	Total	%
Evaluations	25,000	-	25,000	1.1
Audits	-	30,000	30,000	1.3
Impact assessment	5,600	-	5,600	0.2
Contingencies	56,260	-	56,260	2.5
TOTAL	1,120,860	1,120,860	2,241,720	100
%	50	50	100	

- 4.2 **Project sustainability.** Project sustainability will be ensured at two levels: (i) with regard to the activities financed by the project, the groups of enterprises receiving support will pay for part of the services received, according to the cost recovery model that CAME has applied in providing its services to the enterprises it supports; and (ii) the model will encourage local entities and the private sector itself to continue to invest resources as part of their strategy for urban renewal, tourism promotion, and private-sector development, and these resources will continue to support the business districts that are established.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

A. Executing agency

- 5.1 The executing agency will be the Confederación Argentina de Mediana Empresa [Argentine Confederation of Medium-sized Enterprises] (CAME), headquartered in the Autonomous City of Buenos Aires. CAME is a private, second-tier business association which, with 956 chambers of commerce, services, and industry, has come to represent the needs and proposals for improvement of the SME sector. CAME operates nationwide and has the support of business associations.
- 5.2 Through the execution of a MIF project in previous years (ATN/ME-6718-AR and ATN/MH-6719-AR), CAME has shown that it has efficient managerial capacity to execute projects of this nature. It also has an adequate infrastructure for implementing the project.
- 5.3 In the case of technical assistance to small business owners in the commerce and services sector, CAME has a specific 10-person area that was formed under the previous MIF project and continues to operate. CAME exercises strong leadership in the SME sector, particularly in relation to commerce. Its members include over 950 chambers of small business owners throughout the country. Through experience in previous projects, it has demonstrated good drawing capacity among small businesses.

B. Execution mechanism

- 5.4 From an institutional standpoint, the project will be monitored by a CAME steering committee, consisting of three CAME executives. In addition, a consultative committee will be formed with the participation of at least one representative of the municipio and one of business owners in each of the eight cities in which the

project will be implemented. For technical and administrative purposes, a project executing unit (PEU) will be established, headed by a project director who will report to the program steering committee.

- 5.5 As a condition for conducting the urban-commercial and market studies and for formulating the strategic plans for OABDs under Component I, the project's beneficiary cities or localities must sign public-private participation agreements. The parties to the agreements will be the city's Mayor or a similar official in localities, the city or locality's Business Chamber, and CAME. The purpose of the agreements is for the parties to pledge their various contributions to creating the OABDs.
- 5.6 Once the universe of beneficiary cities or localities has been established, an agreement will have to be signed between the local government and the local Business Chamber representing the participating SMEs, with a view to forming consortiums to implement the OABDs and confirming that the project is consistent with the government's local economic development strategy for the community. These agreements will provide for: (a) the creation of consortiums among the SMEs that will participate in the OABDs; and (b) the creation of local consultative committees for the OABDs, comprised of SME and CAME representatives.
- 5.7 **Procurement.** Goods and services will be procured in accordance with the provisions of document GN-2349-7 (Policies for the procurement of works and goods financed by the IDB).
- 5.8 For hiring individual consultants, the beneficiary will adhere to the guidelines set forth in Chapter V of document GN-2350-7 and the procedures that the MIF has adopted based on those policies. Individual consultants that will provide training or technical assistance for up to one week, at a cost equal to or less than US\$2,000 equivalent, will be handled the same way as procurement of small goods. Their fees will be paid upon presentation of an invoice; and there is no need for a contract or to record the transaction in PRISM.

VI. MONITORING AND EVALUATION

A. Monitoring

- 6.1 The executing agency will prepare progress reports and submit them to the Bank's Country Office in Argentina within 30 days following the end of each six-month period, and a final report within 30 days following the last disbursement. Those reports will follow the format previously agreed upon with the Country Office and will deal with project activities and finances and with the results measured against the indicators and parameters specified in the project's logical framework. The Country Office will use those reports to monitor execution progress and to prepare a project completion report within three months following the last disbursement. A **closing workshop** will be scheduled for the end of project execution, to evaluate the results achieved and the actions required to increase the project's impact.

