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MULTILATERAL INVESTMENT FUND

**BRAZIL**

**IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY  
MEASURES IN SMALL AND MEDIUM-SIZED ENTERPRISES**

**(BR-M1023)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of: Daniel Shepherd (MIF/OPS), Project Team Leader; Ismael Gilio (COF/CBR); Maritza Vela (MIF/OPS); Antonio Gaspar (MIF/DEU); Paula Giraldez (LEG); and Milena Gaviria (MIF/OPS), who assisted in the production of the document.

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## **ABBREVIATIONS**

CESI	Committee on Environment and Social Impact
CSR	Corporate social responsibility
EA	Executing Agency
LE	Large Enterprise
MDGs	Millennium Development Goals
NGO	Nongovernmental organization
SMEs	Small and medium-sized enterprises

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**I. EXECUTIVE SUMMARY**

<b>Executing agency:</b>	Instituto Ethos de Empresas e Responsabilidade Social (Instituto Ethos)
<b>Beneficiaries:</b>	The direct beneficiaries of the project include: (i) at least 120 small and medium-sized enterprises (SMEs) that participate in value chains; and (ii) at least another 680 SMEs that are made aware of the benefits of corporate social responsibility (CSR). The indirect beneficiaries of the project are: (i) change agents supported in their work to improve the environment for CSR; and (ii) consumers and society in general benefited by the availability of goods and services produced in a socially responsible manner. In addition, the eight Key Enterprises providing financial resources and their employees' time will be benefiting indirectly from the project.
<b>Financing and resources:</b>	Method: Nonreimbursable (Small Enterprise Development Facility-III-A)  MIF: US\$1,345,000* Local contribution: <u>US\$1,320,000</u> Total: US\$2,665,000
<b>Objective:</b>	The general objective of the project is to increase the competitiveness and sustainability of Brazilian businesses, especially SMEs, and expand their market opportunities, while contributing to the country's sustainable development. The purpose of the project is to implement corporate social responsibility practices in the SMEs that belong to value chains in selected strategic economic sectors.
<b>Execution timetable:</b>	Execution period: 36 months Disbursement period: 42 months
<b>Environmental and social review:</b>	The Committee on Environment and Social Impact (CESI) reviewed and approved the project summary at its 21-05 meeting on 27 May 2005. It recommended that participating SMEs be selected based on an additional criterion, regarding their commitment to comply with laws that include environmental and social regulations (see paragraph 3.10).
<b>Special contractual conditions:</b>	As a condition precedent to the first disbursement of the contribution, the executing agency will sign commitment agreements with at least six of the Key Enterprises.
<b>Other international agency initiatives:</b>	The project will use a tool for gauging the competitiveness gains of the enterprises that was developed with participation by the International Finance Corporation (IFC) (see paragraph 2.4).

\* Includes support for CSR cluster activities.

## II. BACKGROUND

### A. Corporate social responsibility

- 2.1 Corporate social responsibility (CSR) is defined as business behaviors based on ethical values and principles of transparency that include a strategy for continuous improvement in the relationship between the enterprise and its stakeholders, such as customers, suppliers, partners, consumers, the environment, communities, government, and society in general. It pertains to a business strategy focused on enhancing profitability, competitiveness, and sustainability, as part of a new sustainable development model. The CSR concept may incorporate human rights, anticorruption measures, the environment, labor conditions, and community-based activities through partnerships with civil society organizations.

### B. CSR in Brazil

- 2.2 In 1998, a group of entrepreneurs decided to form the *Instituto Ethos de Empresas e Responsabilidade Social* as a nonprofit organization whose strategy is to assist businesses to incorporate social responsibility measures in their day-to-day activities. Ethos is a pioneer in this field, not only in Brazil, but in Latin America in general. Today Ethos has more than 1,000 member companies, which together account for over 30% of the country's GDP, and approximately 1.3 million workers. The members of Ethos include eight industry federations, 33 associations and NGOs, seven media organizations, and 45 institutions of higher learning.
- 2.3 The growth of Ethos reflects the expansion of CSR in Brazil, which has intensified in the last five years. Consumer awareness of CSR has increased significantly, especially through the efforts of the Instituto Akatu, a separate institution created by Ethos to educate consumers and advocate the purchase of socially responsible goods and services. Based on the findings of an annual survey carried out with the support of Akatu and conducted by an independent market research institution, consumer awareness of and support for CSR has increased 30% in the last four years, while almost 50% of the Brazilians interviewed expressed greater interest in socially responsible business practices.
- 2.4 Other related initiatives in Brazil include the development of general CSR indicators for SMEs by Ethos and the Serviço de Apoio às Micro e Pequenas Empresas [Brazilian Service to Support Small and Medium-sized Enterprises] (SEBRAE). The growth and expansion of CSR practices in Brazil requires establishing specific sector indicators or benchmarks to help companies measure their progress and identify their weaknesses in the area of CSR. The evidence matrix is a tool developed by the IFC, SustainAbility (a British NGO), and Ethos that relates fundamental aspects of sustainability to a series of factors of success recognized in business. The concepts of corporate social responsibility and sustainable development are based on the strategic and operational decisions of

firms: it is a question of how they should analyze their businesses more holistically, always taking into account the economic, environmental, social, and human aspects in the organization, in relation to costs, human capital, and image. Instituto Ethos is working with businesses on the use of this tool as an active instrument, and it is encouraging them to share their experiences.

- 2.5 The São Paulo Stock Exchange (BOVESPA) launched an initiative dubbed *Novo Mercado* based on the idea that corporate governance is crucial for companies, and can be leveraged to promote compliance with minimum labor, environmental, and accounting standards. The Novo Mercado was established in December 2000 by developing specific criteria for companies to be listed on the BOVESPA with the aim of fostering the use of best corporate governance practices. The Novo Mercado has four different levels, depending on the extent of corporate governance practices. Firms that meet the requirements of the corporate governance and transparency practices (more demanding than those already required by Brazilian legislation) appear in the Novo Mercado segment of BOVESPA. In addition, the government is supporting this initiative by allowing pension funds to invest their assets in companies listed in the Novo Mercado.
- 2.6 With ever greater market demand, Brazilian companies, especially the large ones, are increasingly interested in being seen by consumers as being socially responsible. This interest is beginning to extend to their SME suppliers and clients in their value chains. In addition, raising consumer consciousness regarding socially responsible practices is expected to boost expectations about business practices, including those of SMEs. Despite this progress, in general, SMEs in Brazil are not actively incorporating CSR as part of their strategy to maintain competitiveness. There is a significant gap between the possible requirements of large companies interested in implementing CSR measures in their chains and the knowledge and present capacity of SMEs to meet these requirements. These gaps will have a negative impact on the competitiveness of SMEs vis-à-vis the large corporations that are their customers. The risk for local SMEs is possible exclusion from market access and opportunities. This problem is exacerbated by the absence of specific instruments and indicators tailored to SMEs in Brazil.

### **C. The Millennium Development Goals**

- 2.7 The Millennium Development Goals (MDGs) were adopted in 2000 by the governments of 198 countries, including Brazil, as a commitment to reduce inequality and improve human development in the world. There are eight major goals to be met by 2015: eradicating hunger and extreme poverty; attaining universal primary education; promoting gender equality and empowerment of women; reducing infant mortality; improving maternal health; combating HIV/AIDS, malaria, and other diseases; ensuring environmental sustainability; and developing a global partnership for development.



