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BRAZIL

**COMPETITIVENESS SUPPORT PROGRAM FOR
SOFTWARE SMES**

(BR-M1015)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Antonio Ca'Zorzi (SDS/ICT), Project Team Leader; Carla Bueso (MIF); Bibiana Vázquez (MIF); Gerardo Martínez-Freyssinier (COF/CBR); Fredy Bentancurt (SDS/ICT); and Paula Giraldez (LEG).

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INFORMATION AVAILABLE IN THE MIF TECHNICAL FILES

Preparation

Project profile approved by MIF
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Execution

Draft Operating Regulations
MIF Project Performance Monitoring Report (MPPMR)
Terms of reference for the main project managers

ABBREVIATIONS

APEX	Agência de Promoção de Exportações do Brasil [Brazilian Export Promotion Agency]
AWP	Annual work plan
BNDES	Banco Nacional de Desenvolvimento Econômico e Social [National Economic and Social Development Bank]
CESI	Committee on Environment and Social Impact
CMM	Capability Maturity Mmodel
CMMI	Capability Maturity Model Integration
GDP	Gross domestic product
I&L	Internationalization and localization
ICA	Instituição Credenciada para Avaliação do MR-mps [Institution Accredited for MR-mps Evaluation]
ICI	Instituição Credenciada para Implantação do MR-mps [Institution Accredited for MR-mps Implementation]
ICT	Information and communications technology
ISO	International Organization for Standardization
MIF	Multilateral Investment Fund
MNC	Modelo de negócio cooperado para grupos de empresas [Cooperative business model for enterprise partnering]
MNE	Modelo de negocio específico para uma empresa [Specific business model for a given firm]
mps-BR	Melhoria de processo de software [Software process improvement]
MR-mps	Modelo de referência [mps reference model] (mps-BR technical specifications)
QAE	Quality assurance engineer
SME	Small or medium-sized enterprise
SOFTEX	Sociedade para Promoção da Excelência do Software Brasileiro [Association for the Promotion of Brazilian Software Excellence]
SPICE	Software Process Improvement and Capability Determination

COMPETITIVENESS SUPPORT PROGRAM FOR SOFTWARE SMEs

(BR-M1015)

EXECUTIVE SUMMARY

Executing agency:	Sociedade para Promoção da Excelência do Software Brasileiro [Association for the Promotion of Brazilian Software Excellence] (SOFTEX).		
Beneficiaries:	The beneficiaries will be: (i) 3,000 software companies, mainly SMEs, which will benefit from the dissemination of project tools to enhance their competitiveness; (ii) 220 SMEs which will receive project support to improve their product quality; (iii) 51 institutions involved in quality enhancement, product internationalization, and business partnerships; (iv) 315 specialists who will receive training, 40 of them in Argentina and Chile; (v) five export consortia to be generated on the basis of project actions.		
Financing:	Modality: MIF (III-A)	US\$1,300,000	(44%)
	Local counterpart	<u>US\$1,650,000</u>	(56%)
	TOTAL	US\$2,950,000	(100%)
Objectives:	The project seeks to make software SMEs more competitive in Brazil and elsewhere in the region. The purpose is to validate a business model to enhance software SMEs competitiveness through the use of quality tools (mps-BR), internationalization and localization (I&L) techniques, and business linkages.		
Description:	The components will be: (1) introduction of a quality enhancement system for software products; (2) services for software product internationalization; (3) training and development of SME associations; and (4) regional dissemination of the quality system.		
Execution timetable:	Execution:	36 months	
	Disbursement:	42 months	

Special contractual clauses:	As a condition precedent to first disbursement of the financing, the executing agency will present evidence to the Bank's satisfaction that: (i) the SOFTEX coordination unit and project executing unit have been set up; and (ii) the final version of the Operating Regulations has been approved.
Exceptions to Bank policy:	None.
Environmental and social impact:	The Committee on Environment and Social Impact (CESI) reviewed the operation profile at meeting 46-04 of 3 December 2004, and required that the participating firms not have discriminatory policies or practices, or engage in ethnic, social, or gender exploitation. The executing agency has agreed to include specific eligibility clauses for firms, to prevent discriminatory or exploitative practices.