B. Evaluations

- 6.2 The Bank, through the Country Office in Argentina, will use project funds to directly contract external consultants to prepare a midterm and a final project evaluation. The former will be prepared when 50% of the funds have been disbursed and will take into account at least the following: (a) the institutional capacity of the executing agency; (b) the implementation of services; (c) the degree of fulfillment of the program; (d) the quality of services offered; and (e) user satisfaction, as measured by a survey of participating enterprises. The final evaluation will be carried out three months before the last disbursement, and will analyze: (a) the degree of fulfillment of the specific program objectives; (b) the number, size, and type of beneficiary enterprises; (c) the quality of services offered; (d) user satisfaction, as measured by a survey of participating enterprises; and (e) the program's sustainability once the MIF contribution has ended.
- 6.3 The executing agency must perform and submit annual project audits to the Bank's satisfaction.

VII. BENEFITS AND RISKS

- 7.1 **Beneficiaries.** The beneficiaries will be small and medium-sized enterprises (SMEs) in retail trade and tourism and small producers of handicrafts that meet at least the following *eligibility criteria*: (i) size: up to 100 employees; (ii) formality: are authorized by the competent authority to operate; and (iii) are willing to participate in the consortiums.
- 7.2 **Risks.** The project poses two main risks: (i) the local governments and the SMEs in the consortium may not fulfill their commitments on "urban renewal investments"; and (ii) the consortiums may not be led by business owners who are willing both to pay for services and to build dialogue and an enabling environment with local governments and business chambers.
- 7.3 The first risk is mitigated through the initial work under Component I to provide guidance to local stakeholders on the project's implications and benefits, based on concrete business and urban development plans. The second risk is mitigated through the training and support activities under Components I and II, which detail strategic plans for development of the OABDs, with promotion campaigns to attract new buyers. The swift spike in demand is expected to be a motivating factor for the business owners.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 The Committee on Environment and Social Impact reviewed and approved the project abstract on 19 January 2007 (meeting 02-07).

ARGENTINA

DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES IN OPEN-AIR BUSINESS DISTRICTS (AR-M1023)

LOGICAL FRAMEWORK

Summary of objectives	Indicators	Means of verification	Assumptions
Goal			
The project's goal is to help make commercial and service small and medium-sized enterprises (SMEs) in Argentina more competitive.	<p>The partnering enterprises have higher sales volumes and are adding jobs.</p> <p>Local governments are making improvements in urban, commercial, and tourism development planning systems.</p>	<ol style="list-style-type: none"> 1. Information on commercial activity provided by the municipios. 2. Information on tourist activity in participating cities. 3. Final project report. 4. Project completion report (PCR). 5. Ex post evaluation. 	Nationwide economic growth continues, as does the stimulus given to domestic and foreign tourism.
Purpose			
To help make SMEs dedicated to retail trade and service delivery more competitive, by partnering to form consortiums to manage open-air business districts (OABDs) that promote tourist activity in various Argentine cities.	<p>Eight OABDs have been formed and their management structures and commercial development plans have been designed and implemented.</p> <p>Owing to the establishment of consortiums and the improvement of commercial arteries, the flow of buyers and tourists to the newly formed OABDs has increased relative to the baseline.</p> <p>Local governments have the capacity to prepare diagnostic assessments and formulate plans for urban, commercial, and tourism development.</p> <p>Ninety percent of commercial properties in the OABD zone are occupied.</p>	<ol style="list-style-type: none"> 1. Semiannual management reports. 2. The consortiums' strategic plans. 3. Participation agreements signed by consortium members. 4. Project performance monitoring report (PPMR). 5. Midterm and final evaluations. 6. PCR. 	<ol style="list-style-type: none"> 1. Local governments and enterprises that sign on to the project maintain the resource allocations and the plans established. 2. The project executing unit provides effective coordination and technical assistance to the consortiums. 3. The climate is favorable to relations between the public and private sectors involved.