- 2.8 The Ethos CSR indicators have been used as a tool for management monitoring and planning in large businesses. In order to establish a relationship among those indicators for corporate practices in Brazil, the principles of the Global Pact, and the objectives proposed in the United Nations Millennium Development Goals, Ethos is working to build synergies among them. This is an important exercise, in terms of the corporate conscience, to establish commitments that contribute to attaining the Millennium Development Goals. Their purpose is to catalyze the involvement of companies in actions that promote the attainment of the MDGs. The involvement of the companies and business organizations is essential to translate the horizon delineated by the Millennium Development Goals to Brazil's specific reality.

#### **D. Current problems**

- 2.9 Although the concept of CSR is well-known in Brazil, the actions and methodologies being carried out have not been coordinated under a single umbrella in a way that would link the various institutions having an influence on CSR in Brazil, despite Ethos's involvement in one form or another in the various activities. The initiatives have been scattered; as a result, it has not been possible to tap potential synergies.
- 2.10 At this time, the advanced experience of the large companies with CSR practices offers the opportunity to transfer such knowledge and experiences to SMEs in their value chains. Given that the SMEs lack the capacity and knowledge needed to implement CSR practices, these efforts to help improve SME competitiveness and sustainability must be supported.

#### **E. Proposed project**

- 2.11 The proposed project is aimed at helping SMEs respond to the market requirements for CSR in Brazil, and improve their competitiveness and their access to opportunities. The project's approach will be to establish and coordinate strategic partnerships with a group of large companies interested in incorporating CSR measures in the SMEs in their value chains. Through partnerships with the large companies, the project will structure specific interventions to support the SMEs in adopting the pertinent CSR measures. In addition, the project seeks to design sector tools for seven sectors and specific methodologies that will help SMEs implement CSR measures.
- 2.12 The sectors to be included are: metallurgy, civil construction, sugar and alcohol, electricity, oil and gas, mining, and retail. These sectors were selected based on their economic importance (for example, civil construction accounts for 7.3% of GDP; extractive industries, 4.2%; and services, 3.4%), and because they represent very different sectors, and their inclusion will make it possible to show the benefits attained in a broad spectrum of the Brazilian economy. Similarly, the project will

focus its activities on the three states that contribute the most to Brazil's economy (São Paulo, Rio de Janeiro, and Minas Gerais). This variety of sectors and states is expected to facilitate the adoption of CSR practices and interest on the part of companies in those as well as other sectors.

- 2.13 An innovative aspect of this project is the inclusion, in parallel, of other entities, which will contribute to the promotion and adoption of CSR among the companies involved, and to the dissemination of information on CSR to the companies and their value chains. These entities, called “change agents,” can have an influence on the behavior of the companies in each sector. They include business associations, consumers, investors, financial backers, capital markets, media, and public agencies. Involving these entities as partners in the project may help create an environment that fosters CSR. Some of the entities participating as change agents are: *Associação Brasileira das Entidades Fechadas de Previdência Complementar*—ABRAPP (pension fund association); *Sistema Federação das Indústrias do Estado de Minas Gerais*—FIEMG (industry association); *Associação Brasileira de Distribuidores de Energia Elétrica*—ABRADEE (electricity distributors association); and the *Instituto Brasileiro de Petróleo e Gás*—IBP.
- 2.14 This is the fifth project in the MIF cluster called “Promoting competitiveness through Corporate Social Responsibility (MIF/GN-94).” In addition, as it is focused on value chains, this project will tap directly into the MIF's prior experience with CSR in value chains. The cluster projects complement the CSR conferences organized by the Sustainable Development Department. The next conference will be held in Santiago, Chile.

### III. PROJECT OBJECTIVES AND COMPONENTS

#### A. Project Objectives

- 3.1 The project's general objective is to increase the competitiveness and sustainability of Brazilian businesses, especially small and medium-sized enterprises (SMEs), and expand their market opportunities, while also contributing to the sustainable development of Brazil. The project's purpose is to implement corporate social responsibility (CSR) practices in the SMEs that belong to value chains in selected strategic economic sectors.
- 3.2 To achieve the objectives proposed, the project will include the following components: (i) Development of methodologies and conditions that foster CSR; (ii) Implementation of CSR measures in SMEs in value chains; and (iii) Dissemination of the results.

## **B. Project Components**

### **Component I: Development of methodologies and conditions that foster CSR (MIF: US\$ 260,060; local contribution: US\$182,256)**

- 3.3 The objective of this component is to create and document the methodology and the theoretical foundation needed to carry out the work in each value chain. The following activities will be carried out with a view to attaining those objectives: (i) development of a handbook on CSR; (ii) development or reviewing of the indicators for the various sectors that will be included in the project; and (iii) identification and documentation of best practices for fostering CSR.
- 3.4 For the first activity, consultants will be hired to develop a methodology for working with the value chain concept and a handbook on CSR that includes: (i) fundamentals of socially responsible management; (ii) a system of minimum standards considered essential for having socially responsible trade relations; (iii) incorporation of CSR criteria for self-regulation of a company; (iv) a change model that identifies and systematizes specific criteria for change agents; (v) the sustainability evidence matrix; and (vi) methodology for working in the value chain.
- 3.5 The second activity refers to the development and adaptation of a series of sector indicators for the sectors identified—metallurgy, civil construction, sugar and alcohol, electricity, oil and gas, mining, and retail. The development of the indicators will be based on different firms' assessments and evaluations. These indicators will be used to gauge the result and impact on the participating SMEs. Additionally, these sector indicators will help identify and document the impact of CSR practices using the indicators of development sustainability (evidence matrix) and the linkage to the MDG indicators. While the indicators are being developed, a consultant will be hired to prepare user-friendly software.
- 3.6 A change model will be developed for the change agents, with specific criteria appropriate for each agent (financial backers, communications media, trade associations, etc.). As a first step, a publication will be drafted that sets out the mechanisms for fostering CSR practices. These materials will be disseminated through periodic workshops with the various change agents. The interest of the agents will be tapped into, in order to help create an environment that fosters CSR.

### **Component II: Implementation of CSR measures in SMEs in value chains (MIF: US\$623,619; local contribution: US\$734,086)**

- 3.7 This component includes the activities directly related to implementation of the project in the value chain of the selected sectors. For each sector, at least one large enterprise will be identified that is engaged in socially responsible practices, referred to in the project as a Key Enterprise, and around 15 SMEs in the same

value chain that are capable of being both suppliers and clients (distributors, contractors, etc.). The objective of this component is to identify key interventions in the value chain of each Key Enterprise in each sector, to promote the actions needed, and to monitor the results of those strategic actions on the part of the SMEs.