I. BACKGROUND

A. The development status of the Brazilian software industry

- 1.1 The Brazilian software industry's potential for expansion into international markets displays three major strengths: highly skilled human capital; a regulatory framework that facilitates improvement; and the experience existing in firms, which will be the basis for making improvements.
- 1.2 Brazil already has a sizeable software market, with sales totaling US\$7.7 billion in 2001, thus rivaling China and India. Nonetheless, the export sales of Brazilian software firms are less than 2% of the levels achieved by their counterparts in those Asian countries.
- 1.3 The national market consists mainly of small firms with 100 or fewer employees, accounting for 89% of the sector workforce. In view of their size and skill sets, many have little export potential, and this explains the small share of exports in total market sales. For that reason, the exporters are almost exclusively the country's large software makers.
- 1.4 One factor limiting access to domestic and international markets by Brazilian small and medium-sized enterprises (SMEs) is the absence of quality systems in their software production processes. The introduction of quality systems is now essential to the survival of software firms in an increasingly demanding globalized market. Even in the domestic market, a growing number of customers require software companies to be certified under such quality standards as ISO 9000 and the Capability Maturity Model (CMM¹), which is the most widely recognized quality model internationally. The fact that attaining high levels of CMM certification could take from 4 to 10 years and cost hundreds of thousands of dollars is a significant barrier, especially for micro and small enterprises.
- 1.5 Brazil has 30 firms certified at different CMM grades (none at level 5). This may be a significant number in the Latin American context, but not worldwide. For example, India, the software export market leader, has 65 software companies at CMM level 5, and a further 275 at other levels.
- 1.6 Another major barrier to the globalization of software products relates to software internationalization and localization (I&L). I&L denotes a set of techniques incorporated into the software manufacturing process that allow the product to be easily adapted, installed, and used in different countries. Failure to incorporate these techniques makes it virtually impossible for a software SME to sell and support its

¹ CMM is a certification process for the software industry that evaluates a firm's capacity to pursue a product development process that takes account of the variables needed to guarantee the quality of the result. Unlike ISO 9000, which is based on the customer-supplier relation, CMM targets the internal capacity of the software producer. The evaluation process grades firms in five levels: the vast majority of certified firms are at level 2, with a very few at level 4 or 5.

products in different countries, given the differences in legal frameworks, languages, customs, etc. As in other countries of the region, in Brazil there is not enough I&L know-how or support services.

- 1.7 Another constraint on software SMEs is the absence of partnerships. Brazilian SMEs, as in the rest of the region, do not have a culture of forming associations or strategic partnerships as a way of fostering development of software products that meet the functional requirements and quality standards of international markets. Past experience in the software sector has shown that local support centers can have an invigorating effect on the industry by raising awareness and providing technical assistance to promote partnerships among firms, so that they can round out and integrate their services in order to penetrate international markets.

B. The main tools available

- 1.8 The **mps-BR software process improvement certification system** combines the Capability Maturity Model Integration (CMMI) and Software Process Improvement and Capability Determination (SPICE) international quality standards with the country's experience in the area of software quality, culminating in development and piloting of the mps-BR. In the pilot, which SOFTEX coordinated, the mps-BR was introduced at a group of software companies.² It consists of a business model and a reference model.³
- 1.9 Reaping the main benefits of the model will be: (i) software makers, who will be able to improve their processes and meet international standards with a model adapted to the costs⁴ and idiosyncrasies of SMEs in Brazil and elsewhere in the region; the standards are analogous, so once the firms have instituted mps-BR they will be ready to earn certification at the appropriate CMM level; and (ii) software buyers, whom the existence of software quality standards will enable to broaden their supplier base, especially in public tenders for government agencies, which are Brazil's largest purchasers of software. It will also facilitate SME participation.

² Although mps implementation was completed only recently at these companies, initially: (a) the companies have shown a strong interest in improving the quality of their software development processes and have embraced the methodology introduced by the mps; and (b) the SMEs believe that compatibility with the CMM system will make it easier for them to earn CMM certification in the future, if needed.