Summary of objectives	Indicators	Means of verification	Assumptions
Components			
<p>Component I: Awareness-raising for stakeholders and development of strategic plans for each OABD</p> <p>Objective: To inform the business community and local government about what is involved in organizing open-air business districts (OABDs) and interest them in the benefits that can be achieved by supporting them, through the formulation of strategic plans laying out the steps to be taken for their implementation.</p>	<p>Eight months after the first disbursement:</p> <p>1.1 Member SMEs and the public sector have been made aware of open-air business districts and their contribution to strategic planning for urban, commercial, and tourism development, and are motivated to establish them.</p> <p>Eight months after the first disbursement:</p> <p>1.2 At least eight agreements have been signed by commercial SMEs and local governments to establish and develop OABDs.</p> <p>Twelve months after the first disbursement:</p> <p>1.3 At least eight localities have strategic plans for establishing OABDs.</p>	<p>1. Semiannual management reports.</p> <p>2. The consortiums' strategic plans and agreements with the respective local entity.</p> <p>3. Technical assistance and training evaluations.</p> <p>4. Participation agreements signed by consortium members.</p> <p>5. PPMR.</p> <p>6. Midterm and final evaluations.</p>	<p>1. Business chambers and local governments are interested in signing agreements to form consortiums.</p> <p>2. Local governments and enterprises that sign on to the project maintain the established resource allocations and the plans.</p> <p>3. The project executing unit provides effective coordination and technical assistance to the consortiums.</p>
<p>Component II: Partnership development and formation of strategic alliances</p> <p>Objective: To form consortiums, professionalize their management, and achieve the startup and operation of the OABDs.</p>	<p>Fourteen months after the first disbursement:</p> <p>2.1 At least eight OABD consortiums have been formally constituted with their respective personnel and headquarters.</p> <p>Twenty-four months after the first disbursement:</p> <p>2.2 Three shared services have been implemented for at least eight OABDs.</p> <p>By month twenty-four:</p> <p>2.3 The flow of persons to the area has increased by 30%.</p> <p>2.4 Public opinion regarding the attributes of the OABD zone has improved.</p>	<p>1. OABD work plans</p> <p>2. Technical assistance and training evaluations</p> <p>3. Semiannual management reports</p> <p>4. Management information system reports</p> <p>5. PPMR</p> <p>6. Midterm and final evaluations.</p>	<p>1. The enterprises are willing and able to pay.</p> <p>2. CAME monitors the quality of the technical assistance services.</p> <p>3. The enterprises are willing to participate in the training and technical assistance events.</p> <p>4. Local and national entities are prepared to contribute technology and resources to the OABDs.</p> <p>5. The OABD managers and personnel trained for the project remain in their positions.</p>

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>Thirty-six months after the first disbursement:</p> <p>2.5 Urban improvements have been made in the OABD's area of operation.</p> <p>2.6 The establishment of consortiums has enhanced competitiveness, as verified by an increase in the sales-to-square meters ratio in 10% of the SME consortiums.</p> <p>2.7 The OABDs are continuing to operate sustainably.</p>		
<p>Component III: Development of a website for dissemination and electronic commerce</p> <p>Objective: To utilize information and communication technologies (ICT) to develop a common brand for the OABDs, strengthen the communication strategy, and pave the way for increased sales by SMEs.</p>	<p>By month 30:</p> <p>3.1 At least 50% of the members of each consortium are offering products and services on the website.</p> <p>By month 36:</p> <p>3.2 There have been at least 5,000 hits to the website for each OABD.</p> <p>Thirty-six months after the first disbursement:</p> <p>3.3 Fifty percent of the OABD establishments consumers/customers express satisfaction with the service offered over the Internet.</p>	<p>1. Software developed for the participating enterprises and for CAME.</p> <p>2. Websites implemented.</p> <p>3. Client satisfaction surveys.</p> <p>4. Statistical record of website hits.</p> <p>5. Semiannual management reports.</p> <p>6. Management information system reports.</p> <p>7. PPMR.</p> <p>8. Midterm and final evaluations.</p>	<p>1. The enterprises are willing and able to pay.</p> <p>2. CAME monitors the quality of the technical assistance and training services in the use of ICT.</p> <p>3. The public infrastructure promotes the efficient use of ICT.</p>
<p>Component IV: Project dissemination</p> <p>Objective: To establish a management information system to monitor project execution, disseminate experience, and identify other cities and regions interested in replicating the experience.</p>	<p>Six months after the first disbursement:</p> <p>4.1 Baseline has been defined.</p> <p>4.2 Management information system has been placed in operation.</p> <p>Thirty-two months after the first disbursement:</p> <p>4.3 A plan for dissemination of the program model and outcomes has been prepared.</p>	<p>1. Semiannual management reports.</p> <p>2. Records of events.</p> <p>3. Information system software.</p> <p>4. Reports from the program management and monitoring oversight system.</p>	<p>1. Other cities and regions are interested in and capable of replicating the OABD model.</p> <p>2. Project evaluations and information are available.</p>