- 3.8 To attain the objectives of this component, the following activities will be carried out: (i) identification of key interventions in the sectors; (ii) development of CSR action plans in the Key Enterprises, focused on the SMEs' chains; (iii) development of instruments to monitor and measure the impact of implementing CSR; (iv) implementation of the action plans; and (v) continuous control of the actions' progress.
- 3.9 A national research project on CSR practices will be undertaken, as well as a study of the characteristics of CSR practices in each sector, to identify key interventions. Once the opportunities are identified, they will be directed to the Key Enterprises of each sector that may be strategic in carrying out that work in the chain, including its suppliers and distributors. The Key Enterprises for the project will be chosen based on their: (i) level of interest in and commitment to implementing CSR; (ii) invoicing and representativity in the sector; (iii) potential impact on suppliers and customers; (iv) willingness to share and disseminate the results of their experience; and (v) interest in replicating the experience with other supplier and client SMEs. The Key Enterprises will assume part of the cost of implementing CRS in SMEs and will also devote staff time to working with the SMEs on these activities.
- 3.10 An action plan will be prepared with each Key Enterprise to offer a general view of how the work of the value chain will be managed, and to identify 15 SMEs, including suppliers and customers. The criteria for selecting the SMEs include: (i) being legally established; (ii) being a small or medium enterprise according to the project's definition;<sup>1</sup> (iii) belonging to one of the selected value chains; (iv) fitting the SME profile; (v) undertaking to comply with the laws, including environmental and social regulations; (vi) being considered strategic for the Key Enterprise; and (vii) having personnel that can represent the company and devote the time needed to the project.
- 3.11 An action plan will be prepared for each Key Enterprise and for each of the 15 SMEs in its value chain. The objective of that phase is to maintain the chain's vision, and carry out the action plans in a participatory manner, linking a large company to its suppliers and customers, organizing meetings to present both the plans and the results and to share the points of convergence or complementarity. The methodology requires that the eight chains, as work groups, begin their process

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<sup>1</sup> Less than US\$5 million in annual sales.

of verifying the current situation of the chain (by establishing CSR indicators, so as to get an individual evaluation by firm, and a consolidated evaluation for the sector). Those plans and how they unfold will be presented and monitored periodically in each working group.

- 3.12 The analysis, registration, and validation of practices that will be added to the evidence matrix will be done by two technical experts hired for the project, who will be responsible for monitoring the chain. Simultaneously, the results of the CSR interventions in each SME and in the groups benefited will be monitored and evaluated. The objective of this activity is to verify the evolution of CSR practices in each of the 120 SMEs directly involved in the project, based on the CSR indicators applied at the beginning and end of the project.
- 3.13 To expand the impact of the project and raise the awareness of more SMEs, the 15 SMEs selected from each sector, plus another 85 SMEs per chain, will be invited by the Key Enterprises to participate in the initial training sessions. As a result, at least 800 SMEs will be made aware of the benefits of CSR.

**Component III: Dissemination of the results (MIF US\$148,086 and Local Contribution US\$208,738)**

- 3.14 The objective of this component is to expand the companies' competitive spirit and their market opportunities by disseminating results obtained with the project, and to foster replication of the project model by other firms and their respective value chains. To attain this objective, the following activities will be carried out: (i) dissemination and evaluation of CSR intervention results in each SME and in the groups benefited; (ii) preparation of publications and presentations illustrating successful strategies and lessons learned, and successful cases of companies in the specific sectors of the program; (iii) seminars and workshops for representatives of SMEs and large enterprises; (iv) development of a database of case studies; and (v) participation of the project in Ethos's annual conference.
- 3.15 As part of the project, trends in CSR practices in the seven sectors will be analyzed through an initial study and a final study to measure the impact on a sector-by-sector basis. Trends in CSR practices in Brazil will be evaluated, through a national research project on CSR, starting against a baseline. In addition, several publications will be prepared to disseminate the project's results and lessons learned.
- 3.16 To foster the sharing of experiences among the participating enterprises, events will be held in the three states included in the project, made up of panels and workshops to discuss the lessons learned. These seminars will be organized along with the change agents and the business associations. In addition, the successful cases will be presented at the annual international conference organized by Ethos during years three and four of the project.

#### IV. EXECUTING AGENCY AND EXECUTION MECHANISM

##### A. Executing agency

- 4.1 The executing agency for this initiative will be the *Instituto Ethos de Empresas e Responsabilidade Social* (Instituto Ethos); it will also be responsible for providing the counterpart resources. The mission of Instituto Ethos is to raise awareness among enterprises and mobilize and help them manage their businesses in a socially responsible manner, developing partnerships to build a more just and sustainable society in Brazil. As part of its strategy, Instituto Ethos undertakes and supports actions directed at private enterprises to: (i) coordinate the CSR movement; (ii) disseminate and promote socially responsible practices; and (iii) foster the sustainability of enterprises. The budget of Instituto Ethos comes mainly from its members' and partners' contributions, and also from the sponsorship of private enterprises, grants from Brazilian and international foundations, and the revenue from its annual conference.
- 4.2 Ethos is part of the regional CSR project "Promoting Corporate Social Responsibility" (ATN/ME-8381-RG), which was recently rated satisfactory. The executing agency for this regional project is Acción Empresarial in Chile and Ethos is participating as a benchmark for activities in Brazil. Some of the materials developed by the regional project will be used in this project.

##### B. Execution mechanism

- 4.3 Execution of the project will be governed by the Operating Regulations, which establish the scope, terms, and conditions for use of project resources. In order to administer the project, the executing agency will hire a project director and an administrative assistant. The director will be responsible for: (i) ensuring compliance with the contractual conditions and Operating Regulations of the project; (ii) managing the project activities in keeping with the annual work plan; (iii) supervising the contracted consultants; (iv) exercising control over administration and management of the budget through the established procedures; (v) processing requests for disbursements of the Bank's contribution; (vi) submitting administrative and technical reports to the Bank; and (vii) coordinating the necessary actions with the institutional partners and other entities that work on CSR issues. The project director will be supervised by the Executive Director of Instituto Ethos.
- 4.4 The project execution period will be 36 months; the disbursement period will be 42 months. The Bank will establish a revolving fund for up to 10% of the total amount approved by the MIF.
- 4.5 **Procurement of goods and services.** For contracting consulting and training services and for the procurement of goods with MIF resources, Ethos must comply

with all the rules, procedures, and policies established by the Bank for that purpose. Ethos will also draw up a procurement plan to be approved by the Bank. For contracting consulting services, Ethos will use the method of selection based on consultants' qualifications (SCC), described in the policies for selection and contracting of consultants (document GN-2350-4). The shopping method will be used for procurement of goods, as established in document GN-2349-4. The initial procurement plan is set out in Annex IX.

- 4.6 **Project readiness.** The participants in the project have been involved in preparing the design, budget, and proposed activities. In addition, the project already has draft Operating Regulations (see Annex IV in the technical files). The executing agency already has commitment letters from the group of eight Key Enterprises and letters of interest from a group of change agents (Annexes VII and VIII, respectively).

## V. COST AND FINANCING

- 5.1 The total cost of the project has been estimated at US\$2,665,000, divided as follows: (i) US\$1,345,000 from the Bank with MIF resources (Small Enterprise Development Facility III-A), on a nonreimbursable basis; and (ii) US\$1,320,000 in counterpart resources for which Instituto Ethos will be responsible, at least half of which will be in cash. A summary of the main items for project costs and financing follows:

Budget (in US\$)				
Components	MIF	Local contribution	Total	%
1. Development of methodologies and conditions that foster CSR	260,060	182,256	442,317	16.8%
2. Implementation of CSR measures in SMEs in value chains	623,619	734,086	1,357,705	51.4%
3. Dissemination of results	148,086	208,738	356,824	13.5%
4. Project administration	190,431	149,908	340,339	12.9%
5. Evaluation	52,500	-	52,500	2.0%
6. Financial audits	17,500	-	17,500	0.7%
7. Contingencies	27,804	45,011	72,815	2.8%
<b>Subtotal</b>	<b>1,320,000</b>	<b>1,320,000</b>	<b>2,640,000</b>	<b>100%</b>
<b>Percentage</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>	
<b>Cluster Activities</b>	<b>25,000</b>		<b>25,000</b>	
<b>TOTAL</b>	<b>1,345,000</b>	<b>1,320,000</b>	<b>2,665,000</b>	

- 5.2 The amount equivalent to US\$25,000 will be used by the Bank to carry out activities related to the CSR project cluster specified in paragraph 7.2. This amount will be deducted from the amount of the contribution on the date the agreement for this operation enters into force, without a request for disbursement to the executing agency being necessary.
- 5.3 **Sustainability.** The sustainability of the project will depend on the soundness of the institutional base established for developing specific CSR initiatives in the value chains, and on the attainment of real competitive advantages as a result of carrying them out. Once the project is completed, Ethos will continue contributing to the application of CSR principles in the largest companies, as part of its ongoing programs. Similarly, the consulting services established in the framework of the project will remain available to lend support to similar projects among SMEs on a commercial basis. The investments made in the initial project will enhance the competitiveness of the participating companies—SMEs and Key Enterprises alike—which will encourage demand by other large and small enterprises, helping in this way to replicate the initiatives.

