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MULTILATERAL INVESTMENT FUND

ARGENTINA

**SUPPORT FOR THE CREATION OF
SUSTAINABLE TOURISM-ORIENTED INDIGENOUS COMMUNITY
ENTERPRISES**

(AR-M1016)

DONORS MEMORANDUM

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20. ILO-Tourism: Market and Sustainability (doc 136): How to develop sustainable tourism at the municipal and community level? [OIT- Turismo: Mercado y Sostenibilidad (doc 136): ¿Cómo desarrollar el turismo desde los municipios y las comunidades en forma sostenible?]
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ABBREVIATIONS

CESI	Committee on Environment and Social Impact
ICE	Indigenous community enterprise
ILO	International Labor Organization

**SUPPORT FOR THE CREATION OF
SUSTAINABLE TOURISM-ORIENTED INDIGENOUS COMMUNITY ENTERPRISES
(AR-M1016)**

EXECUTIVE SUMMARY

Executing agency:	Asociación de Mujeres Warmi Sayajsunqo (Warmi)		
Beneficiaries:	The families in 50 Kolla communities that manage indigenous community enterprises will be the direct beneficiaries. Indirect beneficiaries will include the 2,000 families living in these communities.		
Amount and source:	<u>Technical assistance:</u>		
	MIF (Facility IIIA) 50% ¹	US\$	482,400
	MIF-cluster participation	US\$	<u>25,000</u>
	Subtotal:	US\$	507,400
	<u>Loan:</u>		
	MIF (Facility IIIB)	US\$	260,000
	Total MIF financing (IIIA and IIIB)	US\$	767,400
	Local counterpart 50%	<u>US\$</u>	<u>488,200</u>
	Total:		
	Total project cost	US\$	1,255,600

¹ Financing of participation in the tourism cluster is not included in this percentage.

Objectives and description:	<p>The objective of the project is to support the competitiveness of indigenous peoples in Puna, by enabling indigenous communities to improve their quality of life through their own efforts. The purpose is to create and consolidate a network of sustainable indigenous community enterprises (ICEs) that offer tourism services and products based on the ancestral identity of the indigenous peoples of Puna and to strengthen the Warmi as a linking entity in the Kolla community microfinance system. The project is expected to support 50 indigenous community enterprises forming a tourism cluster in Puna.</p> <p>The project is divided into four components: (i) tourism products and quality standards; (ii) demand management and marketing; (iii) credit and training for business management; and (iv) consolidation of an organizational model based on cultural identity.</p>
Execution timetable:	<p>Technical assistance:</p> <p>Execution period: 48 months</p> <p>Disbursement period: 54 months</p> <p>Loan:</p> <p>Disbursement period: 48 months</p> <p>Repayment period: 10 years, with 5 years' grace</p>
Special contractual conditions:	<p>As conditions precedent to the first disbursement, the following documentation must be presented, to the Bank's satisfaction: (i) evidence that the Warmi Council has approved the Operating Regulations; (ii) evidence that a project coordinator has been selected in accordance with Bank procedures; (iii) evidence that the Credit Regulations have been adapted to include tourism enterprises; and (iv) the program chart of accounts, together with a description of the financial and accounting system. As well, within three months after the effective date of the agreement, the Warmi will be required to present the work plan for year one of the project.</p>
Exceptions to Bank policy:	None
Environmental and social review:	<p>The Committee on Environment and Social Impact (CESI) considered this operation on 27 January 2006. The Committee's recommendations on inclusion of a general description of the ancestral indigenous culture and its environmental protection techniques are reflected in paragraphs 1.1 and 1.2. Paragraph 4.1 discusses the strategic partnerships between the executing agency and local organizations sharing the same values and basic worldview.</p>

**Coordination
with other
development
financial
institutions:**

Counterpart funding will be provided by the Inter-American Foundation (agreement now signed) and by AVINA (letter of commitment), within the framework of the development operations that are financing the Warmi.

I. BACKGROUND AND JUSTIFICATION

A. The Puna region of Argentina: The potential for local economic tourism development.

- 1.1 Puna is a part of the Andean *altiplano* that covers portions of Bolivia, southern Peru, northeastern Chile, and the Argentine provinces of Salta and Jujuy. The name “Puna” is generally used in reference to the Argentine region, which covers an area of approximately 40,000 km². Puna, in Argentina, is the natural continuation of the Bolivian *altiplano*, but whereas the Bolivian section is a plateau the Argentine portion is dotted with hills and valleys. Inhabiting the region and its ravines are the indigenous Kolla communities that raise livestock, practice subsistence farming, and engage in craftmaking. They have been living in the area for over 10,000 years, conserving their worldview, spiritual traditions, rites, festivals, art, music, and sustainable farming and livestock techniques, which constitute the area’s living heritage.
- 1.2 In addition to high-altitude creatures such as llamas, vicuñas and condors, the region has internationally important wetlands, such as the Laguna de los Pozuelos, which in 1981 was designated a national monument by the National Parks Administration. The Kolla philosophy of daily living stresses the protection of “Mother Earth” and respect for the earth as a condition of survival. The present project would draw on this Kolla knowledge and worldview, to promote the use of cultural and environmental resources that harmonize tourism development with Puna’s cultural ecology, where the Kolla have clearly been key actors for centuries.
- 1.3 Adaptation to life at high altitudes has allowed the area’s inhabitants to develop a complex and profound culture in perfect harmony with the surroundings. This is reflected in personal and community lifestyles, and is evident to tourists, most of whom come from neighboring areas, where tourism, which began to take off five years ago, has been experiencing sustained growth.

B. Kolla communities: microcredit and management of community enterprises

- 1.4 Over 200 indigenous communities in Puna have gained, or are in the process of gaining, legal recognition of the indigenous rights protected under the Argentine Constitution and by International Labor Organization (ILO) Convention No. 169, which deals with indigenous and tribal peoples. Convention 169, which was incorporated into Argentine law after it was ratified. Approximately one half of these communities are members of the Warmi Sayajsunqo (Warmi), a term that in Quechua means “persevering women.” This organization is headed by Kolla women, and its extremely effective organizational structure is rooted in strong communities and consensus-based decision-making.
- 1.5 The instrument that brings together all of the indigenous communities served by the Warmi is the microcredit program adapted to indigenous values and culture. Loans

are made to the communal funds or Markas² of the communities, and the communities guarantee the loans jointly and severally. The proceeds are used, managed, and controlled by the members of the fund, in accordance with strict ethical guidelines set by the communities, and the Council makes the decisions. Each community elects a loan committee and two *kipus* (treasurers of the Communal Fund), one of whom is a man and the other a woman. This structure provides a system of social auditing, thus ensuring beneficial use of the funds. So far, the results have been impressive: (i) 72 communal funds; (ii) over 1,500 loans in the Puna region; (iii) no uncollectable loans; (iv) accounting and management performed by duly trained *kipus*; (v) centralized software in operation and decentralization by Marka; and (vi) 144 leaders trained (72 men, 72 women). These funds have financed through small investments a variety of activities, ranging from small agricultural operations and nurseries for self-consumption to trout farms, to salt production, to precious metal working.