³ The reference model is based on guidelines that firms need to fulfill to qualify for the different mps-BR levels. The business model is based on: (i) an agency capable of providing support to the firm in model implementation (ICI – Institution accredited for MR-mps implementation); (ii) an entity authorized to certify that the firm has achieved the respective level (ICA – Institution accredited for MR-mps evaluation); (iii) a working model of each of the aforementioned bodies, to serve a particular firm (MNE – Specific business model for a given firm, personalized); and (iv) another working model to operate with business partnerships (MNC – Cooperative business model for business partnerships).

⁴ The cost of mps-BR implementation and certification is much lower than for CMM, because international consultants are not involved. For example, a 50-employee firm that needs to go from a basic quality level to a middle level (CMM level 3 and mps-BR level C) would spend US\$200,000 for the CMM and US\$50,000 for the mps-BR.

- 1.10 **Internationalization and localization techniques.** The software industry has undergone far-reaching change as a result of progress in information and communication technologies (ICT) and the globalization of markets. This has required the development of essential techniques such as **internationalization** and **localization** (I&L). Internationalization is a process whereby a software product is designed and developed to be easily adaptable to different circumstances (legal frameworks, financial/tax calculations, etc). Localization is the process whereby the product is specifically adapted to a given country or region. This normally involves translation of messages, menus, dialog boxes, online help, manuals, packaging, etc.
- 1.11 The main benefits are: (i) for software makers, to incorporate technologies that reduce the number of versions of the software used to meet the needs of other markets; (ii) for the country, the opportunity to position itself as a software exporter⁵ and keep pace with international trends in software development; and (iii) for software buyers, to be able to use the same version of the product in the different countries where they operate.
- 1.12 **Partnering** involves a set of cooperation mechanisms among small and medium-sized enterprises, in which each participating firm, while maintaining its legal independence and managerial autonomy, voluntarily decides to participate in a joint effort with other companies to achieve a common goal.
- 1.13 The main benefits are: (i) for software makers, to better position their products on domestic and, especially, international markets by incorporating new services resulting from strategic partnerships with other software makers or other types of firms (e.g. complementary products, technical and/or commercial representatives, etc.); (ii) for software buyers, to have access to integral software solutions that include all the products and services necessary to meet their needs.

C. **Rationale and strategy for the proposed project**

- 1.14 As the software industry becomes increasingly global, the absence of recognized quality standards limits the supply of products and means that software SMEs in Brazil and the region are hard-pressed to stay in the market. Both domestically and internationally, the SMEs are at a disadvantage with respect to large software makers in that they cannot offer products of certified quality. This vulnerability of SMEs hinders sector development and puts the software industry in a weak position, even in its own domestic market.⁶ Given these circumstances, incorporating quality into SME software production processes and supporting the

⁵ <http://www.tecout.org.br/>

⁶ In a survey conducted by MIT and SOFTEX in 2002, software firms identified the absence of export support mechanisms as a barrier to sector development (*The Software Industry in Brazil—Strengthening the Knowledge Economy*, 2002, MIT-SOFTEX).

exportation of these firms' products are strategic priorities. The project also takes advantage of the findings of a long process in which eligible institutions in Brazil studied best international experiences in the area of software quality, with a view to adapting them to the local circumstances of small firms in Brazil. To a great degree, their circumstances mirror those of small software firms in other countries of the region.

- 1.15 **Innovation and replicability** The project is innovative because it introduces a new software quality certification system specially designed for SMEs (mps-BR). By adopting this quality certification system, participating firms can implement highly advanced solutions and services with great export potential. Additionally, the project includes a component to disseminate the system elsewhere in the region through activities to introduce it in Argentina and Chile. The fact that it envisages two other countries' accompanying Brazil in this experience sets the stage for testing specific I&L actions and provides a context for promoting partnerships among firms in the different countries involved.
- 1.16 **Additionality.** The Bank, and the MIF in particular, play a very important role in guaranteeing access to technology for the region's countries, such as through software industry support projects in Costa Rica (ATN/MH-6538-CR), Uruguay (ATN/ME-7424-UR), and Peru (ATN/ME-8615-PE). The projects in Costa Rica and Uruguay are being implemented with satisfactory results, while Peru's is in its initial stages. This project is a major step forward in the sector support strategy, drawing as it does on lessons learned from the abovementioned projects, in which sector SMEs have found it difficult to progress through the quality certification grades required for the CMMI model, due mainly to the high cost of the process, and need strengthening in the areas of I&L and partnering. For this reason the project proposes an innovative software certification model, more suited to the circumstances of sector SMEs and involves activities to address the weaknesses identified in the areas of I&L and partnering under the Costa Rica and Uruguay initiatives.

