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MULTILATERAL INVESTMENT FUND

BRAZIL

**PROMOTING CORPORATE SOCIAL RESPONSIBILITY
THROUGH SUPPORT FOR LOCAL PRODUCTIVE INITIATIVES**

(BR-M1030)

DONORS MEMORANDUM

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ABBREVIATIONS

ADL	Agentes de desenvolvimento local [local development workers]
CPFL	Companhia Paulista de Força e Luz [São Paulo Power and Light Company]
CSR	Corporate social responsibility
GEOR	Gestão estratégica orientada para resultados [results-based strategic management]
MME	Ministry of Mines of Energy
PCR	Project completion report
PEU	Program execution unit
PPMR	Project performance monitoring report
SEBRAE-GO	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas em Goiás [Brazilian Micro and Small Enterprise Support Service in Goiás]
SMEs	Small and medium-sized enterprises

BRAZIL
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I. EXECUTIVE SUMMARY

Executing agency:	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas em Goiás [Brazilian Micro and Small Enterprise Support Service in Goiás] (SEBRAE-GO)	
Beneficiaries:	The direct beneficiaries of the project activities will be: (i) associations of small-scale farmers, fishers, harvesters of plants from the Cerrado biome, and associations of tourism-related small businesses; (ii) microenterprises and small businesses that provide nonfinancial services; (iii) organizations of vocational training entities with proven experience in promotion and technical assistance to microenterprise and small business; and (iv) the consultants who attend the training courses.	
Financing:	Modality:	Nonreimbursable (Facility III-A)
	MIF	US\$1,045,000 ¹
	Donor companies	US\$1,000,000
	Executing agency	<u>US\$ 595,800</u>
	TOTAL	US\$2,740,800
Objectives:	<p>The program will support the socioeconomic development of rural areas in the state of Goiás where the Cana Brava and Serra da Mesa hydroelectric power plants are located. The purpose is to support the development of local ventures by small-scale producers and microenterprises in rural Goiás through corporate social responsibility initiatives.</p> <p>These objectives will be pursued through the following components: (i) promotion and dissemination of outcomes; (ii) development of information, content, and training; (iii) technical assistance to small businesses and entrepreneurs; and (iv) development of value added supply chains.</p>	
Execution schedule:	Execution period: 42 months	
	Disbursement period: 48 months	

¹ Includes resources for corporate social responsibility cluster activities.

Special contractual conditions:	As a condition precedent to the first disbursement of Bank resources, the executing agency must have selected the program coordinator.
Environmental/social review:	The Committee on Environment and Social Impact (CESI) reviewed the project at its meeting 04-06 of 27 January 2006 and made no observations.
Exceptions to Bank policy:	None.
Coordination with other international organizations:	None.

II. BACKGROUND

A. Economic conditions in northern Goiás state

- 2.1 The municípios of Minaçu, Cavalcante, Colinas do Sul, Campinaçu, Niquelândia, Uruaçu, Barro Alto, Campinorte, and Santa Rita do Novo Destino in the state of Goiás are generally characterized by a limited range of economic activities and development. These areas are known to have relatively limited population growth compared to the rest of the state of Goiás. With the exception of the mining industry in Minaçu, the principal economic sector in these areas is agriculture and livestock. Aquaculture and tourism have recently shown considerable potential, but remain in the early stages of growth. Opportunities for sustainable harvesting from the Cerrado biome also have economic potential in the region.
- 2.2 The region's agriculture and livestock sector can be described as follows: (i) small holdings are the most common form of land ownership; (ii) most of the soil is nutrient poor with difficult terrain that limits farm and livestock production; (iii) land ownership is beyond the reach of a significant percentage of the rural population, who must therefore work as tenant farmers, sharecroppers, and seasonal farmhands; (iv) rural activities are generally livestock-based; and (v) agricultural activity on nearly all rural properties is limited to small areas of mainly subsistence farming for immediate consumption by the resident families, with only a small fraction of the produce going on to the local market; and (vi) agricultural activity is largely seasonal.
- 2.3 The region can be divided into three subregions that share a set of common features: (i) Minaçu and Campinaçu; (ii) Cavalcante and Colinas do Sul; and (iii) Uruaçu, Niquelândia, Alto de Barro, Campinorte, and Santa Rita do Novo

Destino. Agribusiness and aquaculture are the principal sectors in the Minaçu/Campinaçu subregion. The proximity of the Cavalcante/Colinas do Sul subregion to the Chapada dos Veadeiros national park offers important potential for tourism and agribusiness. The third subregion is more developed with cluster development experience and agribusiness opportunities.

B. Problems in the region

- 2.4 The principal economic activities in this region of Goiás state (agriculture and livestock) are not highly developed, which limits the value added to goods within the supply chains. The entire area is experiencing economic stagnation owing to a lack of skilled and qualified labor, lack of cooperation and interaction among local small-scale producers, and a lack of support services. Many natural resources in the affected areas are either unused (e.g. lake) or underutilized (e.g. land, new technologies) due to a lack of know-how among local producers. The Serviço Brasileiro de Apoio às Micro e Pequenas Empresas em Goiás [Microenterprise and Small Business Support Agency in Goiás] (SEBRAE-GO), the Ministry of Tourism, and the Ministry of Agricultural Development have prepared several regional economic studies of tourism opportunities in the areas of Cavalcante and Colinas do Sul, conducted a water quality analysis of Serra da Mesa Lake, and mapped the areas best suited to agricultural activities.
- 2.5 Despite problems and obstacles, a number of cluster development activities are under way in the region, including nearly 40 rural and urban producer associations and cooperatives. Weaknesses persist, but this important experience can be built upon for business and community partnerships and regional development.