- 1.6 Among the investments made with communal funds are experiments in developing indigenous community enterprises, experiments that have turned out to be profitable. The guiding principle is community participation in management oversight. Return on investment is evaluated according to its benefits to society and the community and is not driven by the desire for private profit. Thus, net profits (after taxes and loan payments) are reinvested in areas agreed on by the community (in the same or another enterprise), in environmental improvements, or in community social actions according to the 'triple bottom line' concept. Currently, the Warmi owns a number of sustainably functioning indigenous community enterprises.³

C. Challenges for tourism sector development:

- 1.7 **Trends in tourism:** Macroeconomic conditions in the last four years, coupled with the recognition of the Quebrada de Humahuaca as part of the Human Heritage, have led to sustained growth in tourism in the region. Consequently, tourism in the Quebrada area is up by as much as 62%⁴, with the impact being felt in surrounding areas such as Puna. However, lack of knowledge about the Puna region and a paucity of tourism services there have produced a lower rate of increase (20% for

² Marka: a group of 5 to 7 neighboring communities that pool their efforts to facilitate the flow of information, consultation, and the work of the communities associated with the Warmi.

⁶ Warmi has a service station, a restaurant, a chinchilla farm with 1,000 animals for marketing and export of hides and furs, a crafts and fabrics factory, a cybercafé, and a wool- and fiber-trading facility. In addition to the enterprises managed by Warmi, a number of communities have been trained to manage their own community enterprises, which include salt production and distribution (the Cerro Negro community), trout farming (Alfarcito), and cheese production (Nazareno).

⁴ Tourism statistics from the Jujuy government's *Estadística Hotelera- Arribo por regiones turísticas* [Hotel statistics: number of visits by region]. The rate for Purmamarca and Tilcara for the 2002-2005 period, was a simple annual average of 15.5%.

the 2002-2005 period, or a simple annual average of 6.5%). An increase in the number of foreign tourists visiting the province of Jujuy accounts for much of this growth. Though they represent only 25% of all visitors, their number increased 82% in absolute terms during the period.

- 1.8 **Opportunities:** The Puna covers an extensive area with a number of interesting destinations around which tourist circuits could be created. A preliminary list includes Salinas Grandes in the high Andean region, the Laguna de Pozuelos, Yavi (for colonial art), and Nazareno (an Andean valley area). The existing network of main roads crosses through different microclimates, making many rural communities accessible. Despite the wealth and variety of landscapes, there are not enough hotels and tourism services. The little lodging available is scattered about, and occupancy averages 72%, reflecting the general lack of tourism infrastructure. Establishments serving tourists are generally located in urban areas, far from the indigenous population, and are owned by people outside the indigenous community, with Kolla employed in the less skilled jobs.
- 1.9 Thus, the Kolla communities have an opportunity to turn their business experience to developing tourism services and products with their unique stamp. This set of potential services has been called tentatively “**Puna: Living nature and culture!**” The Kolla can position themselves as authentic providers of opportunities that would permit tourists to experience Puna, the practices, and the traditions of its indigenous population, and its link with the natural surroundings through the worldview of the indigenous culture.
- 1.10 **Demand:** Although there are no statistics on unmet demand for innovative ethnic and cultural tourism products in Puna, statistics for nearby areas suggest potential demand exists. Recent figures indicate that an average of 70,000 tourists visit San Salvador de Jujuy annually,⁵ while Salta⁶ reports 796,000 visitors, of whom 31% visit the Andean area, traveling to the Quebrada de Humahuaca and Puna on day excursions. A similar area in Chile (San Pedro de Atacama) receives 206,580⁷ tourists a year and another in Bolivia (Salar de Uyuni) 42,200⁸ annual visitors, of whom 46.4% go in search of the very things offered by the Puna: culture, nature, and archeological sites.

⁵ Provincial government statistics.

⁶ According to 2004 totals for the province published by the Salta Secretariat of Tourism at <http://www.turismosalta.gov.ar/>.

⁷ From *Anuario de Turismo 2004*, published by the Instituto Nacional de Estadísticas de Chile. This figure does not distinguish between urban and rural tourism.

⁸ Encuesta Gasto de Turismo Receptor y Emisor 2003 – Sistema de Información Estadística de Turismo – Bolivia [2003 survey of incoming and outgoing tourism spending – Bolivian Tourism Statistics Information System].

- 1.11 **The challenge:** As a result of the factors described above, the members of the Warmi have identified the business capacity of the communities as a priority, with emphasis on the tourist sector, with a view to taking advantage of the current economic situation, unmet demand for tourism services, and the entrepreneurial spirit that typifies these communities. Specific training supported by specialized technical assistance has been identified as the path to developing local capacity for managing sustainable tourism, validating the major attractions around which pilot tourist circuits would be designed, and consolidating new and existing enterprises. Also, it would strengthen local supply by creating new and innovative products based mainly on ethnic, archeological, and historical tourism through the development and marketing of a “local brand”.
- 1.12 Thus, the present project would promote the sustainable development of new market opportunities in tourism. The enterprises to be developed include small restaurants and roadside stops, inns and small hotels adapted to international requirements for food and lodging; excursions; tourist guides and ethnic routes; transportation; and marketing of indigenous products. Naturally, all these initiatives would need to respond appropriately to market demand and to make the most of the area’s attractions. Approximately 50 communities with previous experience in community enterprises and management of community funds would stand to benefit.

D. MIF and Bank strategy

- 1.13 **Rationale:** The project is justified since the participation of the MIF, on the strength of its experience and the contribution it would provide, would make a difference by facilitating support for the Kolla’s entrepreneurial spirit. The project is consistent with the mandate of the Operating Policy on Indigenous Peoples (OP-765).
- 1.14 The project fits in with the MIF tourism cluster insofar as: (i) it focuses on the sustainability of the tourism enterprise, which would be in harmony with the indigenous people’s worldview; (ii) it accords priority to providing small businesses with the support they need to make their activities and their products more competitive; and (iii) it brings the additionality of the MIF in identifying and promoting ethnic tourism products offered by the indigenous population itself (i.e., “living heritage”).

II. PROJECT OBJECTIVES AND DESCRIPTION

A. Objectives

- 2.1 **General:** To support the competitiveness of indigenous community enterprises in the Puna region, helping the indigenous communities to improve their quality of life

through their own efforts. **Specific:** To create, finance, and consolidate a network of sustainable indigenous community enterprises that offer tourist services and products based on the ancestral identity of the indigenous peoples of Puna; and strengthen the Warmi as a linking instrument within the Kolla community microfinance system.