II. PROJECT OBJECTIVES AND DESCRIPTION

A. Objectives

- 2.1 The project seeks to make software SMEs more competitive in Brazil and elsewhere in the region. The purpose is to validate a business model through the use of software quality tools (mps-BR), internationalization and localization (I&L) techniques, and business linkages.

B. Components and activities

1. Component 1: Software product quality improvement (MIF US\$556,700; Local counterpart US\$834,600)

- 2.2 This component seeks to demonstrate the technical and economic viability of the mps-BR model for enhancing the software development process, through a phase of expansion/demonstration applied to a group of SMEs in the sector. Viability relates to both technical (reference model) and institutional aspects (business model).
- 2.3 This component will fund the following activities: (a) monitoring and evaluation of mps-BR implementation at the firms; (b) refinement of the software process improvement model (reference model), including production of the following specific guides: general, evaluation, and certification; (c) training for 140 quality specialists in the use of mps-BR, (d) refinement of the business model, including accreditation of mps-BR certification and implementation bodies; (e) support for development and dissemination of software tools for mps-BR implementation and evaluation; (f) analysis of lessons learned from implementation and evaluation of the mps-BR model at the firms; (g) implementation of mps-BR at 80 firms, 40 of which earn certification. An additional 120 firms are expected to register for mps-BR implementation at no cost to the project, from month 18 onward.

2. Component 2: Software product internationalization services (MIF US\$230,600; Local counterpart US\$264,300)

- 2.4 The component focuses on the adaptation of software products to the special features of the country to which they will be exported. This will require training and teamwork among a range of professions, including linguists, terminologists, translators, technical writers, localization project managers, and quality assurance engineers (QAEs).
- 2.5 The following activities are planned: (a) selection of three universities to act as national I&L benchmark and technical assistance centers;⁷ (b) development and implementation of a website, for dissemination of I&L knowledge; (c) development of a professional I&L training and certification program; (d) training and certification for 90 specialists; (e) nurturing of I&L service providers in incubators at centers of excellence; and (f) technical assistance to firms in I&L compliance for 18 software products. I&L services for an additional 20 to 30 products are slated to begin in year two, with the costs covered by the firms involved.

⁷ The centers are located at universities and funded by them. The program will finance their consolidation and integration into the business model. One of the selection criteria for universities is that they have a business incubator.

3. Component 3: Training and development of SME partnerships (MIF US\$74,000; Local counterpart US\$157,600)

- 2.6 This component will promote partnerships among software firms, enabling them to round out and add value to their products and services on domestic and, especially, international markets. The project will also strengthen the culture of consortium-building and strategic partnerships for the firms' mutual benefit. The component includes training and technical assistance, including legal services, to support these objectives.
- 2.7 The following activities will support these objectives: (a) selection of a university to act as center of excellence in partnering; this center will have the mission of boosting the local and regional business market to create business partnerships and will rely on a network of external specialists in legal, financial issues, etc.; (b) training for consultants and enterprise staff on strategies and good practices in business cooperation; (c) promotion and dissemination to the firms; (d) identification of 10 potential partnerships and assistance in establishing five consortia; and (e) case studies in cooperation practices among firms in the software sector.

