

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**ARGENTINA**

**CONSOLIDATION OF WINE TOURISM**

**(AR-M1018)**

**DONORS MEMORANDUM**

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2. Strategic Plan for the Wine Industry (PEVI)
3. Bodegas de Argentina tourism statistics
4. Institutional and financial evaluation of Bodegas de Argentina
5. Guide to investment opportunities for the tourism sector [www.turismo.gov.ar](http://www.turismo.gov.ar)
6. Sustainable tourism cluster action plan
7. Letters of commitment from the executing agency
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## **ABBREVIATIONS**

CESI	Committee on Environment and Social Impact
COVIAR	Corporación Vitivinícola Argentina
MSMEs	Micro, small, and medium-sized enterprises
PEVI	Plan Estratégico Vitivinícola [Strategic Plan for the Wine Industry]
SMEs	Small and medium-sized enterprises

## CONSOLIDATION OF WINE TOURISM (AR-M1018)

### EXECUTIVE SUMMARY

<b>Executing agency:</b>	Bodegas de Argentina		
<b>Beneficiaries:</b>	The direct beneficiaries will be: 280 small and medium-sized enterprises (SMEs) in the tourism and wine industries that will benefit from the strengthening of the wine tourism brand in Argentina and will have access to a management improvement needs assessment; at least 70 SMEs will receive technical assistance and customized consulting services and will be linked with new services to three pilot wine tourism routes; at least 600 professionals will take part in awareness and training programs on good practices in wine tourism management.		
<b>Financing:</b>	MIF (Facility III-a)	50% <sup>1</sup>	US\$1,030,350
	Local Contribution	50%	US\$1,006,200
	<b>Total</b>		<b>US\$2,036,550</b>
<b>Objectives:</b>	<p>The project’s <b>goal</b> is to improve wine tourism performance in Argentina. The <b>purpose</b> is to implement a comprehensive wine tourism management model specific to Argentina.</p> <p>The project’s <b>activities</b> are broken down into four components: (1) development of the wine tourism model; (2) development of pilot routes and associated products; (3) quality of the products and services offered; and (4) communications and marketing.</p>		
<b>Terms:</b>	Execution period:	48 months	
	Disbursement period:	54 months	
<b>Special contractual conditions:</b>	The conditions precedent to the first disbursement of MIF resources are: (i) the selection of the coordinator for the executing unit; (ii) evidence that the Bodegas de Argentina Board has approved the Operating Regulations.		
<b>Exceptions to Bank policies:</b>	None.		

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<sup>1</sup> The percentage does not include the MIF contribution of US\$30,000 for tourism cluster coordination activities.

**Environmental and social review:**

The Committee on Environment and Social Impact (CESI) considered this operation in its meeting held on 2 June 2006. The CESI recommendation related to the participation of women in the activities planned for component 2 is reflected in the Operating Regulations.

**Coordination with other development institutions:**

There are no other similar operations being executed by other development finance institutions.

## I. BACKGROUND

### A. Current status of wine tourism in Argentina

- 1.1 In recent years, the Argentine wine industry has ranked among the world's top 10 wine exporters.<sup>2</sup> In addition to the progress made by wine sector enterprises, consumers have shown a growing interest in how wine is made and how the industry works. Argentine wineries are responding to this interest by preparing their establishments for tourism: Argentina currently has approximately 100 wineries with the infrastructure to welcome visitors, and there are at least 80 others interested in opening their doors to tourism.<sup>3</sup>
- 1.2 Since 1998, the **number of visitors** to wineries has grown nearly 70%, although significant growth only began after the devaluation: according to data from Bodegas de Argentina, in 2005 there were a total of 255,000 visitors. That same year, the **winery revenues generated by tourism activities** totaled US\$2,904,350, a figure indicative of the incipient nature of wine tourism in Argentina when compared with the figures generated by traditional winemaking activities: in exports, for the month of February 2005 alone, revenues from the sale of wine and must totaled US\$22,912,095.<sup>4</sup>
- 1.3 In this context, it is important to **highlight the enormous potential for wine tourism in Argentina, in terms of generating synergies with the promotion and sale of wine and the diversification of the country's tourism activities**. Other wine regions in the world (such as France, Italy, Spain, the United States, Australia, New Zealand, and South Africa) have enough experience to demonstrate how wine development can be reinforced by tourism activity. For example in Australia, in 2003, wine tourism drew 4.4 million visitors and generated a total of US\$3.472 billion,<sup>5</sup> while Napa Valley (in the United States) welcomes three million tourists annually, generating US\$667 million and representing US\$22 million in local taxes.<sup>6</sup> Italy, with one of Europe's longest traditions as a wine tourism destination, drew 3.5 million visitors in 2001, representing revenues of US\$3.18 billion.<sup>7</sup>
- 1.4 Based on this potential, the development of wine tourism in Argentina is aligned with the objectives of the **Plan Estratégico Vitivinícola 2020** [2020 Strategic Plan for the Wine Industry (PEVI)]. This plan was developed by the private sector entities in the domestic wine industry and public sector institutions that are a part of

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<sup>2</sup> Source: FAO 2004.

<sup>3</sup> Source: Bodegas de Argentina.

<sup>4</sup> Source: Los Andes *On Line*.

<sup>5</sup> Source: *Tourism Australia*.

<sup>6</sup> Source: *Napa Visitor Bureau Statistics*.

<sup>7</sup> Source: Movimiento Turismo del Vino [Wine Tourism Movement].



COVIAR.<sup>8</sup> The PEVI 2020 was basically designed to create value throughout the Argentine wine supply chain, develop its export capacity, and diversify its revenue sources through wine tourism.

- 1.5 Wine grapes are grown in several regions in Argentina. Wine tourism is developing differently in each of these regions, based on the development of their wine industries. **The country's primary wine regions and background on their respective wine tourism activities** are indicated below:<sup>9</sup>
- a. Cuyo region: includes Mendoza, San Juan, and La Rioja provinces. The province of Mendoza is undoubtedly the center of winegrowing in Argentina, where over 600 wineries produce over 60% of the nation's wine. San Juan province is the country's number two wine producer. In terms of wine tourism, Mendoza draws more than 70% of current winery visits in the country (187,543 visitors in 2005), through approximately 70 wineries. San Juan province welcomed 15,940 visitors to its wineries in 2005, while La Rioja received 5,070.
  - b. Northeast region: includes Salta and Catamarca. Salta province is home to the town of Cafayate, significant both for its wine production and its tourism development. There are currently five wineries in Salta open to tourists.
  - c. Central region: includes Córdoba. Wine production in this region is qualitatively and quantitatively inferior to production in the Northeast and Cuyo, although it does produce some interesting wines. Two wineries are open to tourists, and in 2005 they welcomed a total of 19,650 visitors.
  - d. Patagonia region: includes Neuquén and Río Negro. One of the world's southernmost regions where fine wine grapes are grown, it is also an excellent destination for nature and adventure tourism. This region is home to seven wineries working in wine tourism, receiving 27,134 visits in 2005.
- 1.6 Current visitors to Argentine wineries are characterized as follows: 72% are from Argentina (little international penetration), 41% take their trip during the first quarter of the year (high seasonality), 80% visit a winery for the first time (low level of customer loyalty), and only 37% visit more than two wineries (short average stay).<sup>10</sup>
- 1.7 With respect to the wine-related tourism products offered in Argentina, the most common include: (i) free visits including a winery tour and a tasting of the most affordable wines; (ii) free visits including a tour of the vineyards, the winery, and a tasting; (iii) the same as the preceding visit, plus a luncheon at the winery, including

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<sup>8</sup> Law 25,849 (ratified in December 2003 and enacted in February 2004) created Corporación Vitivinícola Argentina (COVIAR) with legal status under public law for the purpose of managing and coordinating the implementation of the Strategic Plan for the Argentine Wine Industry 2020 (PEVI). This law implements a required contribution for wine industry establishments aimed at financing the activities, plans, programs, and actions of the PEVI.