B. Components and activities

- 2.2 **Component 1: Tourism products and quality standards (MIF: US\$60,200; Counterpart: US\$11,025).** The purpose of this component will be to identify and assess the tourism products that would be supplied and the quality criteria of the products and activities of the enterprises that develop them. Approximately three to five tourist attractions will be identified by consensus and developed as tourism circuits. Responsibility for the different activities will be distributed by consensus among the participating communities, and will involve at least 50 indigenous community enterprises. The process of identifying and assessing the attractions will take into account their viability based on location, tourist interest, legal considerations, and financial projections. The circuits will be developed tentatively around the attractions specified in paragraph 1.8.
- 2.3 The following activities are envisaged for this component: (i) preparation and approval by the Council of an Operating Manual for the “Puna: Living nature and culture!” project, to include criteria for implementation of the program and standards of conduct for the tourist program to be run by the Warmi and its member communities; (ii) identification, design, and assessment of the tourist circuits and products, validated by the communities and the market (tour operators); (iii) planning and supervision of lodging and restaurant infrastructure works, recovering and using materials and designs typical of the area’s indigenous population; (iv) design and implementation of transportation logistics along the tourist circuits; (v) an assessment of signage requirements on the circuits, and subsequent placement of signage; and (vi) establishment of a “Puna: Living nature and culture!” tourist information center.
- 2.4 **Component 2: Demand management and marketing (MIF: US\$99,975; Counterpart: US\$92,575).** This component will promote the creation and growth of demand for the products provided by “Puna: Living nature and culture!” and will develop and consolidate the necessary mechanisms for marketing the services. The component is expected to result in: (i) a demand niche identified and promoted on a sustainable basis through a product marketing and promotional strategy; (ii) an increased number of foreign tourists visiting Puna; (iii) partnerships with tour operators; and (iv) the development of operational tourism capacity within the Warmi. The component is based on a conservative working assumption that takes into account the Warmi’s lack of previous experience in tourism and the need to introduce and position products that are altogether novel to the market. Accordingly, growth is estimated to reach 5% between the third and fourth years,

10% during the project's seventh year, and 15% beginning in year ten. Assuming a stable scenario, income from tourism is thus expected to rise in real terms.

- 2.5 The activities envisaged are: (i) a market study to identify the appropriate demand segment for the "Puna: Living nature and culture!" product; (ii) creation of the product brand to be offered, taking account of the target market; (iii) design and implementation of the marketing and promotion strategy, including advertising campaigns, production of an indigenous festival calendar, workshops with tour operators, FAM tours, press tours, product catalogue and user-friendly website, and other related activities; (iv) creation and launch of a Warmi tour operator; (v) installation of computers, telephones, radio, Internet, website, etc., for more efficient communications; (vi) analysis of coverage against risks that tourists may be exposed to in land transport, in on-site activities, or due to the geographical nature of the terrain; (vii) development of reservations systems; and (viii) partnerships with tour operators.
- 2.6 **Component 3: Credit and training for business management (MIF: Window IIIA US\$177,230; Window IIIB: US\$260,000; Counterpart: US\$233,600).** This component will result in the creation of 50 community enterprises offering profitable tourism products and services, according to the operating standards and quality criteria established for "Puna: Living nature and culture!" The managers of the enterprises will be trained through a series of at least three courses for indigenous entrepreneurs, and will receive technical assistance in presenting their business plans. All the communities participating in the program will be trained in cross-cutting issues related to the protection of the heritage, cultural identity and tourism basics. In addition, specific training will be supplied in areas concerned with tourist services delivery. Loans will be granted to at least 25 of the 50 businesses. In providing financing, priority will be accorded to ICEs that provide basic tourist services (hotels, transportation, and food). Loans may be granted to indigenous community enterprises that manage smaller businesses (crafts, tour guides), or even enterprises in existence prior to the project. Loan repayment terms and conditions will be as specified in paragraph 1.5 (iii).
- 2.7 Activities envisaged at the businesses level include: (i) selection of applicants from the communities to manage the enterprises, and training in business management and entrepreneurship; (ii) sharing of the experiences of four tourist sites with similar geographical and cultural characteristics (such as Chile, Peru, and Bolivia); (iii) assistance for creating business plans; (iv) granting of loans for the execution of business plans; and (v) technical assistance in general and specific areas. Activities will also be conducted to train the community, as follows: (i) training of cultural promoters; and (ii) selection of applicants and training in tourist services (languages, hotels and restaurants, hygiene, first aid, guides, driving, sales, etc.).
- 2.8 The Window IIIB financing will support and strengthen the Warmi's capacity as a lender, consolidating its financial system, which has until now drawn on

nonreimbursable financing for its funding. As to the lending terms and conditions, a number of alternatives have been evaluated that take into consideration: (a) the Warmi's demonstrated capacity as a microfinance institution, based mainly on the health of its portfolio; (b) the need to strengthen the Warmi in order to expand its future borrowing capacity; (c) the Warmi's mission and respect for cultural identity and gender equity, and the use of microcredit as a development tool in the context of a broader institutional mission as an element that makes it different from other microfinance institutions; (d) the existence of economic cycles that can affect indigenous communities that have become more exposed and vulnerable; and (e) the presence of several sustainable businesses created by Warmi as a strategy for continuous reinvestment of earnings.

- 2.9 Based on these variables, it was felt that foreign currency loans and contingent recovery loans would be extremes that would not fully contribute to the success of the project objectives. The alternative chosen was a local currency loan granted at a reasonable rate for the activity envisaged and the objective of the operation. As to the return on the operation for the MIF, a number of scenarios with different exchange rates were studied, and it was found that with the exchange rate unchanged the rate of return would be 5.2%, which with 3% annual currency appreciation could rise to as much as 8%. The sensitivity analysis indicates that with annual depreciation of the Argentine peso against the United States dollar the model would produce a rate of return ranging from zero to 5.3%. These projections were based on the assumption that conditions would remain unchanged during the period reviewed since it is difficult to make changes to assumptions beyond a period of two years and for a total period of up to 10 years.
- 2.10 Loans to indigenous community enterprises will be granted through each community fund pursuant to the Warmi Credit Regulations. The interest rate must be positive in real terms, and Warmi must retain 50% of the interest it pays to the MIF, to capitalize a fund to help make the project sustainable. These funds may begin to be used during project execution, and must be identified for accounting purposes.
- 2.11 **Component 4. Consolidation of an organizational model based on cultural identity (MIF: US\$20,900; Counterpart: US\$85,000).** The organizational model developed by Warmi to date, which is based on participation, empowerment, and improvement of the linkages of indigenous organizations, has proven effective in promoting the communities and is the basis for the success of the microcredit model being used today. However, it must be consolidated to continue strengthening the governance of the community organizations, to enhance the leadership capacities of their leaders, to heighten awareness of member rights, and to provide institutional sustainability for the **“Puna: Living nature and culture!”** initiative.
- 2.12 The objective of this component is to optimize, systematize, and disseminate the Warmi organizational model, considering the new undertakings. The following

outcomes are expected: (i) development and validation of an institutional policy on the care and use of the Kolla heritage for tourism-related purposes; (ii) strengthened leadership, negotiation, and governance capacity in 80 Warmi communities; and (iii) systematization of the experience and application of this knowledge to other areas.