4. Component 4: Regional dissemination (MIF US\$314,400; Local counterpart US\$70,750)

- 2.8 This component will implement the mps quality system⁸ in Argentina and Chile. These countries have been preselected based on their location in the expanded MERCOSUR, the number of firms operating and the size of the software market. Negotiations will be initiated with the two countries' software industry associations, to determine their commitment to the project and ensure that local firms and other entities involved are willing to bear their share of the cost of implementing the mps quality system. Under the project, SOFTEX will: (i) provide support for establishing an mps implementation entity in each country; (ii) enter into an agreement for nationwide adoption of the mps system with a body representing the software industry; and (iii) support the process of implementation and certification of firms in the two countries. In order to ensure regional cooperation, SOFTEX will also invite the software industry associations of Argentina and Chile that will adopt the mps-BR system to participate actively in the future development of new versions of the system. Should either or both of the countries decide not to participate in the project, other countries will be chosen on the same criteria. These regional dissemination activities will be supplemented by international promotion initiatives.

⁸ The mps quality system will have a national name specific to each country: mps-AR in Argentina and mps-CH in Chile.

- 2.9 The following activities will be funded to support these objectives: (a) translation of three guides;⁹ (b) missions to Argentina and Chile to identify counterparts, and to three other countries to carry out dissemination actions; (c) negotiation of agreements; (d) transfer of knowledge to the counterpart entities (which includes: training for quality specialists in the implementation of mps-BR and accreditation of the institutions that will implement mps-BR at firms); (e) collaboration in mps-BR implementation at 10 firms from each country, and certification of five of them; (f) participation by the countries in the model's evolution by appointing experts to the mps-BR technical groups; and (g) design of baseline, methodology, and instruments for data compilation.

III. COST, FINANCING, AND SUSTAINABILITY

- 3.1 The estimated cost of this project is US\$2,950,000, of which the Multilateral Investment Fund (MIF) will contribute US\$1,300,000 in nonreimbursable technical-cooperation funding. The executing agency will contribute US\$1,650,050 with at least 50% of that amount in cash. The table below summarizes the main project costs and funding sources.

ITEM	MIF	LOCAL COUNTERPART	TOTAL	%
Component 1: Software product quality improvement	556,700	834,600	1,391,300	47
Component 2: Software product internationalization services	230,600	264,300	494,900	17
Component 3: Training and development of SME partnerships	74,000	157,600	231,600	8
Component 4: Regional dissemination	314,400	70,750	385,150	13
COMPONENTS TOTAL	1,175,700	1,327,250	2,502,950	84
PROJECT MANAGEMENT	21,600	316,800	338,400	11
Evaluation and audit	35,000		35,000	
Contingencies	67,700	5,950	73,650	
PROJECT TOTAL	1,300,000	1,650,000	2,950,000	100
% MIF AND LOCAL COUNTERPART	44%	56%	100%	

- 3.2 **Sustainability.** In terms of financial sustainability, by project end the services developed under this project will generate revenues for SOFTEX and the service

⁹ Produced in Portuguese in component 1.

providers. In phase I, the MIF will cover up to one-third of the cost of the quality certification, technical assistance, and training services (in Brazil, Argentina, and Chile). For the Brazilian SMEs implementing mps-BR, the Finance Company for the Study of Programs and Projects (FINEP) will cover one-third of the costs with funds channeled through SOFTEX. The firms will cover the remainder.

- 3.3 In terms of operational sustainability, the Government of Brazil views software promotion abroad and software process improvement through the incorporation of quality models—especially since in this case the model originated in Brazil—as strategic goals. It is therefore committed to maintaining support for these activities after the project is completed. In particular, the mps-BR certification, together with CMM, could be included among selection criteria for federal and local government software procurement. In addition, the consolidation of organizations with specialist skills in mps-BR, I&L, and partnering will make it possible to ensure institutional continuity, while keeping pace with international developments in each of these areas.

IV. EXECUTING AGENCY AND MECHANISM

- 4.1 **Executing agency.** The executing agency will be the Association for the Promotion of Brazilian Software Excellence (SOFTEX), which is a nonprofit private-sector association founded on 3 December 1996. SOFTEX's general experience includes a program of the same name instituted by the Government of Brazil in 1993.
- 4.2 The SOFTEX structure is based on a network of 32 regional agents, located in 24 cities across 13 states. It also administers a vast international network for the software industry, which facilitates commercial and technological actions. It has an annual budget of over US\$800,000 and is governed by a board of directors with representation from the public and private sectors, a business council and a board of trustees. Since 1993 it has established 19 business incubators in the computer science departments of the leading Brazilian universities. It introduced "Information Technology Entrepreneur" as a course in over 100 higher education institutions, through which approximately 4,000 students have been trained, and roughly 200 businesses incubated. Along with BNDES, it has created specific credit lines for software products, with investments on the order of US\$20 million. It is responsible for conducting annual research on "quality and productivity in the software sector." It has encouraged implementation of management systems based on ISO 9000 standards at over 100 software and services firms. It has disseminated "business plans" as a tool for management and obtaining funding, with over 500 entrepreneurs trained. It has organized multiple events abroad, such as business roundtables, trade missions, stands at trade fairs, etc., in which hundreds of software and services firms have participated.