<sup>9</sup> Source: [www.argentinaturistica.com](http://www.argentinaturistica.com) and Bodegas de Argentina.

<sup>10</sup> Source: Bodegas de Argentina.

a typical Argentine barbecue served with the producer's wine. There is no charge for the tour itself, but a fee does apply to the luncheon; (iv) one third of the wineries also offer the possibility of tours with fee-based tastings, featuring the more expensive wines; and (v) only in rare cases do wineries also offer the possibility of tours including pruning vines, harvest-related activities, and horseback riding.<sup>11</sup>

## **B. Primary limitations of wine tourism in Argentina**

- 1.8 Wine tourism is one manifestation of special-interest tourism, driven primarily by the urge to visit wine regions and consume tourism products associated with wine. The demand for wine tourism can be characterized as a continuum extending from generalists to more specialized visitors. On this basis, various market segments can be differentiated, such as "casual or novice wine tourists," those "interested in wine," those "wine connoisseurs," and "wine lovers." Wine tourism can also include travel to wine regions made for reasons unrelated to wine (relaxation, sports, gastronomy, culture, etc.), but during which some type of wine tourism product or service is consumed. Therefore, it is a mode of tourism with a great potential to draw visitors.
- 1.9 To adequately address the needs of the various demand segments, the fact that each type of consumer seeks heterogeneous experiences and benefits must be considered, and this should be reflected in the design of well differentiated wine tourism products. Established wine tourism destinations have diversified lines of tourism products centered around the concept of wine: for example, differing levels of winery tours are available (based on the visitor's knowledge of wine) for the tours themselves, the tastings, and the activities at the winery, and it is also possible to enjoy experiences focused on wine and gastronomy, for example (with the participation of wineries and restaurants), wine and health (wineries and spas), wine and sports (wineries and golf courses), wine and the arts (wineries and art galleries), etc. Having multiple options for the enjoyment of wine allows wineries to attract broader demand segments, extend the visitors' average stays, and increase repeat business. Thus, in order to speak of wine tourism properly, a management model needs to be developed in cooperation with wine and tourism industry enterprises (lodging, gastronomy, recreation, transportation, information, etc.) capable of offering complete, integrated tourism experiences in which the visitor can enjoy wine from multiple perspectives.
- 1.10 However, **wine tourism in Argentina is not being developed in a way that would create competitive destinations**. Despite isolated efforts at differentiation, existing wine tourism offerings are overly homogeneous. There is also a clear disconnect between the wineries and the tour companies: the fact, for example, that the winery tours are free, while the travel agencies collect a commission for including the wineries on their itineraries is just one of many indicators of the different reasoning guiding the wine businesses and their tourism counterparts. In

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<sup>11</sup> Source: *Turismo Vitivinícola en Mendoza* [Wine Tourism in Mendoza], thesis by María Carolina Fontela (2004).

this context, **the primary limitations to the development of wine tourism in Argentina to be addressed by the MIF project are:**

- a. **Lack of a strategic vision:** No common vision has been developed by wine tourism sector stakeholders on the type of development model to follow. This is reflected in the absence of long-term objectives, fragmented and isolated actions, and the lack of an umbrella brand image capable of consolidating the positioning of wine tourism in Argentina.
- b. **Insufficient coordination among stakeholders:** This is a result of the previous limitation. The lack of coordination not only manifests itself between wineries and tourism enterprises, but also among the wineries themselves when it comes to creating complementary products or developing homogenous levels of quality. Because of the lack of unity between wine and tourism entrepreneurs it has not been possible to generate open channels of communication with the governments. For this reason there are significant unmet needs in terms of land management (planning, roadway and tourism signage, road conditions, access, etc.).
- c. **Insufficient knowledge of the tourism market:** There is a profound lack of knowledge about preferences in the demand for wine tourism and existing opportunities in potential outbound markets, which saps the potential for innovation and diversification. This is one reason why current winery tours are not geared towards satisfying tourists, but rather towards maximizing onsite wine sales. There is also a problem of access to reliable sources of information on wine tourism. Bodegas de Argentina only started compiling statistics in 2004.

### C. **MIF and Bank strategy: project rationale and additionality**

- 1.11 MIF participation is warranted by the existence of a critical mass of wineries and tourism enterprises that require external assistance to get organized and conduct joint development and marketing activities, within a single framework of action, and with a long-term vision. The project will base its actions on the progress made to date in the development of the wine tourism products and services, particularly in the province of Mendoza, while acknowledging, however, that this progress is only partial. **The MIF project's additionality will be provided by the development of a comprehensive management model that will strengthen wine tourism in Argentina and increase the competitiveness of the participating SMEs.**<sup>12</sup> The project falls within the MIF tourism cluster, since it aims to develop the technical and management capacities of SMEs in the tourism and wine sectors. This project's innovation with respect to others in the cluster is that it targets a special-interest mode of tourism in which there are already numerous international good practices that can be adapted to Argentine circumstances, through a specific management

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<sup>12</sup> More than 90% of Argentine wineries are SMEs, small and medium-sized enterprises with annual sales of up to US\$5 million and fewer than 150 employees.

model. The project is also consistent with the national strategy for the wine industry, expressed in the PEVI, and with the Bank's strategy with the country (2004-2008), especially in that it will boost competitiveness and support new private sector projects.

#### **D. Coordination with other operations**

- 1.12 The Bank is executing the program for productive development and competitiveness in the Province of Mendoza (1640/OC-AR) and the program to support the modernization of production in the Province of Río Negro (1464/OC-AR), which support activities related to strengthening competitive clusters in different productive sectors (including tourism). The MIF project will reinforce the logic of both programs, by focusing on one specific mode of special-interest tourism (wine tourism), through a deep improvement needs assessment, strategic guidelines, and tools for the beneficiary SMEs (technical assistance, training, and marketing support) that will maximize the coordination and impact of the sources of financing provided by both loan programs on this specific mode of tourism. The creation of regional and national Consultative Boards will also ensure the coordination of the MIF project with the two programs mentioned, with another operation currently being prepared in San Juan, and with the program to support the integrated development of the tourism sector in the Province of Salta (1465/OC-AR). The latter includes a subcomponent in the amount of US\$250,000 for the creation of a Wine Route, of which about half will be used to finance the building of a wine museum. These Consultative Boards will ensure that the activities described are compatible and that the synergies they generate are tapped.

## **II. BASIC PROJECT OBJECTIVES AND COMPONENTS**

### **A. Project objectives**

- 2.1 The project's goal is to improve the performance of wine tourism sector stakeholders. The purpose is to implement a comprehensive wine tourism management model specific to Argentina.