- 2.13 The activities envisaged will be executed on three levels: (i) **within Warmi** by engaging technical assistance services to improve the institution's capacity to strengthen and assess the cultural identity of the Kolla in tourism; by coordinating and exchanging experiences with other indigenous groups with experience in tourism initiatives; and by commissioning a legal study to provide proposals for improving the regulatory framework and adapting it to the characteristics of community enterprises; (ii) **in the Warmi member communities** by means of action to strengthen the capacity of current and potential leaders, through training on citizen rights to community members; and (iii) **in the society as a whole** by disseminating the Warmi organizational model, systemizing the experience, capturing lessons learned, applied models, the organization's historical memory, intervention methodologies, and creation and application of a strategy to disseminate information on the experience.

III. PROJECT COST AND FINANCING

A. Cost and financing

- 3.1 The technical cooperation funding for the program amounts to US\$995,600, of which US\$507,400 corresponds to the MIF (Facility IIIA) and US\$488,200 to the local counterpart. Also included is a loan of US\$260,000 from the MIF (Facility IIIB) to help finance the project and the indigenous community enterprises (component III). Accordingly, the total project cost is US\$1,255,600, of which US\$767,400 will be contributed by the MIF (from Facility IIIA and Facility IIIB). The MIF contribution includes US\$25,000 for participation in tourism cluster activities. A summary budget of the technical assistance appears below (with the itemized budget in Annex II):

Component	MIF	Counterpart	Total	%
	IIIA			
I. Tourism products and quality standards	60,200	11,025	71,225	7.3
II. Demand management and marketing	99,975	92,575	192,550	19.8
III. Enterprise management and investment	177,230	233,600	670,830	42.3
IV. Consolidation of an organizational model based on cultural identity	20,900	85,000	105,900	10.9
Administration	93,950	66,000	159,950	16.5
Baseline, evaluation and audit	25,000		25,000	2.6
Contingencies	5,145		5,145	0.5
Subtotal	482,400	488,200	970,600	100.0
%	50.0	50.0	100.0	
Cluster activities	25,000		25,000	
Total	507,400	488,200	1,255,600	

- 3.2 The reimbursable funding will be sourced by the Small Business Investment Fund (SBIF) (Window IIIB), and will be disbursed in four equal tranches in Argentine pesos equivalent, with each tranche being disbursed when at least 85% of the previous tranche has been justified. The guarantee for the MIF will be a promissory note representing the amount disbursed in pesos, as currently required by law. As supporting documentation for the disbursements, Warmi is to submit to the Bank proof of delivery of the funds. The following financial conditions have been established to help strengthen Warmi's financial culture and the fund capitalization: (a) the amortization period will be 10 years, with a five-year grace period; (b) the debt will be denominated in Argentine pesos and converted at the time of disbursement; (c) payments of interest and principal will be made semiannually based on the current Banco de la Nación Argentina 180-day term-deposit-interest rate as of the close of the corresponding six-month period.
- 3.3 The counterpart funds will be provided by Warmi, with resources of its own in kind and funds from AVINA and the Inter-American Foundation (the latter's contribution will be US\$56,500 for component III and the AVINA contribution will be US\$80,000 for component IV). Additional donors may join during project execution. The amounts in kind will come from Warmi and its member communities. Amounts disbursed up to six months prior to approval of the project may be recognized as counterpart funding.
- 3.4 Recovery of the loan: The loans for which Warmi receives repayment will need to be reinvested in eligible indigenous community enterprises for the purposes of the project, in accordance with the Credit Regulations.

B. The program's sustainability

- 3.5 The sustainability analysis is based on the Warmi's sound institutional, financial, and operational structure in strengthening its members' identity and collaboration, promoting their rights, and managing a variety of enterprises. The sustained and growing flow of tourism in Kolla-adjacent areas is an indication that the economic situation will generate sufficient cash flow to service the program, and to make it the seed of further undertakings in the future. Sustainability will depend on Warmi's ability to keep the enterprises profitable and sustainable and to reinvest surpluses. The model used for financial projections shows that even in the most unfavorable economic conditions, with a conservative business approach it is possible for the indigenous community enterprise system to be self-supporting, given the financial discipline and spirit of solidarity prevalent in the communities. Sustainability will be addressed during the midterm evaluation, and based on the findings a strategy will be formulated and implemented to achieve it. A sustainability workshop will be held to study the implementation of the strategy one year prior to the final disbursement, and a closing workshop will be held at the conclusion of the program.

IV. EXECUTION OF THE PROGRAM

A. Executing agency

- 4.1 The Asociación de Mujeres Warmi Sayajsunqo, created in 1995, is a self-managed organization comprising more than 3,000 Kolla families in the provinces of Salta and Jujuy. Its objective is to provide its members with the capacity and opportunities needed to live with dignity from their own work, while respecting their culture and playing an active role in a world of globalization, markets, and democracy. The families in the organization belong to 80 communities, 79 of which have community funds. This is part of an indigenous local development program that includes health, indigenous law and economic law, a microcredit fund, and a program for community enterprise management, and is carried out in coordination with AVINA, the Inter-American Foundation, the Church, the Ministry of Social Development, Doctors of the World, the Abrapampa Hospital, and other organizations.
- 4.2 The institution's organizational chart is in the form of a "pot", where the bottom is the communities, the middle is the Council of leaders and *kipus* (the treasurers of the funds), the opening is the Warmi board of directors, and the handles are the technical personnel. In practice, the board functions only to manage the organization's legal affairs, since decisions are made by consensus in the Council of Leaders comprising one man and one woman from each fund. These leaders meet every 40 to 50 days, usually for two days. All of the board positions (which are unpaid) are occupied by women.

- 4.3 Warmi financial statements. Warmi is basically an intermediary institution that provides financing and technical assistance to the 80 communities it serves. The resources received as grants are passed on by the Warmi, which records them temporarily as a liability for accounting purposes, and the communities take the resources. That is why at year-end 2005, the Warmi reported liabilities with its communities of 77%, based on its commitment to transfer the resources as they are requested by the community funds. Over the last five years, the Warmi has administered resources in excess of US\$800,000 from different donors, with its borrowing ranging from 60% to 77%, depending on the percentage of each donation disbursed, but showing steady, sustained growth in community funds with a 30-day arrears rate of 0%. As a linking entity, Warmi holds investments, such as handicrafts and interests in the chinchilla and gas station businesses, that account for some of its assets. These are productive assets representing 26% of total assets. Its equity, which unlike that of other similar institutions does not include the portion received in grants, totaled US\$120,000. Its businesses operate at breakeven and the budgets examined show that for 2006 the Warmi companies will begin turning a net profit, thus augmenting their equity. As a beneficiary, the Warmi has worked for over 10 years with a variety of financial institutions, at home and abroad. As a result, it has sound mechanisms for accountability and responsibility.