- 4.3 **Execution mechanism.** A two-tiered structure will be used for project execution. The *SOFTEX Coordination Unit* will be the first tier with a general coordinator and area coordinators. These will be appointed by the SOFTEX board and will have the following responsibilities: (i) approve project operating plans and any subsequent amendments; (ii) supervise project execution, proposing improvements or corrective measures as necessary, and reviewing account statements; (iii) appoint and remove staff from the executing unit; and approve or reject the results of its administration; (iv) collaborate with the establishment of partnerships with other institutions for project implementation; and (v) review and approve outcome reports to be sent to IDB-MIF. The *Project Executing Unit* is a specially created technical body, which will cease to operate when the agreement comes to an end. It will have a project coordinator and an assistant, financed by SOFTEX, together with two area managers financed by the MIF and selected by the SOFTEX Coordination Unit on criteria set by the Bank (one for the mps-BR and the other for I&L and partnership services). Selection of the program coordinator will be a condition precedent to the first disbursement. The program coordinator will have the following functions among others: (i) prepare and execute annual work plans (AWPs); (ii) prepare terms of reference, and contract and supervise goods, services and consulting work; (iii) process disbursement requests with the Bank; (iv) submit account statements and reports to the SOFTEX Coordination Unit for submission to the Bank; (v) compile and systemize information on all program activities and outcomes; (vi) monitor the performance indicators established in the logical framework; and (vii) participate actively in the design and implementation of all services envisaged in the operation.
- 4.4 Collaboration with business organizations in Argentina and Chile will be the subject of an agreement with SOFTEX that will specify the organizations' roles, the nature of initial support from the project executing unit for transfer of the mps-BR quality system, and assistance to firms in Argentina and Chile by implementing and certifying bodies in Brazil.
- 4.5 **Execution and disbursement period.** This project will be executed over a 36-month period, with disbursements spread over 42 months. It is recommended to establish a revolving fund for 15% of the project.
- 4.6 **Readiness.** The project is in an advanced state of readiness. SOFTEX and the Bank team have prepared the following documents: (i) Operating Regulations; (ii) detailed plan of activities; and (iii) draft terms of reference for the main consulting services.

V. MONITORING AND EVALUATION

- 5.1 The executing agency will prepare semiannual progress reports, documenting the activities undertaken during the preceding six months, as well as a work plan and

disbursement timetable for the ensuing period, in accordance with the indicators contained in the project's logical framework. It will also prepare the corresponding final report. These reports will be submitted for approval to the Bank's Country Office in Brazil within 60 days after the end of each six-month period. The project includes activities for monitoring outcomes achieved and assumptions which, if not fulfilled, could prevent achievement of the purpose to which they relate; activities will be adapted as necessary. Within three months after the last disbursement, the Bank's Country Office in Brazil will prepare Project Completion Reports (PCRs) in conjunction with the executing agency, following the established guidelines, placing special emphasis on lessons learned (both positive and negative) and the outlook for project sustainability.