### **B. Components and activities**

- 2.2 **Component 1: Development of the wine tourism model for Argentina (MIF: US\$265,000; local contribution: US\$36,000).** The purpose of this component is to provide a strategic vision for wine tourism in Argentina by defining an integrated framework of action over the short, medium, and long terms, and determining the foundations and mechanisms for the organization, participation, and coordination of SMEs in the wine and tourism sectors. The resulting strategic model must more firmly anchor wine tourism productive development in the territory, while optimizing the exploitation of local resources and increasing the potential for participation by different SMEs, through the promotion of innovative productive chains that complement each other, in order to overcome the fragmentation and dispersion of current wine tourism offerings. The component is comprised of five

activities: (i) development of the strategic plan for wine tourism, which will serve as the roadmap in the coming years for SMEs and institutions that participate, directly or indirectly, in wine tourism, and which will define the desired positioning based on target geographic markets, the strategic portfolio of tourism products/demand segments, and the primary lines of action to follow. The development of the plan will be supported by market studies and benchmarking to determine existing gaps between demand expectations and the existing supply, identify potential domestic and international demand, and the optimum marketing channels based on strategic outbound markets; (ii) design of the organizational structure to manage the wine tourism model, including an organizational chart and the duties of the entity responsible for managing and coordinating the model; model member typologies and membership standards; membership duties, fees, contributions, and benefits; sustainable financing proposal for the short, medium, and long terms; definition of the model's internal communications system; (iii) launch seminar on international success stories, aimed at finding lessons learned that can be applied to the Argentine wine tourism model; (iv) local awareness workshops aimed at disseminating the project, as well as motivating and promoting participation by stakeholders connected to wine tourism; and (v) creation of a wine tourism observatory, primarily aimed at ensuring a market approach in the definition and subsequent management of the model, by generating and disseminating updated indicators on wine tourism supply and demand.

- 2.3 **Component 2. Development of pilot routes and associated products (MIF: US\$75,000; local contribution: US\$306,400).** This component pursues a dual objective: (i) to reinforce cooperative work among SMEs in the wine and tourism industries, by promoting projects that will serve as a demonstration of the new model; and (ii) to generate diversified product lines to expand and deepen the menu of current offerings. Despite the project's national orientation, this component will be focused on three routes established as pilot projects: one in the province of Mendoza, one in San Juan, and one in Neuquén - Río Negro. Together, Mendoza and San Juan represent 95% of Argentina's wine production, while Neuquén and Río Negro are located in Argentina's Patagonia region, an area that already has a certain volume of international tourism and can assume an accelerated consolidation of the Argentine wine tourism model. The development of pilot routes is considered the best initial platform to strengthen the interconnection of a geographically dense group of enterprises, specialized suppliers, service providers, and institutions, within the framework of the wine tourism model.
- 2.4 This component will be developed through the following actions: (i) design of the three pilot routes and the product lines to be developed for each, based on the strategic portfolio of products/markets identified in the strategic plan; (ii) generation of management platforms for each route, in which a technical coordinator will take responsibility for internal communications among the SMEs on the routes, as well as for integration and consistency with the other routes, within the framework of the wine tourism model; (iii) workshops in the geographical area of each pilot route, aimed at raising awareness and disseminating information

among interested SMEs about the existing possibilities for new product development; (iv) customized technical assistance for interested SMEs in the development of new products in their establishments, support in developing business plans, and recommendations for access to sources of financing. This activity will be undertaken in close coordination with the workshops, since the work will involve the same group of SMEs; (v) improvement needs assessment on land management for each route, (planning, beautification, roadway and tourism signage, road conditions, access, etc.), in order to take the necessary coordinated actions with the competent governments; and (vi) staffing of a wine tourism visitors center: There is an initiative by the Deputy Secretary for Tourism of the Province of Mendoza to create a wine tourism visitors center. To ensure consistency between this initiative and the product lines in the wine tourism model, financing will be provided for technical assistance in the design of this center's interpretative component.

- 2.5 **Component 3. Quality of products and services offered (MIF: US\$20,000; local contribution: US\$89,000).** The purpose of this component is to develop a homogeneous quality level in the delivery of services associated with wine tourism. Planned activities include: (i) development of a good practices model in wine tourism, to be included in a methodological handbook facilitating the dissemination and adoption of minimum quality standards; (ii) design and teaching of quality courses, both across and within subsectors (wineries, lodging, restaurants, etc.), aimed at managers of the SMEs integrated into the pilot routes and other enterprises and actors involved directly or indirectly in wine tourism in Argentina; and (iii) customized technical assistance for SMEs integrated into the pilot routes, to facilitate the adoption of the good practices in their establishments and businesses.
- 2.6 **Component 4. Communications and marketing. (MIF: US\$295,000; local contribution: US\$487,000).** This component addresses considerations related to communicating and marketing the wine tourism products and services created within the framework of the new model. This component is intimately related to the positioning and selection of strategic markets set out in the strategic plan. Planned activities include: (i) creation of an image bank to support the generation of promotional material; (ii) development of a database of operators and other significant opinion shapers in the target outbound markets; (iii) support for the presence of the SMEs connected to the pilot routes in trade events (primarily trade fairs); (iv) organization of fam trips<sup>13</sup> and product presentation workshops; (v) design and maintenance of a website, (vi) creation of homogenous promotional material and maps; (vii) workshops to homogenize the routes' promotional material; (viii) design of achievement awards within the framework of the wine tourism model; and (ix) technical assistance for the design of the first promotional campaign.

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<sup>13</sup> A fam trip is a trip where tour operators visit and familiarize themselves with a new tourism product. The objective is that, after the trip, the product visited will be included in the marketing channels.

### III. PROJECT COSTS AND FINANCING

#### A. Cost and financing

- 3.1 The cost of the project is estimated at US\$2,036,550. The MIF will contribute US\$1,030,350 (49.8%), in the form of nonreimbursable resources from Facility III-a. The balance of US\$1,006,200 (50.2%) will be the responsibility of Bodegas de Argentina as the local counterpart contribution, at least 50% of which will be in cash. The MIF will also finance US\$30,000 for sustainable tourism cluster activities. This amount will be deducted from the MIF contribution on the effective date of the letter of agreement for this operation, without requiring a disbursement request by the executing agency. The MIF will finance the costs of technical assistance, training, and the design of promotional tools, and provide partial financing for administrative expenses and procurement. A summary of the project's estimated budget is presented below (complete budget in Annex II):

Budget categories	MIF US\$	Local US\$	Total US\$
Coordination and logistics	212,000	87,800	299,800
Component 1. Development of model	265,000	36,000	301,000
Component 2. Development of pilot routes and associated products	75,000	306,400	381,400
Component 3. Quality	20,000	89,000	109,000
Component 4. Communications and marketing	295,000	487,000	782,000
<b>Subtotal</b>	<b>867,000</b>	<b>1,006,200</b>	<b>1,873,200</b>
Contingencies 5%	43,350		43,350
Baseline, midterm and final evaluations, and technical missions	70,000		70,000
Audits (4)	20,000		20,000
<b>Total</b>	<b>1,000,350</b>	<b>1,006,200</b>	<b>2,006,550</b>
Cluster activities	30,000		30,000
<b>Grand total</b>	<b>1,030,350</b>	<b>1,006,200</b>	<b>2,036,550</b>

#### B. Program sustainability

- 3.2 Upon completion, the project's results are expected to be sustainable, allowing the consolidation of Argentina's wine tourism model and the expansion of its products and services beyond the three initially established pilot routes. The development of the strategic plan, and the demand and benchmarking studies, must ensure the inclusion of market criteria allowing the implemented initiatives to be profitable. Furthermore, from the start, one of the project's cornerstones is the coordination of the executing agency with the rest of the Argentine wine tourism stakeholders. For this reason, the common vision to be developed will ensure the continuity of the efforts initiated. A sustainability workshop will be held one year prior to project completion in order to strengthen the instruments that will guarantee the model's autonomous management after MIF support has ended.

## IV. PROGRAM EXECUTION

### A. Executing agency

- 4.1 The executing agency will be Bodegas de Argentina, a nonprofit civil association bringing together over 190 wineries. Bodegas de Argentina was established in 2001 as a result of the merger of Centro de Bodegueros de Mendoza [Mendoza Winemakers' Center] (founded in 1935) and Asociación Vitivinícola Argentina (A.V.A., founded in 1905). In 2003, the Comisión Nacional de Turismo Vitivinícola [National Wine Tourism Commission] was formally established within Bodegas de Argentina, as a result of the institutionalization of the work that was being done in the institution with the *Los Caminos del Vino* [Wine Routes] project since 1998. Bodegas de Argentina is also part of the organizational and decision-making structure of COVIAR, the entity responsible for implementation of the PEVI. Bodegas de Argentina will do all the work to facilitate and implement the project's actions, playing a leadership and coordination role for the group of wine and tourism enterprises necessary to establish the wine tourism model. In the Bank's review of Bodegas de Argentina's by-laws and balance sheets, it determined that the institution had adequate capacity to meet the project's administrative and financial needs.