B. Execution mechanism

- 4.4 Project execution will be handled by an executing unit within Warmi. The unit will report directly to the organization's president, and will consist of a technical coordinator and an accounting/financial administrative assistant. The terms of reference for hiring these individuals are part of the project Operating Regulations. The executing unit will be responsible for (i) preparing and executing annual work plans (AWPs); (ii) coordinating the credit component and the technical assistance project activities; (iii) contracting, procuring, and overseeing goods and services; (iv) processing disbursements with the Bank; (v) submitting statements of account and management reports to the Bank; and (vii) monitoring the performance indicators set forth in the logical framework.
- 4.5 Through the Council (the Marka leaders), Warmi will be responsible for: (i) approving the project's Operating Regulations and any modifications that may be made to them; (ii) disseminating information on the project to all the communities; (iii) authorizing participation agreements; and (iv) approving the annual work plans and semiannual reports submitted to the Bank. Warmi's president will consult the board of directors on any decisions regarding the project which, due to their minor importance or urgency, do not require the approval of the Council.
- 4.6 **Procurement of goods and services:** Through the executing unit, the Warmi will procure goods and services for the program previously approved by the Bank in the semiannual procurement plan. These procurements will be done on a competitive

basis at market prices, pursuant to the procedures set forth in the *Policies for selection and contracting of consultants financed by the Bank* (document GN-2349-7) and *Policies for procurement of works and goods financed by the Bank* (document GN-2349-7), and in the MIF guidelines of 8 August 2006.

- 4.7 **Execution and disbursement periods:** The project will be executed over a period of 48 months, and the disbursements will be made over a period of 54 months. Due to liquidity requirements, a revolving fund of up to 20% of the loan amount is recommended for technical assistance to ensure smooth execution of the program. The proceeds of the loan from window IIIB will be disbursed in 48 months and repaid in 10 years, with a five-years grace period.

V. MONITORING AND EVALUATION

- 5.1 **Supervision and monitoring.** The Bank's Country Office in Argentina will be responsible for program supervision and monitoring.
- 5.2 **Audit and management reports.** The executing unit will prepare semiannual progress reports with the following relevant information for the six-month period: (i) the progress toward accomplishing the intermediate and final outcomes envisaged in the work program; (ii) budget execution; (iii) administration of the program; (iv) monitoring of agreements; (v) principal achievements and problems; (vi) actions stemming from the above; (vii) status of the loan portfolio: loans and the use to which they were put, supervision mechanisms, arrears and loan repayment ratios; configuration of the sustainability fund; Warmi payments to the MIF, and other relevant information for the loan portfolio evaluation; and (viii) amount and type of ICEs financed and the progress of their business plans, and relevance to planned supply and demand strategy. The reports will also include the plan of operations and procurement plan for the next six-month period. These will be submitted to the Bank within 30 days after the close of each six-month period, following approval by the Warmi Council. The last semiannual report will be the final report. The executing agency will be required to present the audited annual financial statements of the contribution and the loan.
- 5.3 **Evaluation.** Within three months after the start of the operation, the Bank will hire a consultant, in agreement with the executing agency, to design the evaluation and monitoring system, and to establish the baseline. The evaluation system will be based on the logical framework, with an overall quality criterion, so as to permit analysis of: (i) relevance, effectiveness, and the extent to which the program technical assistance and credit component objectives are being met; (ii) quality of the services offered and the status of the portfolio; (iii) the program's sustainability (technical, economic/financial, social, institutional) once the MIF contribution is fully disbursed; (iv) possibilities for expanding or replicating the experience; and (v) impact achieved.

- 5.4 Two evaluations of the project will be performed. They will be done by an individual consultant specializing in projects related to tourism and indigenous peoples, to be selected and hired directly by the Bank. The first evaluation will be commissioned once 50% of the financing has been disbursed, or 24 months after the first disbursement, whichever occurs first. The final evaluation will be conducted once 90% of the financing has been disbursed, or three months before the deadline for the last disbursement, whichever occurs first. If the MIF so wishes, it may use its own funds for an impact assessment three years after completion of the operation. To this end, the executing agency will need to continue providing information to the evaluation and monitoring system.

VI. BENEFICIARIES AND RISKS

- 6.1 **Project beneficiaries.** The project's direct beneficiaries will be the families connected with the 50 indigenous community enterprises that are to be created, the Warmi itself, and its member communities. Indirect beneficiaries will be the 2,000 families in the communities where the tourism enterprises are set up.
- 6.2 **Risks.** The potential risks to the operation relate to: (i) the failure of exchange rates to maintain their current levels, rendering tourism uncompetitive and the Warmi unable to repay the MIF financing; (ii) an inability to secure trainers and experts to provide on-site specialized technical assistance in tourism in the communities; (iii) difficulties encountered by the Warmi and its communities in forming local partnerships in this area; and (iv) the MIF having to assume more exchange risk than anticipated, even if the tourism business is profitable and the development objectives are met, because of greater than projected depreciation, thus lowering the expected rate of return.
- 6.3 The mitigating factors are: (i) to balance the portfolio of foreign and domestic tourists in order to ensure a continued flow if real exchange rates change, as do the repayment conditions of the MIF financing to the Warmi; (ii) partnerships with local educational establishments (in the city of San Salvador de Jujuy) where there are many students from Puna, in order to increase the supply of trainers; (iii) activities to strengthen Warmi and community leadership, in order to endow them with greater bargaining capacity in the partnerships.

VII. SOCIAL AND ENVIRONMENTAL ASPECTS

- 7.1 The Committee on Environment and Social Impact (CESI) considered this operation on 27 January 2006. The Committee's recommendations on inclusion of a general description of the ancestral indigenous culture and its environmental protection techniques are reflected in paragraphs 1.1. Paragraphs 4.1 and 4.3

discusses the strategic partnerships between the executing agency and local organizations sharing the same values and basic worldview.