C. Entrepreneurship and corporate social responsibility

- 2.6 Companhia Energetica Meridional (CEM) began development of the Cana Brava hydroelectric power plant in 2000. The investment was financed in part by a US\$75 million Bank loan to Tractebel Energia. The facility is located on the Tocantins River, approximately 50 kilometers downstream from the Serra da Mesa reservoir, on the border between the municípios of Minaçu and Cavalcante in the state of Goiás. The Serra da Mesa hydroelectric plant located south of Minaçu and north of Niquelândia went online in 1998; its investors are Companhia Paulista de Força e Luz [São Paulo Power and Light Company] (CPFL) and Furnas. As part of their corporate social responsibility (CSR) efforts, the large companies operating in the area—Tractebel, CPFL, and Furnas—are interested in supporting local economic development.

D. Proposed program

- 2.7 That being the case, a program that supports local economic activity by stimulating development of business partnerships and value added supply chains across sectors

can play an important role in the local economies. Given the area covered by the two hydroelectric plants of the three participating large companies, the program target area will be the municípios of Minaçu, Cavalcante, Colinas do Sul, Campinaçu, Niquelândia, Uruaçu, Alto de Barro, Campinorte, and Santa Rita do Novo Destino. Based on the distinctive features of the region, the program will focus on agribusiness, tourism, aquaculture, and sustainable harvesting from the Cerrado.

- 2.8 For the Multilateral Investment Fund (MIF), this program provides an interesting opportunity to support production-oriented activities jointly with large companies and could serve as a replicable model for development in other regions. It is the seventh project in the MIF cluster on promoting competitiveness through corporate social responsibility (document MIF/GN-94). It is also the first cluster project to leverage the interest big companies have in supporting activities in local communities.

III. OBJECTIVES AND COMPONENTS

- 3.1 The program will support the socioeconomic development of rural areas in the state of Goiás where the Cana Brava and Serra da Mesa hydroelectric power plants are located. The purpose is to support the development of local ventures by small-scale producers and microenterprises in rural Goiás through corporate social responsibility initiatives.
- 3.2 These objectives will be pursued through the following components: (i) promotion and dissemination of outcomes; (ii) development of information, content, and training; (iii) technical assistance to small businesses and entrepreneurs; and (iv) development of value added supply chains.

Component I. Promotion and dissemination of outcomes (MIF: US\$75,800; Local: US\$0)

- 3.3 The objective of this component is to inform and raise awareness among potential beneficiaries about the opportunities offered under the proposed program. A further objective is to disseminate the outcomes of program activities as a whole. To achieve these objectives, the following activities are planned: (i) development of a program monitoring system; (ii) preparation and publication of informational materials; (iii) an internet portal for the program; (iv) regular meetings for dissemination of outcomes; and (v) conference upon program completion to disseminate outcomes.
- 3.4 Several sector workshops—at least one in each município—are expected to be held at the outset of the program. Participants will include donors, local government representatives from the areas served, and community-based local cooperatives and

associations. Information on program activities will be made available through two events under this component and informational materials produced for program use. The intention is to inform local stakeholders about the program and encourage greater participation through local production-oriented initiatives. In addition, an Internet portal will be set up to support program promotion and information access.

- 3.5 Regular meetings are expected to be held in the second and third years to disseminate outcomes. There will also be a final conference in the last year of the program to disseminate the results. Participants are expected to include the stakeholders, particularly the program beneficiaries, donors, associative institutions, universities, research and development institutions, development banks, and others interested in the model.

**Component II. Development of information, content, and training
(MIF: US\$58,440; Local: US\$0)**

- 3.6 This component has three specific objectives: (i) gather and analyze the available materials to identify suitable economic opportunities for the region (see paragraph 2.4); (ii) perform additional technical analyses to identify new economic activities in the program target area; and (iii) train NGO staff and representatives so as to create a group of qualified consultants who can provide technical assistance to businesses and entrepreneurs.
- 3.7 During the document review and preparation of specific preinvestment studies to identify the comparative advantages and potential opportunities for productive development in each of the nine municipios, efforts and resources will need to be pooled to address the training and technical assistance needs of potential entrepreneurs. It will be especially important to delineate and evaluate competitive strategies for adapting priority local supply chains to serve the identified markets.
- 3.8 To ensure sufficient capacity in the region, the program will include consultant training activities aimed at creating a local network of consultants who can provide services to local private business ventures undertaken by microenterprises, local communities, disadvantaged groups, and others. The training courses will cover the following topics: (i) local development; (ii) moderation techniques and participatory planning; (iii) fundamentals of business, partnering, and social entrepreneurship; and (iv) structures for business plans and fund-raising. Participants will be required to have prior entrepreneurial training in order to be eligible for the courses. This component is expected to provide training for at least 20 consultants, as well as the program staff.

Component III. Technical assistance to microenterprises and small businesses (MIF: US\$101,260; Local: US\$68,040)

- 3.9 The specific objective of this component is to provide direct technical assistance to groups of local entrepreneurs in certain sectors, in order to provide them with specialized skills and stimulate local economic development. This component will include training in the EMPRETEC methodology for producers and direct technical assistance to individual small businesses, provided by the consultants trained under component II.
- 3.10 Training courses in the EMPRETEC methodology will be held at least twice a year in each of the program subregions (see Annex X). This methodology, which focuses on developing entrepreneurial skills of individuals, includes a two-week course intended to identify and strengthen the behaviors needed for successful entrepreneurship.
- 3.11 Technical assistance under this component may include the following services: (i) financial and business administration advisory services; (ii) technical advisory services related to farming, ranching, tourism, and sustainable industry; (iii) support for clustering and cluster development; and (iv) assistance in obtaining financing. Consultants for technical assistance will be identified, selected and hired based primarily on the consultant qualifying process and criteria used by SEBRAE-GO.²
- 3.12 To make it easier for interested microenterprises and small businesses to participate in the program, three subregional offices will be set up under this component (see paragraph 2.7) to serve the municipios. To that end, the program will seek opportunities to partner with other entities and utilize existing infrastructure and know-how.