## VI. BENEFITS AND RISKS

### A. Benefits

- 6.1 The benefits of the project will be felt in the business community in general, since the project will establish models and practices for developing and disseminating CSR practices through the value chains of seven sectors of the economy, which will make it possible to reproduce them more quickly, and with greater reach, and to bolster the effectiveness of future initiatives. In addition, the commercial relationships within the value chain of the sponsoring Key Enterprises will be bolstered. By adopting CSR measures, the participating SMEs will become more competitive, obtaining: (i) greater access to the market; and (ii) reduced costs of production, marketing, financing, and administration. In addition, the family members of the employees of SMEs and large enterprises will benefit, as well as the communities in which they operate, since these CSR initiatives may provide training in health and safety.
- 6.2 **Beneficiaries.** The direct beneficiaries of the project include: (i) at least 120 SMEs that participate as part of the value chain, and (ii) at least 680 other SMEs whose awareness has been raised as to the benefits of CSR. The indirect beneficiaries of the project are: (i) change agents supported in their work to improve the climate for CSR; (ii) consumers and society in general, benefited by the availability of goods and services produced in a socially responsible manner. In addition, the project will have indirect benefits for the eight Key Enterprises, which will be providing financial resources as well as their employees' time.



## **B. Risks**

- 6.3 Two main risks have been identified for this project: (i) the possibility that the participating SMEs may not have the capacity to apply CSR criteria, and (ii) the possibility of a lack of commitment on the part of the Key Enterprises. The first risk will be mitigated by training under the second component and the courses and consulting services that will be geared to the specific needs of the SMEs. The second risk is mitigated by getting letters of commitment from the Key Enterprises and having signed participation agreements between the Key Enterprises and Instituto Ethos.

## **VII. MONITORING AND EVALUATIONS**

### **A. Supervision and monitoring**

- 7.1 The Bank's Country Office in Brazil will be responsible for supervising and monitoring the project, with technical support from the project team. The executing agency will prepare and submit progress reports to the Bank no later than 30 days after the end of each six-month period, and a final report no later than 30 days after the final disbursement. These reports will follow a format agreed upon by the Bank, and will address project activities and finances, as well as the results measured in terms of the performance indicators identified in the project's logical framework. The Country Office will use these reports to supervise progress in implementing the project, and will prepare a project completion report (PCR) within the three months following the last disbursement.
- 7.2 Drawing on the budget item for cluster activities, the Office of the MIF will administer resources to cover the expenditures related to the workshops in the clusters, will finance the attendance of personnel from the executing agency at the events, will contract a technical adviser, and will carry out other related activities. The technical advisor will offer assistance to all the executing agencies for the operations in the cluster, and will also provide assistance in the area of monitoring and data collection for the MIF.

### **B. Evaluations**

- 7.3 Using project funds, the Bank will hire outside consultants to perform two evaluations: a midterm evaluation, approximately 18 months from the project's date of eligibility for disbursements, or once 50% of the resources have been disbursed, and a final evaluation after the end of project execution. The terms of reference for performing these evaluations will be prepared by the Bank in collaboration with the executing agency. For the midterm evaluation, the consultant will evaluate: (i) the participation of the change agents in the project; and (ii) the degree of satisfaction of the enterprises participating in Component II. If necessary, the consultant will

propose adjustments in the logical framework to better reflect the following activities. On the basis of the results of the analysis, necessary adjustments will be recommended for use of the remaining funds. For the final evaluation, the consultant will evaluate: (i) the percentage of CSR measures implemented in each SME participating in Component II; (ii) the benefits obtained by the SMEs participating in the project; and (iii) the geographic scope of the project activities.

- 7.4 The executing agency will be responsible for compiling and analyzing the relevant information for the ongoing monitoring of the main indicators established by the logical framework in Annex I of this document, or as modified by mutual agreement between the Bank and the executing agency. The executing agency and the Bank will use these indicators to supervise and evaluate the project; they will be considered both in preparing the semiannual progress reports and for the midterm and final evaluations.

## **VIII. ENVIRONMENTAL AND SOCIAL IMPACT**

- 8.1 Given the nature of this operation, no adverse social or environmental impacts are expected. By definition, CSR activities have to do with safeguarding workers' health and safety, preventing environmental pollution, ensuring the well-being of communities, and addressing other social and environmental issues.
- 8.2 The Committee on Environment and Social Impact (CESI) reviewed and approved the project summary at its 21-05 meeting of 27 May 2005. Its only recommendation was that the participating SMEs be chosen based on an additional criterion as to their commitment to comply with the laws, including environmental and social regulations (see paragraph 3.10).

## **IX. SPECIAL CONTRACTUAL CONDITIONS**

- 9.1 As a condition precedent to the first disbursement of the contribution, the executing agency will obtain signed commitment agreements from at least six Key Enterprises.

## IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) MEASURES IN SMALL AND MEDIUM-SIZED ENTERPRISES (BR-M1023)

### LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
<b>GOAL</b>			
To increase the competitiveness, sustainability, and opportunities for Brazilian small and medium-sized enterprises, and contribute to the country's sustainable development.	<b>Two years after project completion:</b> <ul style="list-style-type: none"> <li>At least 80% of the 120 SMEs assisted by the project continue being suppliers of large enterprises and meet the CSR criteria established during the project.</li> </ul>	Reports from the large enterprises (Key Enterprises).	<p>Economic context of the country does not deteriorate for the sectors chosen or for SMEs.</p> <p>At least one large enterprise in each of the sectors is willing to participate in the project.</p>
<b>PURPOSE</b>			
To support the implementation of CSR measures in a group of Brazilian SMEs that are part of the value chain of large companies.	<b>By the end of the project:</b> The 120 participating SMEs report, on average, the following results in relation to their baselines: <ul style="list-style-type: none"> <li>5% increase in revenues</li> <li>3% cost reduction (based on cost/output ratio)</li> <li>Adoption of at least two new CSR measures that have an impact on the Millennium Development Goals (MDGs).</li> </ul>	Report using the Sustainability Evidence Matrix filled out at the beginning and end of the project.	Openness and willingness of the companies in all the sectors involved.
	SMEs shows a quantitative and qualitative improvement of at least 15% in CSR management practices measured by the Ethos indicators.	Report on the Ethos indicators in year one and year three for each participating SME.	
	At least 80% of the participating enterprises (large enterprises and SMEs) satisfied with the project, reporting the following benefits:	In the opinion poll done in the two project evaluations.	