LOGICAL FRAMEWORK MATRIX
AR- M1016- SUPPORT FOR THE CREATION OF A NETWORK OF
SUSTAINABLE TOURISM-ORIENTED INDIGENOUS COMMUNITY ENTERPRISES

	Indicators	Means of verification	Assumptions
OBJECTIVE To support the competitiveness of indigenous community enterprises in Puna, helping the indigenous communities to improve their quality of life through their own work.	Three years after the end of the project: <ul style="list-style-type: none"> Puna has its own tourism identity. Income from tourism doubles in the project area. 20% improvement in the income/poverty line ratio in the project's beneficiary communities. 	Ex-post evaluation. National and provincial social statistics.	Cultural identity is maintained, strengthened, and valued. Socioeconomic conditions remain stable.
PURPOSE To create and consolidate a network of sustainable indigenous community enterprises that offer tourism services and products based on the ancestral identity of the indigenous peoples of the Puna and to strengthen the Warmi as a linking entity in the Kolla community microfinance system.	By month 24: <ul style="list-style-type: none"> At least four tourism products designed (nature, adventure, culture, generic). 20 indigenous community enterprises actively participating in project. The brand "Puna: Living nature and culture!" is created and used by the project's indigenous community enterprises. At the end of the project: <ul style="list-style-type: none"> At least one Warmi operator offering 4 or more lines of tourist products (nature, culture, adventure, generic) under the brand name "Puna: Living nature and culture!" 50 sustainable indigenous community enterprises financially profitable, permitting environmental and social investment. At least 25 indigenous community enterprises financed with projects. Warmi maintains an arrears ratio of 0% in the 	Accounting information of the enterprises created. System for registering and signing up tourists. Number of visitors to the project's website who have gone there to request reservations. Warmi statistics. Warmi accounting information. Records of the Councils and meetings of community leaders. Semiannual progress reports. Project completion report. Project performance monitoring report. On-site inspections. Midterm and final evaluations.	Warmi maintains its organizational strength to coordinate the communities. There continues to be interest in alternative tourism. There is sufficient demand to permit large, local operators and community enterprises to function.

	Indicators	Means of verification	Assumptions
	<p>community funds</p> <ul style="list-style-type: none"> • Repayment ratio (interest and principal) with the MIF is 100%. 		
COMPONENTS			
<p>1. Tourism products and quality standards</p> <p>Define products and structure of community organizations that will provide them, according to quality criteria and consensus-based management.</p>	<p>The project has</p> <p>By month 3:</p> <ul style="list-style-type: none"> • An Operations Manual <p>By month 8:</p> <ul style="list-style-type: none"> • At least three circuits and 2 products identified. <p>By month 9:</p> <ul style="list-style-type: none"> • Architectural designs completed. • Transportation logistics designed. <p>By month 12, the first pilot circuit is available, meets quality standards, and functions efficiently.</p> <p>By month 24, at least 3 tourist circuits and at least 4 products identified and developed, and meeting quality standards.</p>	<p>Consultant's reports.</p> <p>Records of the Councils and meetings of community leaders.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>Project performance monitoring report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	<p>There are consultants with the capacity to share and disseminate ideas, and provide business training for indigenous participants in the project.</p> <p>There are consultants with the capacity to understand the project from a cultural and economic standpoint.</p>
<p>2. Demand management and marketing</p> <p>Promote the creation of demand for the "Puna: Living nature and culture!" products and market the services needed to meet the demand.</p>	<p>By month 6, a detailed study of the project including a description and quantification of demand for tourist services in Puna.</p> <p>By month 9, marketing strategy has been designed.</p> <p>From month 16 through end of the project, the marketing and promotion strategy designed and implemented for the product offered.</p> <p>By month 18, Warmi operator is in place and functioning to receive tourists.</p> <p>By month 18, project has reservations systems and strategic partnerships with domestic and international operators in place.</p> <p>By month 48, the marketing strategy has been implemented.</p>	<p>Consultants' reports.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>Project performance monitoring report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	<p>The international tourist market continues to be interested in the products identified.</p> <p>There are consultants with the capacity to communicate with and train indigenous participants in entrepreneurship.</p> <p>There are consultants with the capacity to understand the project from a cultural and economic standpoint.</p> <p>There are tour operators interested in promoting Puna as a destination.</p>

	Indicators	Means of verification	Assumptions
<p>3. Credit and training for business management.</p> <p>The objective of this component is to make indigenous community enterprises operationally viable and sustainable, through training, technical assistance, loans, and investment.</p>	<p>5 members of the Warmi technical team acquire new knowledge on tourism management through in-service training.</p> <p>At least 150 potential entrepreneurs trained.</p> <p>60 business plans submitted as a part of loan requests.</p> <p>At least 150 members of communities trained in crosscutting tourism-related issues.</p> <p>By month 24, loans approved at the community level for at least 25 indigenous community enterprises.</p> <p>By end of project, loans disbursed, and monitoring conducted with Warmi methodology for at least 50 indigenous community enterprises.</p> <p>ECA arrears ratio > 30 days with community funds is 0%.</p> <p>By month 48, at least 50 indigenous community enterprises have received technical assistance for business development.</p>	<p>Records of communal funds.</p> <p>Warmi statistics.</p> <p>Records of Councils and meetings of community leaders.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>Project performance monitoring report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	<p>Stable macroeconomic environment.</p> <p>There are consultants with the capacity to communicate with and train indigenous participants in entrepreneurship.</p> <p>There are consultants with the capacity to understand the project from a cultural and economic standpoint.</p> <p>There is a capacity to influence public policy on community enterprises created and implemented by Kolla communities.</p>
<p>4. Consolidation of an organizational model based on cultural identity</p> <p>The objective of this component is to optimize, systematize, and disseminate the Warmi organizational model, which is based on community leadership and the Kolla cultural identity.</p>	<p>By month 12, there are legal studies on the regulatory situation of indigenous community enterprises and proposals to improve framework.</p> <p>By month 24, Warmi has a clear institutional policy on the protection of the Kolla's living cultural heritage, its use for tourism purposes, and responsibility for environmental protection.</p> <p>By month 36, 80 Warmi member communities have strengthened their leadership, negotiation, and governance capacity, and the structure of the 12 Markas has been strengthened to optimize linkages of local initiatives with a regional development perspective.</p> <p>By the end of the project, Warmi has systematized its experience and is facilitating access to the knowledge in other contexts.</p>	<p>Partnerships arranged by Warmi.</p> <p>Consultants' reports.</p> <p>Records of Councils and meetings of community leaders.</p> <p>Report on systematization of management model.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>Project performance monitoring report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	<p>Warmi maintains its organizational strength to coordinate communities.</p>
ACTIVITIES			
<p>Component 1 –Tourism products and quality standards</p> <ul style="list-style-type: none"> Operations Manual includes criteria and ground rules for 	<p>➤ A manual to govern operations is in place by month 3.</p>	<p>Operations Manual and records of approvals.</p>	