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>Thirty-six months after the first disbursement:</p> <p>4.4 At least one international event has been held at the conclusion of the program to disseminate its outcomes.</p> <p>4.5 International entities in at least two countries are interested in replicating the model.</p> <p>4.6 A closing workshop has been held to systematize the experience and draw lessons from it.</p>	<p>5. PPMR.</p> <p>6. Midterm and final evaluations.</p>	
Activities			
<p>Component I: Awareness-raising for stakeholders and development of strategic plans for each OABD.</p> <p>a. Awareness-raising for retail businesses, collaborating enterprises, and local governments.</p> <p>b. Formulation of strategic plans.</p> <p>c. Project promotion.</p>	<p>Total: US\$ 467,460</p> <p>MIF: US\$ 218,000</p> <p>Counterpart: US\$ 249,460</p> <p>1.1 By month 8, 36 conferences have been held in 8 municipios for 50 enterprises, on average.</p> <p>1.2 By month 12, 20 workshops have been held with public and private stakeholders (30 business leaders and officials from 8 local governments).</p> <p>1.3 By month 12, 10 workshops have been held, each one targeted to 15 potential stakeholders in the sector.</p> <p>1.4 By month 12, 16 consulting services have been procured for commercial and market studies.</p> <p>1.5 By month 12, at least 8 localities have strategic plans for establishing OABDs.</p>	<p>1. Program work plan.</p> <p>2. Semiannual management reports.</p> <p>3. Baseline reports.</p> <p>4. Training workshop evaluations.</p> <p>5. Technical assistance reports.</p> <p>6. Inspection visits.</p>	<ul style="list-style-type: none"> Trained local and international experts are available to work as coordinators for enterprises that form consortiums. Commercial and service enterprises are interested in concluding group cooperation agreements.

Summary of objectives	Indicators	Means of verification	Assumptions
	1.6 Briefings have been issued to magazines and television programs.		
Component II: Partnership development and formation of strategic alliances. a. Formation of management consortiums b. Management of consortiums. c. Services for OABD enterprises. d. Strengthening of public-private ties. e. Surveys of retail business district users/customers.	Total: US\$ 1,055,000 MIF: US\$ 510,500 Counterpart: US\$ 544,500 2.1 By month 12, legal advisory services have been provided for the formation of consortiums in 8 localities. 2.2 By month 18, technical assistance has been provided for the formulation of strategic plans and services (client loyalty programs, marketing, etc.) in 8 localities. 2.3 By month 14, a manager has been selected and hired for each OABD. 2.4 By month 24, 5 training workshops have been held for at least 8 managers. 2.5 Headquarters have been organized for at least 8 consortiums. 2.6 By month 30, group technical assistance has been provided to an average of 200 enterprises per OABD. 2.7 By month 30, technical assistance for the design of group products and services has been provided to an average of 200 enterprises per OABD. 2.8 By month 30, group training for owners and employees of the enterprises has been provided to an average of 200 enterprises per OABD.	Ibid.	<ul style="list-style-type: none"> The commercial and service enterprises are capable of improving their competitiveness through the proposed partnership model. Trained local and international experts are available to strengthen the consortiums. Local governments are prepared and politically interested in supporting the OABDs during the project execution period.

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>2.9 By month 36, training, case study visits, and workshops with at least 3 local government representatives have been held per locality and per business owner.</p> <p>2.10 By month 24, each OABD has received technical assistance for the design and rehabilitation of public spaces or urban rehabilitation.</p> <p>2.11 By month 30, each OABD has received technical assistance for implementation of the first joint actions.</p> <p>2.12 By month 32, OABD customer surveys have been carried out.</p>		
<p>Component III: Development of a website for dissemination and electronic commerce.</p> <p>a. Design and implementation of the project and OABD websites.</p> <p>b. Development of electronic commerce.</p> <p>c. User surveys.</p>	<p>Total: US\$ 149,900</p> <p>MIF: US\$ 71,650</p> <p>Counterpart: US\$ 78,250</p> <p>3.1 By month 18, technical assistance has been provided for the implementation of the CAME website.</p> <p>3.2 By month 24, technical assistance has been provided for the implementation of the website in each OABD.</p> <p>3.3 From month 18 to month 36, server space and website maintenance has been procured.</p> <p>3.4 Consulting services for implementation of an electronic commerce platform have been procured.</p> <p>3.5 By month 30, technical assistance and training have been provided for pilot projects in the 8 OABDs.</p>	Ibid.	<ul style="list-style-type: none"> Trained local and international experts are available to implement the information technology developments proposed for the consortiums.