### B. Execution mechanism

- 4.2 The executing unit will be physically located in Bodegas de Argentina's headquarters, and will be made up of a project coordinator, a tourism specialist, an administrative manager, and a part-time accountant. In order to strengthen the implementation of the various components and activities on the ground, three technical coordinators will be included in the project team (one for each of the pilot routes), reporting to the project coordinator. To adequately address the cross-cutting nature of the project, Regional Consultative Boards will be set up in Mendoza, San Juan, and Neuquén/Río Negro, in addition to a National Consultative Board. The regional boards will be comprised of Bodegas de Argentina, representative private tourism sector entities, and provincial governments. The National Consultative Board will include Bodegas de Argentina, the Federal Ministry of Tourism, provincial governments from wine producing regions, other national wine industry representatives (such as Wines of Argentina<sup>14</sup>), and private tourism industry representatives. The National Board will organize open informational forums on the project's progress twice a year. Bodegas de Argentina will act as Secretariat for both types of boards, which will meet quarterly and whose functions will be: (i) to coordinate the activities of the various components with other tourism development or tourism productive chain initiatives taking place in the project's beneficiary regions, especially with the national and provincial tourism policies, and with the

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<sup>14</sup> "Wines of Argentina" was established as a nation brand to spread the image of fine Argentine wines at international events and trade shows, under an agreement signed in 1995 between the private sector (*Comisión Nacional de Promoción de Vinos de Argentina* [Argentine National Wine Commission]) and the public sector (Ministry of Foreign Affairs, Fundación Exportar, ProMendoza, and the Ministry of Agriculture).



program for productive development and competitiveness in the Province of Mendoza (1640/OC-AR) and Río Negro Province Productive Modernization (1464/OC-AR), the program to support the integrated development of the tourism sector in the Province of Salta (1465/OC-AR), and the Bank operation in San Juan, in preparation; (ii) to ensure consistency and complementarity in the development and marketing of wine tourism products and services in Argentina, (iii) to provide orientation on aspects related to the overall thrust of the project; and (iv) to help identify and potentially provide additional resources to support the project, and ensure its sustainability, once the MIF financing comes to an end.

**C. Execution period**

- 4.3 The project will be executed in a period of 48 months and the funds from the contribution will be disbursed over 54 months. Activities will be scheduled based on an annual work plan, according to specifications in the Operating Regulations.

**D. Project readiness**

- 4.4 The project has been agreed upon in terms of objectives, components, and activities. The executing agency has delivered a letter committing itself to contributing the counterpart funds. The Operating Regulations have been drafted and the terms of reference for the primary consulting assignments have been agreed upon.

**E. Procurement**

- 4.5 Through the executing unit, Bodegas de Argentina will procure the goods and services envisaged in the project and approved in advance by the Bank in the semiannual procurement plan. The procurement will be undertaken at market prices using competitive methods, in accordance with the procedures established in the Policies for selection and contracting of consultants financed by the IDB (document GN-2350-7), Policies for the procurement of works and goods financed by the IDB (document GN-2349-7), and the MIF guidelines dated 8 August 2006. In accordance with these documents, Bodegas de Argentina has submitted the project procurement plan to the Bank's satisfaction. Once the operation's execution and administration capacity is confirmed, the Bank will propose a post review system for amounts under US\$10,000.

## **V. MONITORING AND EVALUATION**

- 5.1 The Bank's Country Office in Argentina will be responsible for supervision and control activities, monitoring of compliance with contractual clauses, processing disbursement requests, and receiving audited financial statements. Bodegas de Argentina will submit semiannual progress reports to the Bank. Annual audits and a final audit of the financial statements will be performed by an independent firm acceptable to the Bank. Auditing costs will be covered by the MIF contribution, in accordance with established procedures. During the first three months of the agreement, a comprehensive monitoring and evaluation system will be designed,

based on the total quality concept, containing process, outcome, and impact indicators. Together with the evaluations performed, this system will be the primary tool for monitoring the progress of execution, the achievement of objectives, and the impact made. Using MIF resources, the executing agency will hire an external consultant at the start of the project to establish baseline indicators and define the project's outcome monitoring system. This consultant will also perform the midterm and final evaluations and will participate in the closing workshop. The terms of reference appear in the Operating Regulations. A closing workshop will be scheduled for the end of execution to evaluate the results achieved and the actions required to increase the impact of the project.

## **VI. BENEFICIARIES AND RISKS**

### **A. Project beneficiaries**

- 6.1 The direct beneficiaries of the project are 280 SMEs in the tourism and wine industries that will benefit from the strengthening of the wine tourism brand image in Argentina and from a management improvement needs assessment; at least 70 SMEs that will receive technical assistance and customized advisory services and will be linked through new services to three pilot wine tourism routes; at least 600 professionals who will take part in awareness and/or training programs on good practices in wine tourism.

### **B. Project risks**

- 6.2 The two main risks facing the project are: (i) achieving the intense level of coordination necessary between all wine tourism stakeholders; and (ii) mitigating the limited prior experience of the executing agency and most of the wineries in tourism management. The actions planned to address these risks are: (i) the creation of consultative boards and the technical coordinator positions for each of the routes, as formal channels for establishing the necessary coordination; and (ii) the planned technical assistance activities and the hiring of an international technical advisor to provide methodological support to the executing unit, ensuring the inclusion of international good practices in the project.

## **VII. SOCIAL AND ENVIRONMENTAL CONSIDERATIONS**

- 7.1 No negative social or environmental impacts are expected as a result of this project's implementation. To the contrary, it is expected to have positive social and environmental impact because: (i) local stakeholders (tourism entrepreneurs) not previously involved will come to play a role in the routes, and the development of activities complementary to the routes will require aspects of local cultural identity and idiosyncrasies to be recovered and valued; and (ii) the environmental conservation of wineries will be strengthened as a fundamental element for ensuring their success as a tourism product. The Committee on Environment and Social Impact (CESI) considered this operation in its meeting on 2 June 2006. The

recommendation related to the participation of women (in the activities included in component 2) is reflected in the Operating Regulations, in the form of workshops to create an incentive for and encourage participation by women.