	Indicators	Means of verification	Assumptions
<p>Warmi tourism program.</p> <ul style="list-style-type: none"> Product design (circuits assessed and set up). Lodging and restaurant infrastructure design. Transportation. Signage on circuits. Information center functioning. 	<ul style="list-style-type: none"> Tourism product designed and assessed by month 8 (pilot experiment completed by month 26). Designs of lodging and restaurants completed by month 9. Transportation logistics designed by month 9. All the circuits have the necessary signage by month 12. Warmi has a functioning information center by month 12. 	<p>Consultants' reports.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	
<p>Component 2 –Demand management and marketing</p> <ul style="list-style-type: none"> Market study. Creation of Puna brand. Design and implementation of marketing and product promotion strategy (advertising, calendar of indigenous festivals, workshops with tour operators, fam tour; product catalogues, calendars of events, website). Warmi tour operator begins operations. Communications system (computers, telephones, radio, Internet, website). Assistance to address coverage of potential safety risks to tourists. Development of reservations system. Strategic partnerships with domestic and international operators. 	<ul style="list-style-type: none"> Demand study completed by month 6. Puna brand created by month 12. Design (month 16) and implementation of marketing and product promotion strategy (advertising, calendar of native festivals, workshops with tour operators, fam tour, product catalogues, calendar of events, website) by month 48. Warmi functioning as tour operator by month 18. Communications system installed and functioning by month 12. Study to determine proper coverage of potential safety risks to tourists completed, and recommendations implemented, by month 12. Adequate reservations system instituted by month 12. Warmi consolidates partnerships with domestic and international operators by month 24. 	<p>Consultants' reports.</p> <p>Brochures and advertising.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	

	Indicators	Means of verification	Assumptions
<p>Component 3 – Indigenous community enterprise management and investment.</p> <p>Training for indigenous community enterprises:</p> <ul style="list-style-type: none"> • Selection of applicants at the community level for ICE management. • Management and entrepreneurship training conducted. • In-service training at 4 tourist sites similar to the Jujuy Puna sites. • Assistance for presentation of business plans. • Loans granted to execute business plans. • Technical assistance to each enterprise for the service offered. <p>Community training:</p> <ul style="list-style-type: none"> • Selection of applicants to participate in training. • Training in tourist services (languages, hotel and restaurant services, hygiene, first aid, guides, driving, sales, etc.). • Training of cultural promoters. 	<p>Training for indigenous community enterprises:</p> <ul style="list-style-type: none"> • At least 50 applicants selected for each course. • Three training sessions offered between month 6 and month 45, each consisting of a 250-hour module. • 5 in-service training events at 4 tourist sites similar to the Jujuy Puna sites by month 24. • At least 60 entrepreneurs helped with presentation of their business plans by month 24. • By month 24, communities employing Warmi methodology approve the project's 24 loans (MIF funds) for execution of business plans. • By month 48, the 50 indigenous community enterprises each receive 24 months of assistance in technical matters and management. <p>Community training:</p> <ul style="list-style-type: none"> • Between month 6 and month 30, 150 applicants selected for crosscutting training. • New modules offered between months 6 and 30 (3 80-hour modules and 6 40-hour modules). • Courses provided for at least 150 cultural promoters between months 6 and 30 in the 12 Markas. 	<p>Consultants' reports.</p> <p>Evaluation of training.</p> <p>Records of Warmi communal funds.</p> <p>Semiannual progress reports.</p> <p>Project completion report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	
<p>Component 4 – Consolidation of an organizational model based on cultural identity.</p> <p>For Warmi NGO:</p> <ul style="list-style-type: none"> • Institutional policy regarding protection of the Kolla living cultural heritage designed and validated. 	<p>For Warmi NGO:</p> <ul style="list-style-type: none"> • In the course of the project, 12 Markas receive assistance and have been strengthened in artistic and cultural areas, and an institutional policy on protection of the cultural heritage is developed and validated. 	<p>Consultants' reports.</p> <p>Evaluation of training.</p> <p>Records of Warmi communal funds.</p> <p>Semiannual progress reports.</p>	

	Indicators	Means of verification	Assumptions
<ul style="list-style-type: none"> Study to propose legal framework for regulation of indigenous community enterprises commissioned and completed. <p>For the Warmi communities:</p> <ul style="list-style-type: none"> Strengthening community leadership capacities. <p>Dissemination of the model:</p> <ul style="list-style-type: none"> Creating documents for systematization of experiences gained (lessons learned, models applied, historical memory, methodology, etc.). Strategy for dissemination of the project. 	<ul style="list-style-type: none"> By month 12, proposed reform of ICE regulatory framework. <p>For Warmi communities:</p> <ul style="list-style-type: none"> By end of project, 12 Markas have enhanced capacity for leadership, democratic participation and indigenous rights. <p>Dissemination of the model:</p> <ul style="list-style-type: none"> By month 48, there are a systematized model, good practices, and methodological guidelines, etc. Strategy for dissemination of the project designed by month 30, and implemented through end of project. 	<p>Project completion report.</p> <p>On-site inspections.</p> <p>Midterm and final evaluations.</p>	

**SUPPORT FOR THE CREATION OF SUSTAINABLE TOURISM-ORIENTED INDIGENOUS
COMMUNITY ENTERPRISES (AR-M1016)
ITEMIZED BUDGET**

Component	MIF		Counterpart		Total
	IIIA	IIIB	In kind	Cash	
Component I	60,200	0	2,525	8,500	71,225
Tourism products and quality standards					
Operating Manual for Warimi tourism enterprises	2,250		1,625		3,875
Product design and assessments	24,000			300	24,300
Architectural designs and supervision of works	6,800		900	8,200	15,900
Design of transportation logistics	2,400				2,400
Safety, signage and rules governing the circuits (archeologist, historian, and social anthropologist: 3 consultants for 6 months each)	9,000				9,000
Technical work by coordinator (17.5%)	15,750				15,750
Component 2	99,975	0	60,300	32,275	192,550
Demand management and marketing					
Study of demand and design and implementation of strategy	62,225		300	3,775	66,300
Creation of Puna brand	3,000				3,000
Launch of WARMI tour operator	11,000			19,500	30,500
Legal assistance with risk coverage	1,000				1,000
Development of reservations system	7,000			0	7,000
Communications system for the enterprises					
Radio			60,000		60,000
Website hosting				1,000	1,000
Website maintenance and updating				3,000	3,000
Telephone				5,000	5,000
Technical work by coordinator (17.5%)	15,750				15,750
Component 3	177,230	260,000	145,500	88,100	670,830
Indigenous community enterprise management and investment					
Academic coordinator	44,000				
Training in business management and entrepreneurship culture	9,000				
Assistance in presenting business plans	6,000				
In-service training	6,000				
Technical assistance on tourism services: assistance to 50 enterprises for 24 months each; two individuals at US\$ 500/month	36,000		1,500	21,600	59,100
Community training (two 80-hour modules and four 50-hour modules for 12 Markas at US\$15/hour, including travel and per diems)	60,480				60,480
Training of cultural/organizational promoters				56,500	
Funding for business plans		260,000	140,000		400,000
Monitoring and collection of loans			4,000	10,000	14,000
Technical work by coordinator (17.5%)	15,750				15,750