Narrative summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> <li>Large enterprises report that the project contributed to improving the quality of their supply chains through the CSR measures implemented.</li> <li>SMEs report that the CSR measures implemented helped improve their commercial relationships with the large enterprises.</li> </ul>		
	<ul style="list-style-type: none"> <li>50 new SMEs express interest in implementing CSR measures with the same Key Enterprises or another large company from the sectors involved.</li> </ul>	Project completion report (PCR).	
	<ul style="list-style-type: none"> <li>At least 10% of the actions taken impact the country's development indicators (MDGs).</li> </ul>	Report "Evaluation of the Program's Impact," describing the results of the actions using Ethos indicators that contribute to attaining the MDGs.	
COMPONENTS			
1. Development of methodologies and materials.	<p><b>At 12 months from the first disbursement:</b></p> <p>Orientation handbooks for the use of six management tools with CSR, namely: managerial notebooks, essential criteria, mechanisms for self-regulation, models for fostering CSR practices, bank of practices, sustainability evidence matrix.</p> <p>Seven sector indicators developed.</p> <p>At least 24 consultants trained in CSR and active in the project.</p> <p>30 records of best practices for fostering CSR.</p> <p><b>By the end of the project:</b></p> <p>A methodology for working in the value chain of large enterprises, validated in each sector chosen.</p>	<p>Publications of the tools.</p> <p>Semiannual reports submitted by Ethos on the gains of the project.</p> <p>Website and information center (data bank with 150 hits from SMEs).</p> <p>Methodology published.</p>	Resources available and climate favorable to implementing CSR.

Narrative summary	Indicators	Means of verification	Assumptions
<p>2. Implementation of CSR measures in the SMEs in the value chains</p>	<p><b>At 12 months from the first disbursement:</b> At least eight strategic action plans (one for each large enterprise) developed to implement CSR measures in the groups of supplier SMEs. Project management and monitoring system implemented. At least 800 SMEs gain awareness of CSR (100, on average, for each Key Enterprise). At least eight groups of SMEs (15 enterprises/sector) with baselines established and action plans developed are trained and implementing specific CSR measures.</p> <p><b>By the end of the project:</b> At least 120 SMEs from the seven sectors selected have implemented CSR measures.</p>	<p>Report of the strategic plan of each Key Enterprises with the list of the 15 participating SMEs.</p> <p>Report on the strategic plan from each Key Enterprise. Record with photos and attendance list. Report on the indicators in each sector, for the project evaluation.</p> <p>Midterm and final evaluation reports by the independent consultant.</p>	<p>There is a critical mass of persons available to participate in the events and meetings.</p>
<p>3. Dissemination of the results</p>	<p><b>By the end of the project:</b> 90 best practices of the project disseminated. At least 50 successful strategies published. At least 800 persons learn of the project. At least 1,200 persons (staff of international organizations, public and private entities, SMEs, large enterprises, and agencies promoting CSR) aware of the project's actions.</p>	<p>Semiannual reports submitted by Ethos, on project's progress.</p> <p>Records of workshops and meetings held.</p>	<p>Enterprises foster implementation and permit the publication of their practices.</p>

Narrative summary	Indicators	Means of verification	Assumptions
<b>ACTIVITIES</b>			
<p>1.1 Develop handbook for implementing CSR based on principles used by key market actors.</p> <p>1.2 Develop sector indicators for the different sectors to be included in the project.</p> <p>1.3 Identify and document the best practices for fostering CSR.</p> <p>1.4 Train the local consultants in CSR.</p>	<p>Handbooks for using the following management tools with CSR: managerial notebooks, essential criteria, self-regulation mechanisms, models for fostering CSR practices, bank of practices, and sustainability evidence matrix 12 months after the first disbursement.</p> <p><b>12 months after the first disbursement:</b> Generic and sector indicators exist for the following sectors: sugar and alcohol, metallurgical, and retail. Indicators reviewed for the following sectors: mining, civil construction, electricity, oil and gas. 30 records of practices fostering CSR 12 months after the first disbursement. At least 15 consultants in each state, for a total of 45 consultants.</p>	<p>Handbooks published in notebooks and software.</p> <p>Methodology documented and published.</p> <p>Sector indicators accessible on CD and Ethos's website.</p> <p>Data bank operating and up to date.</p> <p>Record of persons registered in the courses.</p>	
<p>2.1 Identify key and relevant interventions in each sector supported in the value chain.</p> <p>2.2 Develop strategic action plans in CSR, focused on the groups of SMEs involved in each value chain.</p> <p>2.3 Develop indicators, guidelines, and methodologies for monitoring and measuring the impact of the implementation of CSR in the SMEs.</p>	<p>A national survey of CSR practices by the firms and a study characterizing the CSR practices in each sector six months after the first disbursement. At least eight work plans (one per Key Enterprise) carried out. Seven methodologies (one per sector) to monitor and manage the project 12 months after the first disbursement. 120 SMEs participating directly in the working groups 12 months after the first disbursement.</p>	<p>Report on national survey.</p> <p>Action plans in the Key Enterprises. Methodology for developing and managing the project accessible. List of participating SMEs, reported by the Key Enterprise for each sector.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
<p>2.4 Implement the action plans.</p> <p>2.5 Monitor how the actions progress</p> <p>2.6 Monitor and evaluate the results of the CSR interventions in each SME and in the groups benefited</p>	<p>Seven seminars to raise awareness addressing the issues of: (a) competitiveness and sustainability, and (b) how companies can operate in a socially responsible manner, 18 months after the first disbursement.</p> <p><b>24 months after the first disbursement:</b></p> <p>Seven seminars to share experiences and enhance ties, involving companies and change agents.</p> <p>120 strategic action plans (one per company) with at least 350 actions proposed (three per company), 170 of which were implemented.</p> <p>16 specific training courses to implement the action held at SMEs.</p> <p><b>Upon completion of the project:</b></p> <p>Interactive dialogue between companies and partners.</p> <p>Website to support SMEs via Internet.</p> <p>The eight Key Enterprises and 120 SMEs apply Ethos's CSR indicators three times: at 12 months, at 24 months, and upon completion of the project.</p>	<p>List of persons in attendance and photos of the events offered.</p> <p>Informational brochures, photos, and records of the event.</p> <p>Plans accessible to those involved.</p> <p>Record of persons registered in the courses.</p> <p>Registry at Ethos, software developed, physical center for consultation, and 100 hits per month at the site.</p> <p>Indicators filled in for all the working groups.</p>	
<p>3.1 Disseminate the results of the CSR interventions in each SME and in the groups benefited.</p> <p>3.2 Prepare brochures and presentations delving into successful strategies and lessons learned in specific sectors included in the program.</p>	<p>Publication of an evaluation of the CSR movement in Brazil, with 5,000 copies in Portuguese, 3,000 in Spanish, and 3,000 in English.</p> <p>50 successful strategies presented.</p>	<p>Publication of the evaluation of the CSR movement in Brazil.</p> <p>Publication of the Notebook recording the experience and results.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
<p>3.3 Implement seminars, workshops, and panel discussions geared to representatives of SMEs and large corporations and change agents.</p> <p>3.4 Set up a database of the case studies.</p> <p>3.5 Publish successful cases.</p> <p>3.6 Conduct one panel discussion and one workshop on value chains at Ethos's international conference during the last two years of the Project.</p>	<p>A seminar upon conclusion, with 200 SMEs and large enterprises and four workshops and panel discussions for at least 200 persons, to be held at the regional seminars.</p> <p>90 cases recorded.</p> <p>90 cases disseminated nationally and internationally.</p> <p>At least 400 persons know of the project.</p>	<p>Reports that include the list of participants, photos, and analysis.</p> <p>Report on the cases.</p> <p>Cases.</p> <p>Record of participants in the panel discussions.</p>	



**IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) MEASURES IN SMALL  
AND MEDIUM-SIZED ENTERPRISES  
(BR-M1023)**

**SUMMARY OF DETAILED BUDGET**

	TOTAL			
	MIF	ETHOS		Subtotal
		In cash	In kind	
<b>Component 1. Development of methodologies and materials</b>	<b>260,060</b>	<b>96,472</b>	<b>85,784</b>	<b>442,317</b>
1.1 Develop guide for implementing CSR	148,572	64,298	48,498	261,368
a. Fundamentals of socially responsible management	20,390	21,546	11,731	53,667
b. Essential criteria	18,812	11,231	7,885	37,927
c. Self-regulation	8,500	0	1,500	10,000
d. Change model	44,826	16,692	12,016	73,535
e. Sustainability Evidence Matrix	25,375	0	7,125	32,500
f. Methodology for working in the value chain	30,669	14,828	8,242	53,739
1.2 Development of sector indicators	33,750	29,579	7,037	70,365
1.3 Identification and documentation of best practices	31,926	0	5,634	37,560
1.4 Methodology for verification (certification label for SMEs)	25,040	0	24,615	49,655
1.5 Training for local consultants in CSR	20,772	2,596	0	23,369
<b>Component 2. Implementation of CSR measures at the SMEs in the value chains</b>	<b>623,619</b>	<b>333,930</b>	<b>400,156</b>	<b>1,357,705</b>
2.1 Identification of key interventions in the sectors	18,624	0	48,287	66,910
2.2. Development of strategic action plans in CSR, focused on SMEs in the chains	14,875	0	64,163	79,038
2.3. Development of instruments for monitoring and measuring the impact of implementing CSR	17,000	0	64,538	81,538
2.4. Implementation of the action plans				
a. Initial training	0	49,385	0	49,385
b. Implementation program	244,160	128,538	203,077	575,775
c. Specific training	0	75,523	0	75,523
d. Actions for continuity of the project	14,085	31,926	10,329	56,340
e. Activities with change agents	0	25,308	0	25,308
2.5 Continuous monitoring of the progress of the actions	0	12,750	2,250	15,000
2.6 Monitoring and evaluation of the results of the CSR interventions in each SME and in the groups benefited and the progress of the actions in the groups benefited.	42,568	10,500	7,512	60,580
2.7 Two technical coordinators	272,308	0	0	272,308
<b>Component 3. Dissemination of the results</b>	<b>148,086</b>	<b>115,863</b>	<b>92,875</b>	<b>356,824</b>
3.1 Monitoring and evaluation of the results of the CSR interventions in each SME and in the groups benefited	36,449	11,231	12,231	59,911
3.2 Preparation of publications and presentations describing successful strategies and lessons learned in the specific sectors included in the program	53,685	38,401	7,885	99,971

	TOTAL			
	MIF	ETHOS		Subtotal
		In cash	In kind	
3.3 Implementation of seminars and workshops aimed at representatives of SMEs and large corporations	16,462	34,769	2,308	53,538
3.4 Database with information on the case studies	16,875	0	5,625	22,500
3.5 Publication of successful cases	0	23,769	60,981	57,058
3.6 International conference organized by Ethos	24,615	7,692	3,846	36,154
<b>Project administration</b>	<b>190,431</b>	<b>65,469</b>	<b>84,439</b>	<b>340,339</b>
1. Project administrative staff	184,431	19,938	48,462	252,831
2. Infrastructure for four persons	6,000	45,531	35,978	87,508
Evaluation	52,500	0	0	52,500
Audit	17,500	0	0	17,500
Contingencies	27,804	45,011	0	72,815
<b>SUBTOTAL</b>	<b>1,320,000</b>	<b>656,745</b>	<b>663,255</b>	<b>2,640,000</b>
Percentage	50%	25%	25%	100%
	50%	50%		100%
CSR Cluster: Activities	25,000	0	0	25,000
<b>TOTAL</b>	<b>1,345,000</b>	<b>656,745</b>	<b>663,255</b>	<b>2,665,000</b>

# **IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) MEASURES IN SMALL AND MEDIUM-SIZED ENTERPRISES (BR-M1023)**

## **RELATED PROJECTS**

### **A. MIF projects identical or similar to the project**

<b>Project number / Date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and original disbursement period, in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory performance or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.</b>
ATN/ME-8381-RG 30 July 2003	<b>Promoting Corporate Social Responsibility</b> Fundación Acción Empresarial \$1,100,000 from the MIF	15 October 2003 36 months	16%	The project is in its initial phase, and the initial delays are tending to be worked out. The performance indicators show a positive trend, and the assumptions are highly likely to hold.

### **B. Similar or related Bank projects**

<b>Project number / Date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and original disbursement period, in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory performance or problems in execution, including delays, extensions, reformulation, change in executing agency.</b>
BR-0345 6 December 2000	<b>Federal District Sanitation Program</b> Secretariat for Infrastructure and Works of the Government of the Federal District \$130 million from the IDB	11 June 2001 67 months	69%	During the Administration Mission, it was agreed that progress indicators 1 and 2 would be merged into a single indicator.
BR-0313 8 May 2002	<b>Acre Sustainable Development</b> Secretariat for Planning and Coordination \$64.8 million from the IDB	22 July 2003 35 months	7%	At present the project is red-flagged, as the startup was set back due to delays in performing conditions precedent to obtain full eligibility for disbursements one year after the signing.

**C. MIF project related to the same sector or project beneficiaries**

<b>Project number / Date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and original disbursement period, in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory performance or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.</b>
ATN/MH-5738-BR 29 October 1997	<b>Basic Skills Certification Program</b> Federação das Indústrias do Estado de Minas Gerais (FIMEG) \$850,000 reduced to \$727,261 from the MIF	27 January 1998 24 months (extended 60 months)	100%	Project concluded with unsatisfactory rating (U/LP). The program, which in its design phase was a priority for the institution, lost importance during execution, which suffered significant delays.
ATN/MH-6050-BR 15 July 1998	<b>Development of Skills, Standards and Certification System for the Tourism Sector</b> Instituto de Hospitalidade (IH) \$2.5 million from the MIF	29 November 1998 42 months	100%	Project concluded with satisfactory rating (S/HP), attaining all the objectives set in the design of the operation.
ATN/ME-7466-BR 27 June 2001	<b>Information Technology Program – Rio Informatico</b> Viva Rio, Comitê para Democratização de Informática (CDI), and Rio Online \$860,000 from the MIF	2 August 2001. 42 months	83%	Project rated as satisfactory (S/P). The performance indicators are being satisfactorily met.
ATN/ME-8031-BR 25 September 2002	<b>Program for the Promotion of Socially Responsible Market Opportunities</b> World Vision - Brazil \$975,000 from the MIF	27 December 2002 54 months	30%	Project rated as very satisfactory (HS/HP). Fair trade provides excellent export prospects for agricultural producers in the region where the program is designed to have an impact. With sound management and the implementation of the marketing company, the project will be successful.
ATN/ME-8512-BR 19 November 2003	<b>Promotion of commercial opportunities among rural farmers</b> Fundación Lyndolpho Silva \$1,125,000 from the MIF	15 March 2004 42 months	5%	Yellow flag project (U/P). Project still in the initial phase, with good prospects, yet it suffered an initial delay in its execution.
ATN/ME-8648-BR 5 January 2004	<b>Strengthening the Cleaner Production Center in Bahia</b> National Industrial Learning Service, Department of Bahia \$68,000 from the MIF	29 April 2004 30 months	34%	Project rated as satisfactory (S/P). Despite initial delays, for the time being no difficulties are anticipated in executing the operation.