Component IV. Development of value added supply chains (MIF: US\$684,200; Local: US\$1,147,000)

- 3.13 This is the program's key component, focused on development support for specific projects in various communities and associations in the program target areas.
- 3.14 As a way of supporting interesting ideas from proponents in the region, technical assistance will be provided for the design and preparation of potential projects in accordance with program guidelines. In order to receive support for potential projects under the program, business ideas and the project's proponents must meet the following basic criteria in advance: (i) the principal proponent must be a legal entity; (ii) at least ten entrepreneurs must be involved; (iii) the project must be

² The process has three steps: (i) registration of candidates through the SEBRAE-GO website; (ii) selection process; and (iii) contract delivery. The selection process has four elimination stages: (i) résumé review; (ii) evaluation of specialized knowledge in each area through written testing; (iii) evaluation of behavior and attitude; and (iv) individual interview when possible (see Annex IX for further details).

- economically, financially, and socioenvironmentally viable; (iv) the project must be significant in terms of value added to supply chains and in terms of selected economic activities; (v) potential number of beneficiaries; and (vi) anticipated general impact. No fewer than 30 project plans are expected to be prepared for consideration as a result of this activity.
- 3.15 The purpose of this component is to select and implement the best projects proposed for consideration under the program. In addition to the criteria given in the preceding paragraph, the projects must: (i) represent a viable business model with genuine growth opportunities for the participating producers; (ii) involve numerous producers as participants; (iii) comply with the environmental exclusion list and other environmental requirements of the program (see the Operating Regulations in Annex IV); (v) identify and confirm beneficiary resources (at least 20% of the project total); (vi) have a clear timetable for disbursement of resources based on properly identified deliverables (in other words, results-based disbursements), and (vii) have clear, quantifiable indicators that can be used for monitoring and evaluation.
- 3.16 To be eligible for financing under the program (specifically, resources from the three large company donors), projects must also meet the following financial criteria: (i) the financing for any project may not exceed 80% of the total project amount, up to a maximum of US\$50,000, although the average support under the program will be US\$35,000; (ii) to be eligible for consideration, project amounts must be at least US\$20,000; and (iii) project execution and disbursement periods must not exceed 12 months. The project plans will provide for completion before the end of the overall program execution period. To ensure project diversity, no more than 40% of the supported projects may be in any single subregion, and no more than 40% in the same sector (e.g. agribusiness, sustainable harvesting, aquaculture, and tourism).
- 3.17 The project plan will include the following minimum details and information: (i) details on the project's proponent and participants, their relevant experience, and their human and financial resources; (ii) general description of the value chain and participants; (iii) number of participating producers and specific details about the products and services to be provided; (iv) specific objectives of the proposed project and details on the proposed activities and timetable; (v) expectations about outcomes, indicators and other measurement factors, and the monitoring plan; (vi) clear benchmarks and deliverables that can be used for project disbursements; and (vii) information on financial contributions, including a breakdown of the program resources. Once the project plan has been prepared, the program coordinator will submit it (see paragraph 5.2) to the Advisory Council for approval (see paragraph 5.3).
- 3.18 At least 20 value chain projects are expected to receive support by program completion. Each will receive training and support from a consultant hired to

strengthen entrepreneurial aspects of the projects using the EMPRETEC methodology. The technical assistance may also include the following activities: (i) business consulting and management support in areas such as accounting, human resources, negotiation, and all other general administrative activities; (ii) technical assistance to enhance productivity and introduce new equipment and technology; (iii) support for facilitating communication and interaction among entrepreneurs and local stakeholders; and (iv) assistance to project beneficiaries in the preparation of all project reports (midterm and final). Disbursements for projects will be made against specific deliverables identified in advance in the project plan (results-based disbursements).

- 3.19 The program will also include resources for hiring consultants to evaluate project outcomes and impact, taking the opportunity to explore synergies among projects.

IV. COST AND FINANCING

- 4.1 The estimated project cost is US\$2,740,800. The MIF will contribute US\$1,045,000 in nonreimbursable resources under Facility III-A. The three companies (Tractebel Energia, CPFL, and Furnas) have agreed to contribute US\$1,000,000 in cash, and the executing agency will contribute US\$595,800.

Budget (in US\$)					
Components	MIF	SEBRAE-GO	Companies	Total	%
1. Promotion and dissemination of outcomes	75,800	--	--	75,800	2.8
2. Development of information, content, and training	58,440	--	--	58,440	2.2
3. Technical assistance to small businesses and entrepreneurs	101,260	68,040	--	169,300	6.2
4. Development of value added supply chains	684,200	147,000	1,000,000	1,831,200	67.4
5. Project management	47,400	380,760	--	428,160	15.8
6. Monitoring and evaluation	48,000	--	--	30,000	1.8
7. Financial audits	20,000	--	--	20,000	0.7
8. Contingencies	84,900	--	--	84,900	3.7
Subtotal	1,120,000	595,800	1,000,000	2,715,800	100.0
Percentage	41%	22%	37%	100%	
Cluster activities	25,000	--	--	25,000	
TOTAL	1,045,000	595,800	1,000,000	2,740,800	

- 4.2 The US\$25,000 equivalent for MIF cluster monitoring will be managed by the Bank and used for activities related to the corporate social responsibility cluster, in accordance with document MIF/GA-14-1. That amount will be deducted from the

amount of the contribution as of the effective date of the letter of agreement for the technical cooperation operation, with no requirement for a disbursement request from the executing agency.