**ANNEX I**  
**LOGICAL FRAMEWORK**  
**(AR-M1018)**

Objectives	Indicators	Means of verification	Assumptions
<b>Goal</b>			
To improve wine tourism performance.	<p>By the fourth year after project completion:</p> <ul style="list-style-type: none"> <li>– An increase of at least 25% in <b>average spending</b> by wine tourists.</li> <li>– An increase of at least 25% in <b>visits</b> by wine tourists.</li> <li>– An increase of 20% in the <b>average stay</b> of wine tourists.</li> <li>– <b>Diversification of the origin</b> of wine tourists, with an increase in the presence of foreign tourists of 15%.</li> </ul>	<ul style="list-style-type: none"> <li>– Statistics, surveys, and ex post evaluation conducted by the executing agency</li> </ul>	<ul style="list-style-type: none"> <li>– There are no extreme events having a negative impact on the Argentine tourism industry, or on the target outbound markets.</li> <li>– The institutional support of the PEVI continues.</li> </ul>
<b>Purpose</b>			
To implement a comprehensive model for wine tourism specific to Argentina	<p>By the end of the project:</p> <ul style="list-style-type: none"> <li>– 280 SMEs working under the model's strategic guidelines</li> <li>– 70 SMEs supporting three pilot routes.</li> <li>– 340 new initiatives related to the creation and/or improvement of wine tourism products implemented by SMEs.</li> <li>– Integration of the project's outputs/ recommendations into the federal and provincial governments' strategies for the participating wine regions.</li> </ul>	<ul style="list-style-type: none"> <li>– Baseline and monitoring of indicators</li> <li>– Midterm and final evaluations by external consultant</li> <li>– Progress and final reports by executing agency</li> </ul>	<ul style="list-style-type: none"> <li>– The provincial and federal governments make the investments and maintain the infrastructure, promotion, and public services necessary to strengthen the model.</li> </ul>

Components			
<p><b>1. Development of the model</b></p> <p>The purpose of this component is to provide a strategic model for wine tourism in Argentina, by defining a comprehensive framework of action over the short, medium, and long terms.</p>	<ul style="list-style-type: none"> <li>– A strategic plan for wine tourism is delivered to the executing unit by month 8.</li> <li>– 600 professionals and stakeholders are made aware of the wine tourism model and its strategic approaches in the first 12 months.</li> <li>– At least 280 SMEs show an interest in working under the proposed strategic guidelines.</li> <li>– The Consultative Boards for wine tourism are formed starting in month 3 of the project.</li> </ul>	<ul style="list-style-type: none"> <li>– Monitoring and evaluation system and baseline reports</li> <li>– Progress and final reports by executing agency</li> <li>– Midterm and final evaluations by external consultant</li> <li>– Attendance records and minutes of awareness events</li> <li>– Visits by the MIF country specialist</li> </ul>	<ul style="list-style-type: none"> <li>– Public institutions, the tourism sector, and the wine sector achieve and maintain a high level of consensus and involvement in the model.</li> </ul>
<p><b>2. Development of pilot routes and associated products</b></p> <p>This component pursues a dual objective: (i) to reinforce cooperative work among SMEs in the wine and tourism industries and the respective governments, by promoting projects that will serve as a demonstration of the new model; and (ii) to generate diversified product lines to expand and deepen the menu of current offerings.</p>	<ul style="list-style-type: none"> <li>– At least 70 SMEs are marketing new wine tourism products on three pilot routes as of month 36 of the project.</li> <li>– At least six differentiated product lines (e.g., wine knowledge, arts and wine, history of wine, wine landscapes, wine and health, wine and sports) are developed and marketed as of month 36.</li> </ul>	<ul style="list-style-type: none"> <li>– Progress and final reports by executing agency</li> <li>– Midterm and final evaluations by external consultant</li> <li>– Project Completion Report (PCR)</li> <li>– Project Performance Monitoring Report (PPMR)</li> <li>– Visits by the MIF country specialist</li> <li>– Training event and technical assistance records</li> </ul>	<ul style="list-style-type: none"> <li>– There is sufficient leadership on each of the routes to bring all potential actors together.</li> </ul>

<p><b>3. Quality of the products and services offered</b></p> <p>The purpose of this component is to develop a homogeneous quality level in the delivery of services associated with wine tourism.</p>	<ul style="list-style-type: none"> <li>– Widespread introduction of good practices in establishments of SMEs linked to wine tourism as of month 24 of the project</li> </ul>	<ul style="list-style-type: none"> <li>– Progress and final reports by executing agency</li> <li>– Midterm and final evaluations by external consultant</li> <li>– PCR</li> <li>– PPMR</li> <li>– Visits by the MIF country specialist</li> </ul>	<ul style="list-style-type: none"> <li>– Qualified experts on wine tourism quality are available.</li> </ul>
<p><b>4. Communications and marketing</b></p> <p>The purpose of this component is to develop an umbrella brand for Argentine wine tourism that positions the products and services offered in the target markets, optimizing the marketing channels.</p>	<ul style="list-style-type: none"> <li>– Corporate identity developed and implemented by month 24.</li> <li>– By the end of the project, knowledge of the brand influences travel decisions for at least 40% of visitors.</li> <li>– At least 20 operators (at least 10 domestic and 10 international outbound markets) offer wine tourism products in their packages by month 42.</li> <li>– At least 15 domestic and international media outlets include references to the project's tourism supply by month 36.</li> <li>– As of month 36, promotional material is published and circulating in various communications and marketing channels with a single brand image.</li> </ul>	<ul style="list-style-type: none"> <li>– Progress and final reports by executing agency</li> <li>– Midterm and final evaluations by external consultant</li> <li>– PCR</li> <li>– PPMR</li> <li>– Onsite visitor surveys</li> </ul>	<ul style="list-style-type: none"> <li>– The various tourism administrations adopt the wine tourism brand image in their own communications initiatives.</li> </ul>

Activities	Indicators	Means of verification	Assumptions
<b>1. Development of the wine tourism model</b>			
1.1 Development of the strategic plan for wine tourism in Argentina	1.1.1 The strategic plan is developed by month 8, including a vision and mission for the Argentine wine tourism model, positioning, and brand image, targeted to outbound markets, strategic portfolio of products /segments	<ul style="list-style-type: none"> <li>– Financial reports</li> <li>– Progress reports</li> <li>– Consulting contracts</li> <li>– Board minutes</li> </ul>	Qualified experts with an international perspective on tourism market requirements are available.
1.2 Definition of the structure responsible for managing the model defined in the strategic plan.	1.2.1 Organizational chart and operations manual for the wine tourism model's management entity developed by month 8	<ul style="list-style-type: none"> <li>– Executing agency semiannual and final reports</li> <li>– Lists of participants in seminar and workshops</li> </ul>	
1.3 A launch seminar on international success stories.	1.3.1 Launch seminar designed and held in months 8 and 9; at least 300 local stakeholders attend.	<ul style="list-style-type: none"> <li>– Midterm and final evaluations by external consultant</li> </ul>	
1.4 Local awareness workshops (14) for private and public sector participants related to wine tourism.	1.4.1 Awareness workshops held in each wine region (a total of at least 14) between months 9 and 12.	<ul style="list-style-type: none"> <li>– PCR</li> <li>– PPMR</li> </ul>	
	1.4.2 At least 600 professionals and local stakeholders are made aware of the project and the potential for wine tourism.		
	1.4.3 At least 280 SMEs express an interest in participating in the new model.		
1.5 Tourism observatory	1.5 The observatory is designed and produces information on the pilot areas by month 18.		

Activities	Indicators	Means of verification	Assumptions
<b>2. Development of pilot routes and associated products</b>			
2.1 Design and development of the pilot routes and product lines	2.1 Three pilot routes are designed by month 13, including geographic delimitation to target actions based on the survey resources and the products and services offered; generation of maps, and selection of at least 6 themes to support the diversified wine tourism product lines.	<ul style="list-style-type: none"> <li>– Financial reports</li> <li>– Progress reports</li> <li>– Consulting contracts</li> <li>– Contracts with technical coordinators</li> <li>– Executing agency semiannual and final reports</li> </ul>	Qualified experts are available.
2.2 Generation of management platforms for each route	2.2 Three technical coordinators (one per route) are incorporated into the project by month 18.	<ul style="list-style-type: none"> <li>– Midterm and final evaluations by external consultant</li> </ul>	
2.3 Workshops in the geographical area of each pilot route	2.3.1 Nine workshops are held in month 19. At least 300 business people and entrepreneurs are made aware of the potential for new wine tourism product development.  At least 70 SMEs in the tourism and wine sectors express a formal interest in being a part of the pilot routes.	<ul style="list-style-type: none"> <li>– PCR</li> <li>– PPMR</li> </ul>	
2.4 Customized technical assistance for new product development	2.4.1 At least 70 SMEs are advised individually on the development of new wine tourism products by month 20.  2.4.2 A portfolio of at least 6 diversified lines of wine tourism products is documented by month 20.		