Component	MIF		Counterpart		Total
	IIIA	IIIB	In kind	Cash	
Component 4 – Consolidation of an organizational model based on cultural identity	20,900	0	0	85,000	105,900
Legal advice on improving ICE legal framework	3,500				3,500
Strengthening community leadership capacity				80,000	80,000
Strategy to disseminate information on the project	8,000				8,000
Systematization of the work model	9,400			5,000	14,400
Administration	93,950	0	32,400	33,600	159,950
Coordinator	42,750				42,750
Board of directors			32,400		32,400
Administrative costs				33,600	33,600
Accounting and financial administrative assistant	43,200				43,200
Adaptation of the accounting system	1,000				1,000
Participation in the cluster	7,000				7,000
Evaluation and audits	25,000				25,000
Cluster activities					
Evaluations and audits	25,000				25,000
Contingencies	5,145				5,145
Project total	482,400	260,000	240,725	247,475	1,230,600

RELATED PROJECTS
ARGENTINA: SUPPORT FOR THE CREATION OF A NETWORK OF
SUSTAINABLE TOURISM-ORIENTED INDIGENOUS COMMUNITY ENTERPRISES
(AR-M1016)

A. MIF projects related to the same sector/issue in the country.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/ME-8112-AR 20 November 2002	Supply Chain Development in the Province of Córdoba Agencia de Desarrollo Económico de Argentina US\$1,082,640	27 March 2003 48 months	65.8 %	Generally satisfactory. There have been no substantive changes to adversely affect the triggers. Execution continues to proceed satisfactorily.
ATN/ME-9079-AR 2 February 2005	Production of New Growth- Oriented Enterprises Fundación General Pacheco US\$780,000	8 April 2005	15.0%	Progress in the last six months has been substantial, and activities are being completed according to plan. Demand for project activities is outstripping initial projections.

B. Bank projects related to the same sector/issue in the country.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/SF-5625-AR 9 July 1997	Program to Support Indigenous Peoples Instituto Nacional de Asuntos Indígenas US\$5,000,000	16 March 1998 48 months	100.0 %	The project was satisfactorily completed, and implementation is considered favorable.

C. Sustainable tourism cluster projects.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/ME-8382-RG 30 July 2003	International accreditation system and consolidation of national systems for sustainable tourism certification to facilitate SME competitiveness and market access. Rainforest Alliance US\$3,020,000	27 October 2003 49 months	61.5%	Rated generally satisfactory. Assumptions continue to be valid, and activities are unfolding without problem, exceeding initial targets in some cases.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/ME-8867-PE 22 September 2004	Promoting the development of the Northeast Tourist Circuit to enhance MSME competitiveness. CARETUR Cajamarca and ALAC US\$798,431	18 March 2005 54 months	10.0%	Rated generally satisfactory since project activities have been completed as planned, the executing unit team has been strengthened, and a good working relationship has been established with the consultants assisting with the project.
ATN/ME-8977-SU 1 December 2004	Sustainable Tourism Development Conservation International Suriname (CIS) US\$845,000	10 March 2005 36 months	10.0%	Highly satisfactory, since the presidential election gave a push to the tourism sector. Therefore, it is highly likely that project activities will be completed.
ATN/ME-8987-RG 8 December 2004	Competitive development of rural tourism in the Andes. Fundación CODESPA US\$2,028,190	11 March 2005 54 months	6.0%	Although rated generally unsatisfactory, because the project has been proceeding very slowly, a deadline for completion of project activities is expected.
ATN/ME-9211-BR 25 May 2005	Estrada Real–Network of Tourism SMEs State of Minas Gerais Estrada Real \$1,701,740	14 July 2005 42 months	12.0%	Proceeding according to plan.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/ME-9273-BL 30 June 2005	Improving small business competitiveness in the tourism industry Belize Tourism Industry Association US\$580,000	7 September 2005 42 months	10.0%	Generally satisfactory. Although initial execution was fairly slow, progress to date has been satisfactory.
ATN/ME-9410-EC 21 September 2005	Sustainable productive sector development in Galapagos Cámara Provincial de Turismo de Galápagos (CAPTURGAL) US\$1,863,616	29 November 2005 48 months	5.0%	During the first six months of the project, the conditions precedent were fulfilled, and the coordinator was hired. Start-up has been satisfactory.
ATN/ME-9466-BH 26 October 2005	Sustainable Tourism Network for SMEs Bahamas Hotel Association US\$1,301,000	17 March 2006 48 months	24.0%	The project has just been signed and is getting under way. First six months was satisfactory.
ATN/ME-9512-DR 16 November 2005	Model for Sustainable Tourism Management in Bayahibe Asociación de Hoteles Romana Bayahibe US\$1,302,480	4 January 2006 48 months	10.35%	Generally satisfactory. The component activities are part of AHB's planned activities. Since December 2005, there has been considerable enthusiasm for the project from the local community and AHB.

Project number / Approval date	Name of Project, Executing Agency and Amount	Date signed and disbursement period	Percentage disbursed	Remarks: Execution satisfactory or problematic, including delays, extensions, reformulation, change of executing agency, etc.
ATN/ME-9563-CO 7 December 2005	Rural Tourism Development in Territorio Paraíso Fundación Carvajal US\$845,000	31 March 2006 36 months	10.0%	The project is in its initial stages, following formalization of the contract on 31 March 2006. All conditions precedent have been fulfilled and execution is rated generally satisfactory.
ATN/ME-9588-GU 14 December 2005	Competitive Development of Cultural Tourism with Indigenous Communities Cámara de Turismo de Guatemala US\$1,157,737	24 January 2006 48 months	10.00%	The conditions precedent were satisfactorily fulfilled, and eligibility was declared in April of this year. The initial workshop was held in July 2006.
ATN/ME-9720-ME 8 March 2006	Tourism Development for MSMEs in the Tequila Region Consejo Regulador del Tequila US\$1,572,370	27 April 2006	10.00%	The executing agency has fulfilled the conditions precedent, and the project is now eligible for disbursements. Rating is generally satisfactory.
ATN/ME-9832-CR 31 May 2006	Rural Community Tourism in Costa Rica and Replication in Central America COOPRENA US\$1,092,048	15 August 2006 48 months	0.00%	Implementation of initial activities is rated satisfactory, and the proposed components are likely to be completed.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

RESOLUTION MIF/DE-71/06

Argentina. Technical Cooperation ATN/ME-10097-AR and 104/MS-AR for the Support for the
Creation of Sustainable Tourism-Oriented Indigenous Community 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 Asociación de Mujeres Warmi Sayajsunqo (Warmi), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-775 with respect to technical cooperation for the support for the creation of sustainable tourism-oriented indigenous community enterprises.

2. That up to the amount of: (a) US\$507.400, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund; and (b) US\$260.000, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the sum mentioned in subsection (a) of paragraph 2 above is to be provided on a non reimbursable basis, and that the sum mentioned in subsection (b) of paragraph 2 above is to be provided on a reimbursable basis.

(Approved on November 8, 2006)