ATN/ME-8645-BR 5 January 2004	<b>Quality management system for the construction sector</b> National Industrial Learning Service, Department of Bahia \$60,150 from the MIF	29 April 2004 30 months	30%	Project rated as satisfactory (S/P). Despite initial delays, for the time being no difficulties are anticipated for executing the operation.
ATN/ME-8647-BR 5 January 2004	<b>Virtual Incubator for Fruit-Processing Microenterprises in the State of Ceará</b> National Industrial Learning Service, Ceará \$27,700 from the MIF	8 June 2004 30 months	30%	Project rated as satisfactory (S/HP). Project has good prospects and the performance indicators are being met satisfactorily.

**D. Project in Corporate Social Responsibility Cluster**

<b>Project number / Date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and original disbursement period, in months</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory performance, or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.</b>
ATN/ME-8381-RG 30 July 2003	<b>Promoting Corporate Social Responsibility</b> Fundación Acción Empresarial \$1,100,000	15 October 2003 36 months	16%	The project is in its early phase and the initial delays are tending to be worked out. The performance indicators show a positive trend, and the assumptions are highly likely to hold.
ATN/ME-8529-CH 3 December 2003	<b>Adoption of Corporate Social Responsibility Practices in Small and Medium-sized Enterprises (SMEs)</b> Pontificia Universidad Católica de Valparaíso \$1,250,000	1 March 2004 52 months	17.88%	The project is in its initial phase. The performance indicators show a positive trend, and the assumptions are highly likely to hold.
ATN/ME-8864-ME 22 September 2004	<b>Implementing Corporate Social Responsibility Measures in Small and Medium Enterprises in the Value Chain</b> Universidad ANAHUAC \$1,275,000	28 September 2004 39 months	12.53%	The executing agency has complied with the conditions precedent, having already begun the selection of the staff for the executing unit. The public launch of the program will take place soon.

ATN/ME-8975-CO 1 December 2004	<b>Program to Institute Corporate Social Responsibility Practices in Colombian Small and Medium-sized Enterprises</b> Confederación Colombiana de Cámaras de Comercio \$1,160,000	N/A	0%	The Bank's Legal Department has been preparing the agreement accepted by CONFECAMARAS. The agreement is to be signed in July or August 2005. The assumptions identified are likely to hold.
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**E. MIF portfolio in Brazil**

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-180	TC9607295	ATN/MT-6003-BR	Water Concession in Goias	AGR	I	10-Jun-98	Completed	350,000	100.00
2	MIF/AT-178	TC9703499	ATN/ME-6001-BR	Support for Technology-based Incubators SC	IELSC	IIIa	10-Jun-98	In execution	3,500,000	87.72
3	MIF/AT-186	TC9801459	ATN/MH-6050-BR	Development of Skills, Standards and Certification System for the Tourism Sector	IH	II	15-Jul-98	Completed	2,500,000	100.00
4	MIF/AT-196	TC9803108	ATN/ME-6100-BR	Development of Small Technology-Based Companies	BIOMINAS	IIIa	12-Aug-98	In execution	3,250,000	87.59
5	MIF/AT-196	TC9803116	EQU/MS-6099-BR	Development of Small Technology-Based Companies	BIOMINAS	IIIb	12-Aug-98	In execution	5,000,000	57.90
6	MIF/AT-200	TC9807156	ATN/MH-6211-BR	Job Skills Training of Urban Youth	AACS	II	30-Oct-98	Completed	5,150,000	100.00
7	MIF/AT-231	TC9802035	ATN/MH-6375-BR	Strengthening Consumer Protection in Public Utilities	IDEC	II	03-Feb-99	Completed	834,000	100.00
8	MIF/AT-235	TC9802358	ATN/MT-6378-BR	Alternative Dispute Resolution Methods	CAC	I	03-Feb-99	In execution	1,599,400	82.56
9	MIF/AT-247	TC9810476	EQU/MS-6535-BR	Equity Fund for Technology-based Industry	CRP	IIIb	02-Jun-99	In execution	3,000,000	69.93
10	MIF/AT-247	TC9904030	ATN/ME-6536-BR	Equity Fund for Technology-based Industry	CRP	IIIa	02-Jun-99	Completed	10,280	100.00
11	MIF/AT-270	TC9607089	ATN/MT-6603-BR	Strengthening Negotiation & Mediation of Labor Disputes	SRT	I	04-Aug-99	Cancelled	0	0.00
12	MIF/AT-293	TC9901028	ATN/MT-6697-BR	Renewable Energy Service Delivery	PDEEM	I	13-Oct-99	In execution	2,250,000	12.04
13	MIF/AT-312	TC9702334	ATN/MT-6880-BR	Institutional Support for Competition Regulation	CADE	I	26-Jan-00	Cancelled	0	0.00
14	MIF/AT-320	TC9904027	ATN/MH-6951-BR	Trade Unions Leadership Training Program	DIEESE	II	26-Apr-00	In execution	1,534,000	96.86
15	MIF/AT-315	TC9808182	ATN/MT-6982-BR	Regulation of Private Health Plans	ANS	I	31-May-00	In execution	1,550,000	56.62
16	MIF/AT-335	TC0006012	ATN/MH-7045-BR	Training Program for Energy Regulators in Mercosur	CERME	II	12-Jul-00	Cancelled	0	0.00

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
17	MIF/AT-340	TC0005044	EQU/MS-7065-BR	Santa Catarina Equity Investment Fund	FMIEEBT	IIIb	26-Jul-00	In execution	3,300,000	12.71
18	MIF/AT-356	TC0008018	EQU/MS-7137-BR	MVP TechFund for Emerging Software Companies	MVP TECH	IIIb	20-Sep-00	In execution	4,500,000	13.35
19	MIF/AT-394	TC0011041	ATN/ME-7332-BR	Development of an Institutional Framework to Stimulate Venture Capital Investment	FEP	IIIa	14-Feb-01	In execution	1,122,000	43.67
20	MIF/AT-410	TC0004002	EQU/MS-7425-BR	Remittance Fund for Entrepreneurs (Dekassegui Fund)	IDB	IIIb	16-May-01	In execution	5,000,000	34.61
21	MIF/AT-412	TC0009012	ATN/ME-7426-BR	Equity Fund for SMEs in Northeast Brazil	BNB	IIIa	16-May-01	In execution	750,000	10.00
22	MIF/AT-412	TC0009014	EQU/MS-7427-BR	Equity Fund for SMEs in Northeast Brazil	BNB	IIIb	16-May-01	In execution	6,000,000	16.01
23	MIF/AT-413	TC0101064	ATN/ME-7466-BR	Information Technology Program "Rio Digital"	VIVA	IIIa	27-Jun-01	In execution	860,000	70.79
24	MIF/AT-439	TC0007028	ATN/ME-7626-BR	Technology Transfer and Support for Agribusinesses	EMBRAPA	IIIa	10-Oct-01	In execution	1,600,000	13.72
25	MIF/AT-435	TC0103043	ATN/ME-7619-BR	Investment Fund for Emerging Technology-based Companies(Stratus)	IDB	IIIa	10-Oct-01	Approved	60,000	0.00
26	MIF/AT-435	TC0109008	EQU/MS-7620-BR	Investment Fund for Emerging Technology-based Companies(Stratus)	IDB	IIIb	10-Oct-01	In execution	3,000,000	68.49
27	MIF/AT-475	TC0106034	ATN/MT-7887-BR	Modernization and Institutional Strengthening of the Securities Exchange Commission (CVM)	CVM	I	29-May-02	In execution	2,000,000	10.00
28	MIF/AT-482	TC0109005	ATN/ME-7927-BR	Local Economic Development of Industrial Districts	SEBRAE-BR	IIIa	26-Jun-02	In execution	2,075,000	10.00
29	MIF/AT-486	TC0205010	EQU/MS-7959-BR	Investment Fund for Emerging Technology-based Companies LatinTech Inovar	IDB	IIIb	24-Jul-02	Completed	0	0.00
30	MIF/AT-486	TC0205011	ATN/ME-7958-BR	Investment Fund for Emerging Technology-based Companies LatinTech Inovar	IDB	IIIa	24-Jul-02	Cancelled	0	0.00
31	MIF/AT-490	TC0205012	EQU/MS-7976-BR	Investment Fund for Emerging Technology-based Companies Rio Bravo Investech II	IDB	IIIb	07-Aug-02	Approved	3,000,000	0.00
32	MIF/AT-490	TC0205013	ATN/ME-7977-BR	Investment Fund for Emerging Technology-based Companies Rio Bravo Investech II	IDB	IIIa	07-Aug-02	Approved	60,000	0.00
33	MIF/AT-495	TC0111042	ATN/ME-8031-BR	Promotion of Socially Responsible Market Opportunities	VMB	IIIa	25-Sep-02	In execution	975,000	10.00