Summary of objectives	Indicators	Means of verification	Assumptions
	3.6 User surveys have been carried out in years 2 and 3.		
Component IV: Project dissemination a. Project dissemination plan and implementation. Design and produce print and multimedia dissemination materials. b. Preparation of baseline studies for at least 8 OABDs. c. Design and implementation of a management information system. d. A closing event at the international level. e. Participation in Latin American and Bank forums to export the model f. A closing workshop.	Total: US\$ 82,900 MIF: US\$ 44,850 Counterpart: US\$ 38,050 4.1 By the end of the project, at least one pamphlet has been produced for dissemination per year, together with information kits and a video. 4.2 A consulting service has been procured to develop the baseline for at least 8 OABDs. 4.3 A management information system has been implemented in CAME. 4.4 An international seminar has been held at the conclusion of the project. 4.5 OABD and PEU managers have participated in at least 5 international events. 4.6 One international closing workshop has been held at the conclusion of the project.	Ibid.	<ul style="list-style-type: none"> This experience can be replicated in productive sectors/categories to disseminate/accept the model tested by the project.

ARGENTINA
DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES IN OPEN-AIR BUSINESS
DISTRICTS (AR-M1023)

ITEMIZED BUDGET

Item	MIF	Local Contribution		Total	%
		In Cash	In Kind		
Component I: Awareness-raising for stakeholders and formulation of strategic plans for each OABD	218,000	80,960	168,500	467,460	21
(a) Awareness-raising for retail businesses, collaborating enterprises, and local governments					
1.1 Public informational conferences					
1.1.1- Hiring of experts/consultants	18,000			18,000	
1.1.2- Experts' travel and per diem expenses		16,560		16,560	
1.1.3- Organization expenses (room rentals, equipment, invitations, coffee break, etc.)			37,800	37,800	
1.2 Confidence-building workshops among stakeholders					
1.2.1- Hiring of experts/consultants	20,000			20,000	
1.2.2- Experts' travel and per diem expenses		12,400		12,400	
1.2.3- Organization expenses (room rentals, equipment, invitations, coffee break, etc.)			21,000	21,000	
1.3 Sector motivation workshops (with experts)					
1.3.1- Hiring of experts/consultants		20,000		20,000	
1.3.2- Experts' travel and per diem expenses	20,000			20,000	
1.3.3- Organization expenses (room rentals, equipment, invitations, coffee break, etc.)			10,500	10,500	
(b) Formulation of strategic plans					
1.4 Urban-commercial and market studies					
1.4.1- Hiring of experts/consultants	80,000			80,000	
1.4.2- Experts' travel and per diem expenses		20,000		20,000	
1.4.3- Organization expenses (information, materials, surveys, etc.)			80,000	80,000	
1.5 Formulation of strategic plans (includes services, e.g., client loyalty programs, etc.)					
1.5.1- Hiring of experts/consultants	80,000			80,000	
1.5.2- Experts' travel and per diem expenses		12,000		12,000	
1.5.3- Organization expenses (information, materials, surveys, meetings, etc.)			12,000	12,000	
(c) Project promotion					
1.6 Dissemination in mass media (magazines, television, etc.)			7,200	7,200	
Component II: Partnership development and formation of strategic alliances	510,500	340,500	204,000	1,055,000	47
2.1 Formation of OABD management consortiums					
2.1.1- Technical assistance and legal consulting services for organization of consortiums	40,000			40,000	
2.1.2- Technical assistance and/or consulting services for formulation of strategic plans	40,000	20,000	20,000	80,000	