Activities	Indicators	Means of verification	Assumptions
2.5 Improvement needs assessment on land management for each route	2.5 Assessment is performed on each route's critical intervention areas, in terms of land management (access, signage, etc.) by month 20.		
2.6 Supplies and exhibits for a wine visitors center	2.6 Plan for center's supplies and exhibits delivered to the Mendoza Department of Tourism by month 24.		
<b>3. Quality of the products and services offered</b>			
3.1 Development of a good practices model	3.1 Good practices manual drafted by month 15.	<ul style="list-style-type: none"> <li>– Financial reports</li> <li>– Progress reports</li> <li>– Consulting contracts</li> </ul>	Qualified experts are available.
3.2 Development of quality courses	3.2 At least 300 entrepreneurs are trained in wine tourism quality management by month 24.	<ul style="list-style-type: none"> <li>– Lists of workshop attendees</li> <li>– Executing agency semiannual and final reports</li> </ul>	
3.3 Customized technical assistance on quality for members of routes	3.3. At least 70 SMEs in the tourism and wine sectors receive customized technical assistance, before month 24, for the application of good practices in their establishments.	<ul style="list-style-type: none"> <li>– Midterm and final evaluations by external consultant</li> <li>– PCR</li> <li>– PPMR</li> </ul>	
<b>4. Communications and marketing</b>			
4.1. Generation of an image bank and database of operators and specialized media in outbound markets	4.1 Image bank and database generated by month 18.	<ul style="list-style-type: none"> <li>– Financial reports</li> <li>– Progress reports</li> <li>– Consulting contracts</li> </ul>	Qualified experts are available.
4.2. Support for the presence of SMEs at trade events	4.2 At least 70 SMEs receive direct support to participate in wine tourism trade events between months 25 and 48.	<ul style="list-style-type: none"> <li>– Lists of workshop, fam trip, and trade event participants</li> <li>– Executing agency semiannual and final reports</li> </ul>	
4.3. Fam trips and product presentation workshops	4.3 At least 4 fam trips and product workshops between months 25 and	<ul style="list-style-type: none"> <li>– Midterm and final evaluations by external consultant</li> </ul>	

Activities	Indicators	Means of verification	Assumptions
<p>4.4. Design and maintenance of website</p> <p>4.5. Promotional material</p> <p>4.6 Workshops to homogenize image of promotional material</p> <p>4.7 Design of annual achievement awards (gastronomy, hotel, winery, etc.)</p> <p>4.8 Design of first promotional campaign</p>	<p>48.</p> <p>4.4 Website operational as of month 25, including new product lines.</p> <p>4.5 At least 6 catalogues for differentiated product lines are published and distributed. At least 4,000 wine tourism brochures, posters, guides, maps, and merchandising items are produced and distributed by month 48.</p> <p>4.6 At least 3 workshops are held in month 24.</p> <p>4.7 At least 4 achievement awards are given by the end of the project.</p> <p>4.8 Promotional operation plan delivered to the executing unit by month 36.</p>	<p>– Copies of promotional material produced</p>	

**ARGENTINA**  
**CONSOLIDATION OF WINE TOURISM (AR-M1018)**

Budget categories	MIF (US\$)	Local (US\$)	Total (US\$)
<b>Coordination and logistics</b>	<b>212,000</b>	<b>87,800</b>	<b>299,800</b>
<b>Administration</b>	144,600	50,400	<b>195,000</b>
<b>Logistics</b>	67,400	37,400	<b>104,800</b>
<b>Component 1. Development of the model</b>	<b>265,000</b>	<b>36,000</b>	<b>301,000</b>
1.1. Development of the strategic plan for wine tourism	195,000		<b>195,000</b>
1.2. Technical assistance to define model			
1.3. Launch seminar		8,000	<b>8,000</b>
1.4. Local awareness workshops (14)		28,000	<b>28,000</b>
1.5. Tourism observatory (design, setup, management)	70,000		<b>70,000</b>
<b>Component 2. Development of pilot routes and associated products</b>	<b>75,000</b>	<b>306,400</b>	<b>381,400</b>
2.1. Design of products based on geographic areas and themes	25,000		<b>25,000</b>
2.2. Workshops, management platform generation (9)	0	<b>61,400</b>	<b>61,400</b>
2.3. Customized technical assistance and design of loan program	40,000		<b>40,000</b>
2.4. Infrastructure needs assessment for each route	10,000		<b>10,000</b>
2.5. Signage for member establishments on routes	0	<b>50,000</b>	<b>50,000</b>
2.6. Study and staffing of wine tourism visitors center	0	<b>195,000</b>	<b>195,000</b>
<b>Component 3. Quality</b>	<b>20,000</b>	<b>89,000</b>	<b>109,000</b>
3.1. Development of good practices model for wine tourism	20,000		<b>20,000</b>
3.2. Development of cross-cutting quality courses		<b>15,000</b>	<b>15,000</b>
3.3. Development of specific courses and customized technical assistance on quality for route members		<b>50,000</b>	<b>50,000</b>
3.4. Comprehensive support for quality		<b>24,000</b>	<b>24,000</b>

Budget categories	MIF (US\$)	Local (US\$)	Total (US\$)
<b>Component 4. Communications and marketing</b>	<b>295,000</b>	<b>487,000</b>	<b>782,000</b>
4.1. Image bank		10,000	<b>10,000</b>
4.2. Database of operators in outbound markets		6,000	<b>6,000</b>
4.3. Development of presence of MSMEs at events	80,000	220,000	<b>300,000</b>
4.4. Fam trips and product presentation workshops	60,000	20,000	<b>80,000</b>
4.5. Design and maintenance of website	40,000	40,000	<b>80,000</b>
4.6. Promotional material and maps	90,000	90,000	<b>180,000</b>
4.7. Workshops with route members to homogenize material		18,000	<b>18,000</b>
4.8. Design of achievement awards		8,000	<b>8,000</b>
4.9. Technical assistance for promotional campaign	25,000	75,000	<b>100,000</b>
<b>SUBTOTAL</b>	<b>867,000</b>	<b>1,006,200</b>	<b>1,873,200</b>
<b>Contingencies 5%</b>	<b>43,350</b>		<b>43,350</b>
<b>Baseline, midterm and final evaluations, and technical missions</b>	<b>70,000</b>		<b>70,000</b>
<b>Audits (4)</b>	<b>20,000</b>		<b>20,000</b>
<b>TOTAL</b>	<b>1,000,350</b>	<b>1,006,200</b>	<b>2,006,550</b>
<b>Cluster activities</b>	<b>30,000</b>		<b>30,000</b>
<b>GRAND TOTAL</b>	<b>1,030,350</b>	<b>1,006,200</b>	<b>2,036,550</b>
<b>Percentage (excluding cluster activities)</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>

**RELATED PROJECTS**  
**ARGENTINA: CONSOLIDATION OF WINE TOURISM**  
**(AR-M1018)**

**A. Sustainable tourism cluster projects**

<b>Project number / date of approval</b>	<b>Title of project, sector, executing agency and amount</b>	<b>Date of signature and disbursement in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing-agency change, etc.</b>
ATN/ME-8382-RG 30 July 2003	<b>International accreditation system and consolidation of national systems for sustainable tourism certification to facilitate SME competitiveness and market access.</b>  Asociación Alianza del Bosque Lluvioso (Rainforest Alliance)  US\$3,020,000	27 October 2003  49 months	61.5%	Classified as satisfactory in general, maintaining assumptions, and activities are proceeding smoothly, exceeding initial targets in some cases.
ATN/ME-8867-PE 22 September 2004	<b>Promoting the development of the Northeast Tourist Circuit to enhance MSME competitiveness.</b>  CARETUR Cajamarca and ALAC  US\$798,431	18 March 2005  54 months	10.00%	Classified as satisfactory in general, since the project has fulfilled the planned activities, the executing unit team has come together and established a good working relationship with the consultants supporting the project.
ATN/ME-8977-SU 1 December 2004	<b>Sustainable tourism development</b>  Conservation International Suriname (CIS)  US\$845,000	10 March 2005  36 months	10.00%	Classified as highly satisfactory since the presidential elections gave a boost to the tourism sector. Thus, it is very likely that the project will fulfill the activities.