- 4.3 **Sustainability.** The program seeks to create conditions in the local communities for ongoing access to market opportunities. Efforts to strengthen local capacity are intended to teach the skills to ensure the future sustainability of the projects supported in Component IV. This program will serve as a model for other communities located near hydroelectric plants. Brazil's Ministry of Mines and Energy (MME) has expressed its intention to use this as a demonstration program for other large companies interested in supporting nearby communities.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

A. Executing agency

- 5.1 The executing agency will be Serviço Brasileiro de Apoio às Micro e Pequenas Empresas em Goiás [Brazilian Micro and Small Enterprise Support Service in Goiás] (SEBRAE-GO), which will be responsible for general project coordination including institutional coordination and monitoring of activities and outcomes. SEBRAE-GO was founded as a Goiás state government agency, but in 1991 was converted to a separate private, nonprofit institution dedicated to supporting the development of microenterprises and small businesses in order to improve the skills and expertise of public and private stakeholders in Goiás state. It is well-known to local public and private entities. Its organizational structure consists of a board whose members are representatives of the business sector such as the Goiás Microenterprise and Small Business Association (AGPE), the Federation of Commercial, Industrial, and Agricultural Associations of the State of Goiás (FACIEG), the Agriculture and Livestock Federation of Goiás (FAEG), the Federation of Chambers of Commerce of the State of Goiás (FCDL), the Federation of Commerce (FECOMERCIO), and the Federation of Industries of the State of Goiás; the Brazilian government (Banco do Brasil, CAIXA, Federal University of Goiás); and the state government (Goiás Development Agency, Science and Technology Council, Department of Planning and Development). SEBRAE-GO has a total of 98 staff, and its annual budget was US\$17.2 million in 2004. Its principal source of revenue is the National Social Security Institute (INSS), earmarked as 0.6% of the wages paid by companies on behalf of their employees.

B. Execution mechanism

- 5.2 The program execution unit (PEU) will have a full-time coordinator, an administrative assistant, and a financial assistant. The coordinator will be responsible for such coordination activities as: (i) development of action plans; (ii) organization of consulting services and technical assistance; (iii) the relationship

with the Bank and preparation of regular reports and other required information; and (iv) duties as secretary of the Advisory Council. The assistant will handle administrative duties for the project with assistance from an accountant and other financial and administrative support staff of SEBRAE-GO.

- 5.3 The program will have an Advisory Council made up of the large company donors and major stakeholders including the Ministry of Mines and Energy (MME), SEBRAE-GO, the national arm of SEBRAE, Tractebel Energia, CPFL, Furnas, the Ministry of Fisheries, and the Ministry of Agricultural Development. The National Association of Dam Displacees (ANAB) will participate as an observer. The Advisory Council's responsibilities will be: (i) to oversee program execution; (ii) to review semiannual reports and activity plans; and (iii) to select the projects for support under Component IV.
- 5.4 **Execution period.** The program execution period should be 42 months, and the disbursement period 48 months. A revolving fund of up to the equivalent of 10% of the MIF funds will be established, to ensure sufficient funding for project execution.
- 5.5 **Program readiness.** Agreement has been reached on the project objectives, components, and activities. The three participating companies (Tractebel Energia, CPFL, and Furnas) will sign letters of commitment for their contribution to the project as a condition precedent to submission of the project to the Donors Committee (see Annex VII).
- 5.6 **Procurement.** The coordination unit will procure consulting services for the program in accordance with applicable Bank procedures as set forth in the Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-6). The consulting services will be carried out by individual consultants selected on the basis of quality and cost using any of the competitive methods described in the policy. Selection and contracting processes for amounts under US\$30,000 will be subject to Bank post review, with the exception of the first three procurements, which will be subject to prior review. The procedures must ensure a transparent, competitive process that results in the lowest costs.³ Procurement of goods for the program will be conducted in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (GN-2349-6). The proposed Procurement Plan is included in the technical files and will be reviewed annually.

³ The selection and contracting procedures applicable to consulting firms for amounts under US\$30,000 equivalent will be the same as those applicable to individual consultants.

VI. BENEFITS AND RISKS

- 6.1 **Benefits.** The program seeks to promote sustainable development in the target region. The training and technical assistance phase will be geared toward the participation of microenterprises, small businesses, and communities in the region, with the following anticipated benefits: (i) identification and development of market opportunities; (ii) training in entrepreneurship and business management; (iii) technical assistance for organizing production; (iv) direct support for specific projects in supply chains that will benefit the participants and their communities; and (v) encouragement for cluster development and business networks within supply chains.
- 6.2 In view of the anticipated benefits, the program is expected to become a new regional benchmark for development in the region. As a related benefit, the program is expected to strengthen the institutional fabric of the region, laying the foundation for sustainable community support. And lastly, the program is expected to serve as an interesting model of corporate social responsibility and corporate involvement with government agencies to promote development in a specific region.
- 6.3 **Beneficiaries.** The direct beneficiaries of the project activities will be: (i) associations of small-scale farmers, fishers, harvesters of plants from the Cerrado biome, and associations of tourism-related small businesses; (ii) microenterprises and small businesses that provide nonfinancial services; (iii) organizations of vocational training entities with proven experience in promotion and technical assistance to microenterprise and small business; and (iv) the consultants who attend the training courses.
- 6.4 **Risks.** Two main risks have been identified in the program. First, there is a risk of insufficient capacity among the associations and other local entities to propose projects under Component IV. To mitigate this risk and ensure a critical mass of potential projects to support, the program includes other training and technical assistance activities aimed at strengthening local capacity. Second, there is a risk that the various parties involved in the project will not maintain their interest and support. To mitigate this risk by ensuring these parties' close coordination and involvement, the project will have an advisory council.