Item	MIF	Local Contribution		Total	%
		In Cash	In Kind		
2.1.3- Experts' travel and per diem expenses		20,000		20,000	
2.2 Management of OABD consortiums					
2.2.1- Hiring of managers for each consortium	144,000	144,000		288,000	
2.2.2- Training of managers	5,000			5,000	
2.2.3- Consortium managers' travel and per diem expenses		5,000		5,000	
2.2.4- Administrative assistants for each consortium		96,000		96,000	
2.2.5- Consortium operating expenses			96,000	96,000	
2.2.6- OABD activities coordinator	36,000	36,000		72,000	
2.3 Services for enterprises participating in the OABD					
2.3.1- Group technical assistance for OABD enterprises	48,000			48,000	
2.3.2- Technical assistance in designing OABD group products and services	40,000			40,000	
2.3.3- Group onsite training for consortium employees and business owners	24,000			24,000	
2.3.4- Group distance training (includes design)	60,000			60,000	
2.3.5- Activity expenses			48,000	48,000	
2.4 Strengthening of public-private linkages					
2.4.1- Training and case study visits for local governments and business owners	7,500	7,500		15,000	
2.4.2- Technical assistance in the formulation of urban improvement plans in the OABD area	16,000			16,000	
2.4.3- Technical assistance in the implementation of the first joint projects	40,000			40,000	
2.4.4- Organization expenses for the initial activities		12,000		12,000	
2.5- Surveys of OABD users					
2.5.1- Technical assistance	10,000			10,000	
2.5.2- Experts' travel and per diem expenses					
2.5.3- Organization expenses (information, materials, surveys, meetings, etc.)			40,000	40,000	
Component III: Development of a website for dissemination and electronic commerce	71,650	78,250		149,900	7
3.1 Creation of the website					
3.1.1- Technical assistance in setting up the Intranet and website of each OABD	18,000	18,000		36,000	
3.1.2- Technical assistance in setting up the OABD portal for CAME	2,250	2,250		4,500	
3.1.3- Procurement of server space and system maintenance		23,600		23,600	
3.2 Development of electronic commerce					
3.2.1- Consulting service for development of electronic commerce in the OABDs	34,400	34,400		68,800	
3.2.2- Technical assistance and training for the implementation of pilot projects	12,000			12,000	
3.3 Survey of OABD users					
3.3.1- Technical assistance	5,000			5,000	
Component IV Project dissemination	44,850	38,050		82,900	4
4.1 Dissemination plan					
4.1.1- Design and production of pamphlets		4,000		4,000	

Item	MIF	Local Contribution		Total	%
		In Cash	In Kind		
4.1.2- Design and production of video or CD		3,000		3,000	
4.2 Performance of basic studies					
4.2.1- Technical assistance	10,000			10,000	
4.2.2- Experts' travel and per diem expenses		2,500		2,500	
4.2.3- Organization expenses (information, materials, surveys, meetings, etc.)		2,500		2,500	
4.3 Design and implementation of the management information system					
4.3.1- Technical assistance	10,000			10,000	
4.3.2- Experts' travel and per diem expenses		6,000		6,000	
4.3.3- Organization expenses (information, materials, surveys, meetings, etc.)		4,000		4,000	
4.4 International event at the conclusion of the project					
4.4.1- Hiring of expert presenters	8,000			8,000	
4.4.2- Travel and per diem expenses	1,600			1,600	
4.4.3- Organization expenses	7,500	7,500		15,000	
4.4.4- Preparation of materials (CD, pamphlets, books, etc.)	1,000			1,000	
4.5 Participation in Latin American and Bank forums					
4.5.1- Preparation of materials	750	750		1,500	
4.5.2- Travel and per diem expenses for project representatives	6,000	6,000		12,000	
4.6 Closing workshop					
4.6.1- Technical assistance		1,000		1,000	
4.6.2- Travel and per diem expenses		300		300	
4.6.3- Organization expenses		500		500	
Project executing unit	189,000	86,100	94,500	369,600	16
PEU.1 - Hiring of project director	147,000			147,000	
PEU.2 - Hiring of technical assistant	42,000			42,000	
PEU.3 - Hiring of accounting administrator		25,200		25,200	
PEU.4 - Equipment		10,000		10,000	
PEU.5 - Travel and per diem expenses		32,000		32,000	
PEU.6 - Office expenses (leases, taxes, furniture, security, etc.)			75,600	75,600	
PEU.7 - Administrative assistants (telephone operator and administration)		18,900	18,900	37,800	
Evaluations and audits	30,600	30,000		60,600	3
Evaluations	25,000			25,000	
Audit		30,000		30,000	
Impact assessment	5,600			5,600	
Contingencies	56,260			56,260	2.5
TOTAL	1,120,860	653,860	467,000	2,241,720	100
%	50%	29%	21%	100%	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Argentina. Nonreimbursable Technical Cooperation ATN/---AR for the
Development of Small and Medium-Sized Enterprises in
Open-Air Retail Business Districts

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 Confederación Argentina de Mediana Empresa - CAME, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/-- with respect to a technical cooperation for the Development of Small and Medium-Sized Enterprises in Open-Air Retail Business Districts.
2. That up to the amount of US\$1,120,860, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.