<b>Project number / date of approval</b>	<b>Title of project, sector, executing agency and amount</b>	<b>Date of signature and disbursement in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing-agency change, etc.</b>
ATN/ME-8987-RG 8 December 2004	<b>Competitive development of rural tourism in the Andes.</b> Fundación CODESPA US\$2,028,190	11 March 2005 54 months	6.00%	Although classified as unsatisfactory in general, because the level of project development is very slow, it is hoped that more time will be provided to fulfill the activities stipulated in the project.
ATN/ME-9211-BR 25 May 2005	<b>Estrada Real–Network of tourism SMEs State of Minas Gerais</b> Estrada Real US\$1,701,740	14 July 2005 42 months	12.00%	Positive execution continues.
ATN/ME-9273-BL 30 June 2005	<b>Improving small business competitiveness in the tourism industry</b> Belize Tourism Industry Association US\$580,000	7 September 2005 42 months	10.00%	Classified as satisfactory in general. Although execution startup was quite slow, satisfactory progress has been made on execution to date.
ATN/ME-9410-EC 21 September 2005	<b>Sustainable productive sector development in Galapagos</b> Cámara Provincial de Turismo de Galápagos (CAPTURGAL) US\$1,863,616	29 November 2005 48 months	5.00%	During the first six months of execution, the conditions precedent were fulfilled and the coordinator was hired. Positive start.
ATN/ME-9466-BH 26 October 2005	<b>Sustainable tourism network for SMEs</b> Bahamas Hotel Association US\$1,301,000	17 March 2006 48 months	24.00%	The project was just signed and execution is under way. The first six months of execution are satisfactory.
ATN/ME-9512-DR 16 November 2005	<b>Model for Sustainable Tourism Management in Bayahibe</b> Asociación de Hoteles Romana Bayahibe (AHB) US\$1,302,480	4 January 2006 48 months	10.35%	Classified as satisfactory in general. The actions included in the components are part of the AHB activity plan and as of December 2005, there was great enthusiasm for project execution by the local community and AHB.

Project number / date of approval	Title of project, sector, executing agency and amount	Date of signature and disbursement in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing-agency change, etc.
ATN/ME-9563-CO 7 December 2005	<b>Rural Tourism Development in Territorio Paraíso</b> Fundación Carvajal US\$845,000	31 March 2006 36 months	10.00%	The project is in the initial stage of execution after the contract was signed on 31 March 2006. The conditions precedent have been 100% fulfilled and it is classified as satisfactory in general.
ATN/ME-9588-GU 14 December 2005	<b>Competitive development of cultural tourism with indigenous communities</b> Cámara de Turismo de Guatemala US\$1,157,737	24 January 2006 48 months	10.00%	Satisfactorily fulfilled the conditions precedent and became eligible in April of this year. The startup workshop took place in July 2006.
ATN/ME-9720-ME 8 March 2006	<b>Tourism development for MSMEs in the Tequila region</b> Consejo Regulador del Tequila US\$1,572,370	27 April 2006	10.00%	The executing agency has fulfilled the conditions precedent and the project is thus eligible to start disbursements. Classified as satisfactory in general.
ATN/ME-9832-CR 31 May 2006	<b>Rural community tourism in Costa Rica and replication in Central America</b> COOPRENA US\$1,092,048	15 August 2006 48 months	0.00%	Classified as satisfactory on its implementation of initial activities with a solid outlook for fulfillment of the proposed components.

## Annex IV: Semiannual Project Performance Monitoring Report (PPMR)

I. BASIC DATA																																																	
Country: Argentina		Project title: Consolidation of wine tourism		Date of Donor approval:																																													
Executing agency: Bodegas de Argentina		Pipeline number: AR-M1018		Date of contract signature: Date of contract validity:																																													
Facility: III A- US\$1,000,350		ATN number(s):		Date of eligibility for first disbursement: Partial: Total: Date of actual first disbursement: Original date for final disbursement: Current date for final disbursement:																																													
Country Office specialist assigned: Mariel Sabra		Months in execution		TC amount(s)			TC modality																																										
HQ specialist assigned: Adela Moreda		<ul style="list-style-type: none"> <li>From approval:</li> <li>From signature:</li> </ul>		<ul style="list-style-type: none"> <li>Original approved amount: US\$ 1,000,350</li> <li>Current net approved amount: US\$ 1,000,350</li> <li>Total amount cancelled: 0</li> </ul>			[X] NR  [ ] R  [ ] C																																										
Date of previous update:																																																	
Date of current update:		Cumulative extension of final disbursement date (months)		Disbursements:																																													
Date of latest review by Representative:		Cancellation(s):		Amount to date: Current percentage (%): Current disb. as % of original projection for year under way.																																													
		Date: Amount:		Total project cost:																																													
				<ul style="list-style-type: none"> <li>Original: US\$ 1,000,350</li> <li>Current: US\$ 1,000,350</li> </ul>																																													
Have development objectives and indicators been agreed with the beneficiary/executing agency?		No Yes [ ] [X]		Historical MPPMR ratings:																																													
Have original project development objectives and/or indicators been officially reformulated?		[X] [ ]* (# of times)		<table border="1"> <thead> <tr> <th>Dec. (year)</th> <th>June</th> <th>Dec.</th> <th>June</th> <th>Dec.</th> <th>June</th> <th>Dec.</th> <th>June</th> <th>Dec.</th> <th>June</th> </tr> </thead> <tbody> <tr> <td>IP [ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> <tr> <td>AS [ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> <tr> <td>DO [ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> </tbody> </table>						Dec. (year)	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	IP [ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	AS [ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	DO [ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
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Approval by Donors		[ ] [X]* (date)		Is project currently designated as:																																													
Have project components and/or indicators been officially restructured?		[X] [ ]* (# of times)		“Yellow flag”? [ ] Yes [x] No																																													
Is the beneficiary/executing agency maintaining performance data on agreed indicators?		[ ] [X]		“Red flag”? [ ] Yes [x] No																																													
Is there a defined data gathering system in place for establishing the baseline?		[X] [ ]																																															
Planned date of midterm evaluation: _____																																																	
* If you checked <u>Yes</u> , describe in Section V and use revised parameters in Sections II and III																																																	





## MULTILATERAL INVESTMENT FUND



### Annex IV: Semiannual Project Performance Monitoring Report (PPMR)

#### COFINANCING AND COUNTERPART FUNDS

Source	Total amount		Disbursed to date	
	Original commitment	Current commitment	Amount	%
Local counterpart	US\$488,200	US\$488,200	0	Pari Passu
Source(s) of cofinancing (specify):				Original %: 0
TOTAL:	US\$488,200	US\$488,200	0	Current %: 0