VII. MONITORING AND EVALUATION

A. Monitoring and supervision

- 7.1 The Bank's Country Office in Brazil will be responsible for project monitoring and supervision. SEBRAE-GO, acting through the PEU, will deliver semiannual status reports to the Country Office in accordance with the Bank's standard reporting

requirements. A closing workshop will be scheduled for the end of program execution to assess outcomes and actions needed to enhance program impact.

- 7.2 The Office of the MIF will draw on the budget line item for cluster activities to cover the costs of the workshops included in the clusters, finance executing agency staff attendance at the events, hire a technical advisor, and perform other related activities. The technical advisor will provide assistance to all of the executing agencies for the cluster operations and will also help with monitoring and data gathering for the MIF.

B. Evaluations

- 7.3 The Bank will work with the executing agency to hire a consultant to perform evaluations and develop the indicator baselines and outcome monitoring system at the outset of the project. This consultant will attend the closing workshop. Two evaluations will be done: the first once 50% of the resources have been disbursed; and the second, three months before the end of project execution. For the midterm evaluation, the consultant will assess: (i) the participation of the local offices in the program; (ii) the number and quality of initiatives submitted under Component IV; and (iii) the level of satisfaction of the participating microenterprises and small businesses. Based on the assessment findings, recommendations will be made for adjustments to the logical framework and for the use of the remaining funds. For the final evaluation, the consultant will address: (i) the outcomes and impact of the initiatives supported under Component IV; (ii) the benefits received by the participating microenterprises and small businesses; and (iii) the geographic coverage of the project activities.
- 7.4 Based on the indicators in the logical framework and the project reports, the evaluations will determine whether there was any significant disparity in the execution of the activities, recommend corrective measures, and emphasize lessons learned and ways to share them with other projects.

VIII. ENVIRONMENT AND SOCIAL IMPACT

- 8.1 The Committee on Environment and Social Impact (CESI) reviewed the project at its meeting 04-06 of 27 January 2006 and made no observations.

BRAZIL
PROMOTING CORPORATE SOCIAL RESPONSIBILITY THROUGH SUPPORT FOR LOCAL PRODUCTIVE INITIATIVES
(BR-M1030)
LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
GOAL			
To support the socioeconomic development of rural areas in the state of Goiás where the Cana Brava and Serra da Mesa hydroelectric power plants are located.	Three years after project completion: 1. 40% of ventures remain active 2. Approximately 30% increase in the employment rate in the program target areas	Statistics from monitoring the program beneficiaries in relation to baselines	The macroeconomic scenario is not greatly changed
PURPOSE			
<p>To support the development of local ventures by small-scale producers and microenterprises in rural Goiás through corporate social responsibility initiatives.</p> <p>The following municípios are included: Minaçu, Cavalcante, Colinas do Sul, Campinaçu, Niquelândia, Uruaçu, Barro Alto, Campinorte, and Santa Rita do Novo Destino.</p>	<p>By program end:</p> <ul style="list-style-type: none"> - 20 ventures undertaken via projects financed by the program (400 families), at least 75% of which show satisfactory performance indicators and favorable sustainability prospects - At least three supply chains established in the region, directly benefiting 1,000 rural families - At least 80% of families directly benefited by the program say they are satisfied with the assistance received 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency 2. Reports on the midterm and final project evaluations 3. Baseline information for each venture and program target area 4. Reports of the management control and monitoring systems 5. Project performance monitoring report (PPMR) and project completion report (PCR) 6. SEBRAE monitoring system: Gestão estratégica orientada para resultados [results-based strategic management] (GEOR) 	<ol style="list-style-type: none"> 1. The beneficiaries continue to participate actively in the program and use instruments and techniques learned 2. Technical support continues from SEBRAE and other entities currently supporting local productive initiatives in Brazil 3. Access to credit and financing continues to be available 4. Basic physical and social infrastructure is available to meet existing demand of beneficiaries

Narrative summary	Indicators	Means of verification	Assumptions
COMPONENTS			
I. Promotion and dissemination of outcomes	<p>By the end of program month 6:</p> <p>1.1 Project management and monitoring system implemented</p> <p>1.2 9 sector workshops held</p> <p>1.3 3 workshops held with vulnerable communities</p> <p>1.4 Cana Brava/Serra da Mesa Web portal up and running</p> <p>By the end of program month 12:</p> <p>1.5 At least 450 potential beneficiaries (microenterprises, small businesses, entrepreneurs, associations, and cooperatives) show interest in program participation</p> <p>By the end of program month 36:</p> <p>1.6 At least 1,000 beneficiaries (microenterprises, small businesses, entrepreneurs, associations, and cooperatives) show interest in program participation</p> <p>1.7 At least 10 support institutions are associated with the project, with or without a contractual relationship (local associations, Ministry of Fisheries, Ministry of Tourism, Ministry of Agricultural Development, local and state governments, the Brazilian Agricultural Research Corporation (EMBRAPA), Agência Rural, and others)</p> <p>By program end:</p> <p>1.8 Final conference is held with presentations of success stories</p>	<p>1. Semiannual project reports prepared by the executing agency</p> <p>2. Agreements between SEBRAE-GO and institutions associated with the project</p> <p>3. Informational products from awareness campaigns</p> <p>4. Statistical record of visits to Web portal.</p> <p>5. PPMR and PCR</p> <p>6. Midterm evaluation</p>	<p>1. The trend for target beneficiaries to become entrepreneurs continues</p> <p>2. Qualified, motivated staff are available to work with beneficiaries in the 9 municípios</p>