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
34	MIF/AT-496	TC0203001	ATN/MH-8032-BR	Sustainable Tourism Certification System	IH	II	25-Sep-02	In execution	1,675,000	29.96
35	MIF/AT-519	TC0206018	ATN/MH-8134-BR	Support to the Microfinance Sector Program	ARCA	II	11-Dec-02	Approved	925,000	0.00
36	MIF/AT-557	TC0201026	ATN/ME-8512-BR	Promotion Trade of Family-Based Agriculture	FLS	IIIa	19-Nov-03	Approved	1,125,000	0.00
37		BR-M1012	ATN/ME-8595-BR	Support to Community-based Microenterprises in Alagoas	OCEANUS	IIIa	04-Dec-03	In execution	88,130	30.00
38	MIF/AT-572	TC0207027	EQU/MS-8549-BR	Strengthening the Guarantee System	SGSG	IIIa	10-Dec-03	Approved	1,800,000	0.00
39	MIF/AT-572	TC0207027	ATN/ME-8548-BR	Strengthening the Guarantee System	SGSG	IIIa	10-Dec-03	Approved	600,000	0.00
40		BR-M1003	ATN/ME-8647-BR	Virtual Incubator for Fruit-Processing Microenterprises	SENAI/DR-CE	IIIa	05-Jan-04	In execution	27,700	30.00
41		BR-M1004	ATN/ME-8643-BR	Quality Enhancement through Human Resource Development	IPT	IIIa	05-Jan-04	In execution	95,000	30.00
42		BR-M1006	ATN/ME-8644-BR	Development of a Distribution System for Auto Replacement Parts	FENABRAVE	IIIa	05-Jan-04	In execution	77,050	69.54
43		BR-M1007	ATN/ME-8646-BR	Worker-Managed Microenterprise Network	ANTEAG	IIIa	05-Jan-04	In execution	89,850	30.00
44		BR-M1008	ATN/ME-8645-BR	Implementation of Quality System in the Civil Construction Sector	SENAI/DR-BA	IIIa	05-Jan-04	In execution	60,150	30.00
45		BR-M1010	ATN/ME-8648-BR	Strengthening the Cleaner Production Center in Bahia	SENAI/DR-BA	IIIa	05-Jan-04	In execution	68,000	33.79
46	MIF/GN-62-2	BR-M1002	ATN/ME-8631-BR	Implementation & Certification of ISO 14001 Environmental Management System	EEPI	IIIa	19-Feb-04	In execution	60,000	56.96
47		BR-M1005	ATN/ME-8698-BR	Microenterprise Development in the Agricultural Sector	APROCOCO	IIIa	12-Apr-04	Approved	92,750	0.00
48		BR-M1009	ATN/ME-8699-BR	Competitiveness of the Productive Chain of the Rattan Sector	SEBRAE/SC	IIIa	12-Apr-04	Approved	89,500	0.00
49	MIF/GN-62-2	BR-M1011	ATN/ME-8677-BR	Implementation & Certification of ISO 14001 Environmental Management System	FEAPI	IIIa	13-Apr-04	Approved	65,000	0.00
50	MIF/AT-594	BR-M1001	ATN/MT-8724-BR	Public-Private-Association (PPA) Minas Gerais	SEDE	I	19-May-04	Approved	675,000	0.00
51		BR-M1016	ATN/ME-8745-BR	Support for the Cooperative Credit System in Tocantins	SICREDI	IIIa	01-Jun-04	In execution	95,000	30.00



No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
52		BR-M1019	ATN/ME-8835-BR	Microenterprise Integration into the Formal Economy	IFV	IIIa	13-Aug-04	Approved	46,870	0.00
53		BR-M1018	ATN/ME-8836-BR	Implementation of Strategic Planning in Microcredit Institutions	PFB	IIIa	16-Aug-04	Approved	45,000	0.00
54	MIF/AT-609	BR-M1013	EQU/MS-8865-BR	CRP Venture	CRPCP	IIIa	22-Sep-04	Approved	3,700,000	0.00
55	MIF/AT-609	BR-M1013	ATN/ME-8866-BR	CRP Venture	CRPCP	IIIa	22-Sep-04	Approved	75,000	0.00
56	MIF/AT-620	BR-M1014	EQU/MS-8947-BR	Investment Fund for Technology Companies, DVC II	DYNAMO	IIIb	17-Nov-04	Approved	4,000,000	0.00
57	MIF/AT-620	BR-M1014	ATN/ME-8948-BR	Investment Fund for Technology Companies, DVC II	DYNAMO	IIIb	17-Nov-04	Approved	75,000	0.00
58	MIF/AT-634	BR-M1022	ATN/ME-9001-BR	Women's World Banking	BDF	IIIa	08-Dec-04	Approved	90,000	0.00
59	MIF/AT-634	BR-M1022	85/MS-BR	Women's World Banking	BDF	IIIa	08-Dec-04	Approved	600,000	0.00
60	MIF/AT-643	BR-M1021	ATN/ME-9119-BR	Dekassegui Entrepreneur	SEBRA-BR	IIIa	09-Mar-05	Approved	1,550,000	0.00
61	MIF/AT-651	BR-M1024	ATN/ME-9211-BR	Branding & Joint Commercialization Tourism SMEs	IER	IIIa	25-May-05	Approved	1,701,740	0.00
							<b>Total MIF Amount</b>		<b>84,421,420</b>	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Brazil. Nonreimbursable Technical Cooperation for a Program for  
Implementation of Corporate Social Responsibility Measures  
in Small and Medium-sized Enterprises

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Instituto Ethos de Empresas e Responsabilidade Social, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT\_\_\_\_\_ with respect to a technical cooperation for the Implementation of Corporate Social Responsibility Measures in Small and Medium-sized Enterprises.

2. That up to the amount of US\$1.345.000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

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