#### II. IMPLEMENTATION PROGRESS (IP)

Components/Outputs:	Key performance indicators (midterm and final):	Classification of the component				
			HS	S	U	HU
<b>1. Development of the model</b> The purpose of this component is to provide a strategic model for wine tourism in Argentina, by defining a comprehensive framework of action over the short, medium, and long terms	<ul style="list-style-type: none"> <li>A strategic plan for wine tourism by month 8</li> <li>600 professionals and stakeholders are made aware of the wine tourism model and its strategic approaches in the first 12 months</li> <li>At least 280 SMEs show an interest in working under the proposed strategic guidelines</li> <li>The Consultative Boards for wine tourism are formed starting in month 3 of the project</li> </ul>	1				
<b>2. Development of pilot routes and associated products</b> This component pursues a dual objective: (i) to reinforce cooperative work among SMEs in the wine and tourism industries, by promoting projects that will serve as a demonstration of the new model; and (ii) to generate diversified product lines to expand and deepen the menu of current offerings	<ul style="list-style-type: none"> <li>At least 70 SMEs are marketing new wine tourism products on three pilot routes as of month 36 of the project</li> <li>At least six differentiated product lines (e.g., wine knowledge, arts and wine, history of wine, wine landscapes, wine and health, wine and sports) are developed and marketed as of month 36</li> </ul>	2				
<b>3. Quality</b> The purpose of this component is to develop a homogeneous quality level in the delivery of services associated with wine tourism	<ul style="list-style-type: none"> <li>Widespread introduction of good practices in establishments of SMEs linked to wine tourism as of month 24 of the project</li> </ul>	3				



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<b>4. Communications and marketing</b> The purpose of this component is to develop an umbrella brand for Argentine wine tourism that positions the products and services offered in the target markets, optimizing the marketing channels		<ul style="list-style-type: none"><li>– Corporate identity developed and implemented by month 24</li><li>– By the end of the project, knowledge of the brand influences travel decisions for at least 40% of visitors</li><li>– At least 20 operators (at least 10 domestic inbound and 10 international outbound) offer wine tourism products in their packages by month 42</li><li>– At least 15 domestic and international media outlets include references to the project’s tourism supply by month 36</li><li>– As of month 36, promotional material is published and circulating in various communications and marketing channels with a single brand image</li></ul>	4				
<b>Key assumptions related to the implementation of components</b> Public institutions, the tourism sector, and the wine sector achieve and maintain a high level of consensus and involvement in the model. There is sufficient leadership on each of the routes to bring all potential actors together. Qualified experts on wine tourism quality are available The various tourism administrations adopt the wine tourism brand image in their own communications initiatives.			<b>Current classification</b>				
			<b>High</b> X		<b>Low</b>		
			X X  X				
<b>Implementation progress summary classification (IP):</b> (A satisfactory or higher classification indicates, among other things, that the project will be completed during the currently approved disbursement period.) [ ] Highly Satisfactory (HS)      [ ] Satisfactory (S)      [ ] Unsatisfactory (U)      [ ] Highly Unsatisfactory (HU)							
<b><u>Briefly explain major factors taken into account to justify the IP Classification based on performance indicators and relevance of assumptions:</u></b>							
<b>III. ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)</b>							
<b><u>Development objectives/purpose:</u></b>  To implement a comprehensive model for wine tourism specific to Argentina		<b><u>Key performance indicators:</u></b>  By the end of the project: <ul style="list-style-type: none"><li>– 280 SMEs working under the model’s strategic guidelines</li><li>– 70 SMEs supporting three pilot routes.</li><li>– 340 new initiatives related to the creation and/or improvement of wine tourism products implemented by SMEs.</li><li>– Integration of the project’s outputs/ recommendations into the federal and provincial governments’ strategies for the participating wine regions..</li></ul>		<b>Probability of achieving the DO/purpose:</b>			
					HP	P	LP



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<u>Key assumptions related to development objectives/purpose</u>	Classification		
	High	Low	
The provincial and federal governments make the investments and maintain the infrastructure, promotion, and public services necessary to strengthen the model.	X		
Summary development objective assumptions classification: <input checked="" type="checkbox"/> High <input type="checkbox"/> Low			
<u>Summary development objectives (DO) classification:</u>			
<input type="checkbox"/> Highly probable (HMP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
<u>Briefly explain major factors taken into account to justify the DO Classification based on performance indicators and relevance of assumptions:</u>			

#### IV. PERFORMANCE ISSUES

Check key reasons for Unsatisfactory/Highly Unsatisfactory IP Classification or Low Probability/Improbable DO Classification, and reflect in Section V (Current Status and Perspectives) and Section VII (Issues and Actions)

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Delays in Legislative approvals              | <input type="checkbox"/> Poor supplier/contractor performance | <input type="checkbox"/> Qualified external audit             |
| <input type="checkbox"/> Lack of borrower/executing agency commitment | <input type="checkbox"/> Project/component design flaws       | <input type="checkbox"/> National policy changes              |
| <input type="checkbox"/> Counterpart funding shortfall                | <input type="checkbox"/> Contract condition compliance delays | <input type="checkbox"/> Executing agency policy changes      |
| <input type="checkbox"/> Weak executing agency institutional capacity | <input type="checkbox"/> Bank efficiency (response delays)    | <input type="checkbox"/> Bank policy changes                  |
| <input type="checkbox"/> Community/political opposition               | <input type="checkbox"/> Procurement difficulties             | <input type="checkbox"/> Lack of monitoring/evaluation system |
| <input type="checkbox"/> Inadequate consultant performance            | <input type="checkbox"/> Flawed cost estimates                | <input type="checkbox"/> Other (please specify)               |
| <input type="checkbox"/> Interagency coordination difficulties        | <input type="checkbox"/> Cost overruns                        |   |

#### V. CURRENT STATUS AND PROSPECTS

Briefly explain the status of project execution, by component (Include reference to IP, assumptions and “Red flag” or “Yellow flag” classification, if applicable)

- 1.
  - 2.
  - 3.
- etc.

##### Midterm evaluation

Briefly list actions recommended to ensure that the project will be implemented as scheduled to achieve development objectives

Reformulations (Donor Committee approved)/Restructuring (if applicable):

- Date of last reformulation of project objectives \_\_\_\_\_ Describe briefly:
- Date of last restructuring of project components \_\_\_\_\_ Describe briefly:

##### Compliance with financial reporting requirements

- Timeliness of submission of audited financial statements
- Qualified opinions given by external auditors
- Observations of financial specialist (include comments on audited financial statements and/or factors affecting development objectives):

Problems in compliance with other important contractual conditions (if applicable)

Corrective measures to address the conditions affecting projects classified as “Yellow flag” and “Red flag” (if applicable)

- Date(s) of the measure(s) \_\_\_\_\_ Describe briefly:

Sustainability issues (if applicable)\* / Indicate whether issues are external or internal to the project:

- Institutional development issues:
- Financial issues:



## MULTILATERAL INVESTMENT FUND



### Annex IV: Semiannual Project Performance Monitoring Report (PPMR)

- **Market constraints:**
- **Other issues that may affect project sustainability:**

Status of cofinanced/parallel operations (if applicable)\*

\* Issues marked with an asterisk should be reflected under "Assumptions" in Sections II and III.



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### Annex IV: Semiannual Project Performance Monitoring Report (PPMR)

#### VI. LESSONS LEARNED

Lessons learned that can be used to improve the design and implementation of other operations:

#### VII. ISSUES AND ACTIONS

<u>Issue</u>	<u>Action</u>	<u>Responsible unit</u>	<u>Date action to be completed</u>	<u>Completed</u>
1.				<input type="checkbox"/>
2.				<input type="checkbox"/>
etc.				<input type="checkbox"/>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Argentina. Nonreimbursable Technical Cooperation ATN/----AR for the Consolidation of  
Wine Tourism

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 Bodegas de Argentina Asociación Civil - BAAC, 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 to contribute to the consolidation of wine tourism in Argentina.

2. That up to the amount of US\$1,030,350, 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.