Narrative summary	Indicators	Means of verification	Assumptions
II. Development of information, content, and training	<p>By the end of program month 12:</p> <p>2.1 At least 15 professionals, including 3 local development officers, trained to provide technical assistance to entrepreneurs</p> <p>2.2 At least 4 local supply chains (aquaculture, tourism and craft industries, sustainable harvesting, and agribusiness) have been evaluated for market readiness</p> <p>2.3 Investment opportunity studies have been done for 4 supply chains, with participation by local institutions and entrepreneurs</p> <p>By the end of program month 36:</p> <p>2.4 Network of local consultants formed and available on the program portal</p>	<ol style="list-style-type: none"> 1. Database of studies and evaluations 2. Teaching materials prepared for courses 3. Evaluations of course outcomes 4. Semiannual project reports prepared by the executing agency 	<ol style="list-style-type: none"> 1. Studies and evaluations are accurate 2. Content is well suited to training needs 3. Trainers are selected against a task-appropriate profile
III. Technical assistance to microenterprises, small businesses, and entrepreneurs	<p>By the end of program month 12:</p> <p>3.1 3 local centers to serve the nine municipios established in Uruaçu, Minaçu, and Cavalcante with support from local institutional partners</p> <p>3.2 At least 120 local entrepreneurs and rural producers trained through the EMPRETEC courses</p> <p>3.3 At least 10 groups of local entrepreneurs are being served (15 participants/group) through thematic/direct technical assistance workshops</p> <p>3.4 At least 1 producer association in a vulnerable community receiving direct technical assistance, directly benefiting some 50 families</p> <p>3.5 At least 3 groups of local entrepreneurs and rural producers (averaging 20 participants/group) identified and receiving technical support to implement a cluster production model</p>	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency 2. Reports of the management control and monitoring systems 3. Midterm evaluation 4. Evaluation of satisfaction level of program trainees 5. Evaluation of satisfaction level of entrepreneurship trainees 6. Reports of the technical specialists/consultants who give the technical/managerial and direct technical assistance workshops 7. Business plans 8. PPMR and PCR 	<ol style="list-style-type: none"> 1. Entrepreneurs remain committed to program participation 2. Businesses and entrepreneurs are willing to make economic resources available on a counterpart basis for the services 3. Consultants and instructors are available for local operations

Narrative summary	Indicators	Means of verification	Assumptions
	<p>By the end of program month 24:</p> <p>3.6 At least 180 local entrepreneurs and rural producers trained through the EMPRETEC courses</p> <p>3.7 At least 20 groups of local entrepreneurs are being served (15 participants/group) through thematic/direct technical assistance workshops</p> <p>3.8 At least 2 producer associations in vulnerable communities receiving direct technical assistance, directly benefiting some 100 families</p> <p>3.9 At least 6 groups of local entrepreneurs and rural producers (averaging 20 participants/group) identified and receiving technical support to implement a cluster production model</p> <p>By the end of program month 36:</p> <p>3.10 At least 200 local entrepreneurs and rural producers trained through the EMPRETEC courses</p> <p>3.11 At least 30 groups of local entrepreneurs are being served (15 participants/group) through thematic/direct technical assistance workshops</p> <p>3.12 3 producer associations in vulnerable communities receiving direct technical assistance, directly benefiting some 150 families</p> <p>3.13 At least 9 groups of local entrepreneurs and rural producers (averaging 20/group) producing jointly and organized into clusters. At least 3 of the 9 groups are selected as pilot projects for the program (C4)</p>		

Narrative summary	Indicators	Means of verification	Assumptions
	<p>By program end:</p> <p>3.14 At least 35 sector groups of local entrepreneurs are being served by the technology/direct technical assistance workshops</p>		
<p>IV. Development of value added supply chains</p>	<p>By the end of program month 12:</p> <p>4.1 1 informational event held in each of the 9 eligible municipios to encourage proposal submissions</p> <p>4.2 At least 18 proposals received, 6 receive support for business plan development, and 3 pilot projects selected by the Advisory Council</p> <p>By the end of program month 24:</p> <p>4.3 A second informational event held in each of the 9 eligible municipios to encourage proposal submissions</p> <p>4.4 At least 90 proposals received, 30 receive support for business plan development, and 18 pilot projects selected by the Advisory Council</p> <p>4.5 At least 18 business plans prepared using the EMPRETEC methodology and being implemented with program technical assistance</p> <p>By the end of program month 36:</p> <p>4.6 At least 20 business plans prepared using the EMPRETEC methodology</p> <p>4.7 At least 20 pilot projects in execution with program technical assistance</p> <p>By program end:</p> <p>4.8 Growth of at least 20 pilot ventures being supported</p>	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency 2. Reports of the management control and monitoring systems (GEOR) 3. Methodology and outcomes of entrepreneurial activities and technical assistance published as “Success Stories” 4. Evaluation of satisfaction level of entrepreneurs involved in the pilot projects 5. Midterm and final evaluations 6. Consultant reports 7. PPMR and PCR 	<ol style="list-style-type: none"> 1. Entrepreneurs remain committed to program participation 2. Consultants and instructors are available for local operations

Narrative summary	Indicators	Means of verification	Assumptions
ACTIVITIES			
<p>1 Component I. Promotion and dissemination of outcomes</p> <ul style="list-style-type: none"> - Coordination and awareness-building - Participatory identification of demand in 3 vulnerable communities - Sector workshops in each of the 9 municipios - Workshops with 3 selected vulnerable communities - Preparation and publication of informational materials - Cana Brava/Serra da Mesa Web portal - Final conference to disseminate outcomes 	<p>Before program month 3:</p> <ul style="list-style-type: none"> - At least 2 awareness-building activities completed in each of the 9 municipios - Outreach materials prepared and disseminated in the 9 municipios for beneficiary groups - At least 1 rapid rural appraisal completed with a vulnerable community - Cana Brava/Serra da Mesa Web portal developed <p>After program month 6:</p> <ul style="list-style-type: none"> - 1 sector workshop held in each of the 9 municipios - 3 workshops held with selected vulnerable communities <p>After program month 30:</p> <ul style="list-style-type: none"> - First regular meeting held to disseminate outcomes - Cana Brava/Serra da Mesa Web portal covering at least 4 supply chains in the region <p>After program month 36:</p> <ul style="list-style-type: none"> - Outreach materials organized and consolidated into a publication for launch at the final conference - Final conference held to disseminate outcomes 	<ol style="list-style-type: none"> 1. Semiannual project reports 2. Records of visits and meetings 3. Publications and outreach materials produced 4. Web portal up and running 	<ul style="list-style-type: none"> - The trend for target beneficiaries to become entrepreneurs continues - Qualified, motivated staff are available to work with beneficiaries in the 9 municipios

Narrative summary	Indicators	Means of verification	Assumptions
<p>2 Component II. Development of information, content, and training</p> <p>2.1 Evaluations to develop and refine entrepreneurial activities</p> <ul style="list-style-type: none"> - Harmonization and consolidation of information and content for local production-oriented activities - Rapid market readiness assessment of local supply chains - Feasibility study for aquaculture activity - Analysis for tourism-related activities and craft industries - Identification, evaluation, and development of existing sustainable production systems compatible with local rural conditions - Publication of studies and analysis <p>2.2 Training of professionals to provide technical assistance to entrepreneurs</p> <ul style="list-style-type: none"> - Identification, recruitment, and selection of professionals to work on the project - Introductory project training for local development workers (ADLs) and program execution unit (PEU) - Proficiency training for consultants, module 1-3 	<p>By the end of program month 2:</p> <ul style="list-style-type: none"> - Consultant hired in collaboration with SEBRAE-GO has harmonized and consolidated the available information on productive activities in the 9 municipios - Project team trained <p>By the end of program month 6:</p> <ul style="list-style-type: none"> - Consultant hired in collaboration with SEBRAE-GO has completed the rapid market readiness assessment of local supply chains - Consultants hired in collaboration with SEBRAE-GO have completed 3 preinvestment studies on selected sectors involving potential beneficiaries - Teaching materials prepared by the instructors - 2 training events held for the ADLs, PEU, and consultants <p>By the end of program month 12:</p> <ul style="list-style-type: none"> - 2 additional training events held for consultants and PEU 	<ol style="list-style-type: none"> 1. Semiannual project reports 2. Published document containing studies and analyses 3. Teaching materials produced 4. Documents with records and evaluations of completed training courses 5. Reports produced by the consultants and local development workers 	<ul style="list-style-type: none"> - Partner company input and participation are sufficient in making information available and providing economic resources - Training course content meets the specifications and needs of beneficiaries in the project target area

Narrative summary	Indicators	Means of verification	Assumptions
<p>3 Component III: Technical assistance to microenterprises, small businesses, and entrepreneurs</p> <ul style="list-style-type: none"> - Organization of three local centers - Entrepreneurship training using the EMPRETEC methodology - Thematic/direct technical assistance workshops for sector groups of local entrepreneurs and rural producers - Basic entrepreneurship training and technical assistance for 3 producer associations in selected vulnerable communities 	<p>By the end of program month 3:</p> <ul style="list-style-type: none"> - 1 classroom training activity in entrepreneurship held in each of the 9 municipios <p>By the end of program month 6:</p> <ul style="list-style-type: none"> - Selected consultants who participated in proficiency training are providing direct technical assistance to sector groups of beneficiaries <p>After program month 24:</p> <ul style="list-style-type: none"> - Classroom training activities in entrepreneurship continue - Systematic direct technical assistance to sector groups of beneficiaries in the 9 municipios continuing <p>By the end of program month 42:</p> <ul style="list-style-type: none"> - Direct technical assistance network organized to serve groups of local entrepreneurs, involving SEBRAE-GO and other institutions 	<ol style="list-style-type: none"> 1. Number of associations, businesses, and entrepreneurs involved in the project 2. Consultant contracts 3. Consultant reports 4. Evaluation of training activities 	<ul style="list-style-type: none"> - Entrepreneurs remain committed to program participation - Businesses and entrepreneurs are prepared to make economic resources available on a counterpart basis for the services - Consultants and instructors are available for local operations
<p>4 Component IV: Development of value added supply chains</p> <ul style="list-style-type: none"> - Public information events and calls for proposals - Project designs: receipt and development of proposals - Selection and implementation of projects - Monitoring and support of pilot-project entrepreneurs 	<p>By the end of program month 12:</p> <ul style="list-style-type: none"> - 3 pilot project identified, selected, and in execution <p>By the end of program month 24:</p> <ul style="list-style-type: none"> - 15 pilot projects identified, selected, and in execution <p>By the end of program month 36:</p> <ul style="list-style-type: none"> - 20 pilot projects identified, selected, and in execution 	<ol style="list-style-type: none"> 1. Business plans prepared and approved 2. Agreements with proponent-beneficiaries 3. Consultant reports 4. Accounting records 	<ul style="list-style-type: none"> - Specialized technical consultants are available and willing to work in the region - Technical assistance for the pilot projects is contracted in a timely manner

ITEMIZED BUDGET SUMMARY
BRAZIL
PROMOTING CORPORATE SOCIAL RESPONSIBILITY
THROUGH SUPPORT FOR LOCAL PRODUCTIVE INITIATIVES
(BR-M1030)

COMPONENT	MIF	SEBRAE	SEBRAE-GO		COMPANIES		TOTAL	
		National	Financial	Economic	Financial	Economic	US\$	%
Component I: Promotion and dissemination of outcomes	75,800		0	0	0	0	75,800	2.8%
Component II: Development of information, content, and training	58,440		0	0	0	0	58,440	2.2%
Component III: Technical assistance to microenterprises, small businesses, and entrepreneurs	101,260		0	68,040	0	0	169,300	6.2%
Component IV: Development of value added supply chains	684,200		0	147,000	1,000,000	0	1,831,200	67.4%
Contingencies	84,900	0	0	0	0	0	84,900	3.1%
SUBTOTAL	1,004,600	215,040	215,040		1,000,000		2,219,640	81.7%
Project management and administration (09 municipios - 42 months)	47,400		0	380,760	0	0	428,160	15.8%
Monitoring and evaluation (M&E)	48,000		0	0	0	0	48,000	1.8%
Financial audits	20,000		0	0	0	0	20,000	0.7%
GRAND TOTAL	1,120,000		595,800		1,000,000		2,715,800	100.0%

RELATED PROJECTS

BRAZIL

PROMOTING CORPORATE SOCIAL RESPONSIBILITY THROUGH SUPPORT FOR LOCAL PRODUCTIVE INITIATIVES (BR-M1030)

A. Similar or related MIF projects in Brazil

None.

B. Similar or related Bank projects in Brazil

None.

C. MIF corporate social responsibility cluster projects

Project number / date of approval	Title of project, executing agency, and amount	Date of signing and original disbursement period in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing agency change, etc.
ATN/ME-8381-RG 30 July 2003	Promoción de la Responsabilidad Social Empresarial Promoting Corporate Social Responsibility Fundación Acción Empresarial \$1,100,000	15 October 2003 36 months	53%	Recent contracting completes the development phase of the management model, training of experts and methodologies for working with SMEs, triggering the “SME intervention” phase that began in the first quarter of 2006. The SME intervention model was established at a regional coordination meeting held in November 2005 in Washington, D.C.

Project number / date of approval	Title of project, executing agency, and amount	Date of signing and original disbursement period in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing agency change, etc.
ATN/ME-8529-CH 3 December 2003	Adopción de responsabilidad social empresarial en pequeñas y medianas empresas. Adoption of Corporate Social Responsibility Practices in Small and Medium Enterprises (SMEs) Pontificia Universidad Católica de Valparaíso \$1,250,000	1 March 2004 52 months	25%	The Metallurgical Industry Association (ASIMET) formally joined the program in the second half of 2005 and will begin operating in March 2006 as the fourth intervention sector. It can be used as a platform for intervention with the Antofagasta Manufacturers Association in February 2006.
ATN/ME-8864-ME 22 September 2004	Implementación de Medidas de Responsabilidad Social Empresarial en Medianas y Pequeñas Empresas en la Cadena de Valor. Implementing Corporate Social Responsibility Measures in Small and Medium Enterprises in the Value Chain Universidad ANAHUAC \$1,275,000	28 September 2004 39 months	19%	Six companies in four different sectors have committed. Four have already signed the agreement and made their cash contributions for at least the first year. In the last quarter of the year there will be five projects, each involving a key company and ten SMEs in its value chain. The action plans to be drawn up for the SMEs will incorporate the increase in basic CSR indicators.
ATN/ME-8975-CO 1 December 2004	Programa Incorporación de Prácticas de Responsabilidad Social Empresarial en las Pequeñas y Medianas Empresas Colombianas. Program to Institute Corporate Social Responsibility Practices in Colombian Small and Medium-Sized Enterprises	30 November 2005 48 months	4%	In the process of meeting the conditions precedent to disbursements. The identified assumptions remain high.

Project number / date of approval	Title of project, executing agency, and amount	Date of signing and original disbursement period in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing agency change, etc.
	Confederación Colombiana de Cámaras de Comercio \$1,160,000			
ATN/ME-9332-BR 3 August 2005	Implementación de medidas de Responsabilidad Social Empresarial en PyMEs Implementation of corporate social responsibility measures in SMEs Instituto ETHOS de Empresa e Responsabilidade Social \$1,345,000	26 October 2005 36 months	10%	The conditions precedent have been fulfilled, and project activities will soon begin.
ATN/ME-9542-PR 30 November 2005	Incorporando prácticas de responsabilidad social empresarial entre PyMEs Instituting corporate social responsibility practices in SMEs Asociación de Empresarios Cristianos \$359,450	N/A 42 months	0%	The signing of the agreement is in process.
ATN/ME-8873-RG ATN/ME-8874-RG ATN/ME-8875-RG ATN/ME-8876-RG 22 September 2004	Modelo de mentoría para el desarrollo de emprendedores jóvenes Mentoring model for development of young entrepreneurs \$4,300,000	23 February 2005 54 months	16%	The project has fulfilled the conditions precedent and is in its initial stage. Classification is generally satisfactory.