- 5.2 The Bank will hire external consultants to perform project evaluations: a midterm review once 50% of the MIF funds have been disbursed (or at another time as agreed between the Bank and the executing agency); and a final evaluation once 95% execution status has been reached. The midterm review will analyze the state of progress and general performance of the project, stressing in particular: (i) general information on the implementation of mps-BR, I&L, and business linkages, both in Brazil and in the other two countries; (ii) the quantity and quality of mps-BR implementation and certification institutions, both in Brazil and in the other two countries; (iii) the quantity and quality of benchmark centers, local centers of excellence, and firms providing internationalization and localization services; (iv) the outcome of assistance actions on quality, I&L, and business linkages; and (vi) Internet presence to disseminate project information and outcomes. For the final evaluation, the external consultants will assess the extent to which the activities carried out by the project are lasting, both in SOFTEX and the equivalent institutions in the other two countries, together with the overall outcomes of all components and attainment of objectives. The consultants will use the logical framework set out in annex I, amended as agreed upon between the Bank and the executing agency.
- 5.3 **Supervision.** The Bank's Country Office in Brazil will supervise this project. SOFTEX will compile and analyze data for ongoing monitoring of the main indicators set out in the logical framework (annex I of this document). These indicators will be used by SOFTEX and the Bank to supervise and evaluate the project; they must be considered both in the preparation of semiannual progress reports, and in the midterm and final evaluations.

VI. PROJECT BENEFITS, BENEFICIARIES, AND RISKS

- 6.1 **Beneficiaries and benefits.** Project beneficiaries will include the following: (i) 3,000 software enterprises, mainly SMEs, which will benefit from the dissemination of project tools to enhance their competitiveness; (ii) 220 SMEs which will receive support from the project to improve their product quality, with

- training in working methods to enhance their competitiveness; (iii) 51 institutions from Brazil and the other two countries involved in different ways in quality improvement processes, product internationalization, and business partnerships; (iv) in Brazil: 275 specialists and firm employees who will receive training in the different services delivered under the project; in Argentina and Chile: 40 specialists in mps; and (v) five consortia to be formed on the basis of project actions. The direct benefits of the program include: (i) lower software production costs; (ii) better quality software; (iii) shorter delivery times; (iv) increased competitiveness on domestic and international markets; and (v) improvement of the partnering culture among firms.
- 6.2 **Risks.** (i) SMEs may fail to perceive the advantages of participating in the project: actions are planned to raise awareness at the regional centers involved, showcasing the outcomes of local or international pilots and other projects that have instituted the services to be developed under the project; (ii) the firms, while absorbing project benefits, may be unable to achieve price-competitiveness with international competition (India, China, etc.): the process of training firms in mps, I&L, and partnering is a *sine qua non* for accessing these markets, and also for maintaining domestic competitiveness; (iii) the nonpartnering work culture may prevail over project actions in this area: the project will leave in place structure and specialists with the right training and links to international centers working in the field, and so yield benefits over time.
- 6.3 **Eligibility criteria for project beneficiaries.** To be eligible for the project, firms must: (i) have 100 or fewer employees; (ii) be registered with the country's legal institutions and have been operating for at least one year; (iii) be suitable for the project as determined by a diagnostic study to initiate enhancement plans; (iv) commit to all stages of the enhancement process, from start to finish; (v) be willing to bear the costs of the services to be received.

VII. ENVIRONMENTAL AND SOCIAL VIABILITY

- 7.1 The Committee on Environment and Social Impact (CESI) reviewed the operation profile at meeting 46-04 of 3 December 2004, and required that the participating firms not have discriminatory policies or practices, or engage in ethnic, social, or gender exploitation. The executing agency has agreed to include specific eligibility clauses for firms, to prevent discriminatory or exploitative practices.

BR-M1015 - ANNEX I - LOGICAL FRAMEWORK
COMPETITIVENESS SUPPORT PROGRAM FOR SOFTWARE SMES

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL: To make software SMEs more competitive in Brazil and elsewhere in the region.	Two years after the end of the project: <ul style="list-style-type: none"> 50 software SMEs participating in the program increase their presence on international markets. 20% increase in the volume of exports by software SMEs. 20% reduction in software production costs among software SMEs participating in the program, resulting from introduction of the MPS system. 	<ul style="list-style-type: none"> Statistics on the Brazilian software industry from the Ministry of Science and Technology. Statistical reports from the other two countries involved. Survey measuring trends in software production costs. 	<ul style="list-style-type: none"> Macroeconomic stability maintained in the region. Stable relationship maintained between the local currency and international benchmark currencies.
PURPOSE: To validate a business model to enhance software SME competitiveness through the use of quality tools (mps-BR), internationalization and localization (I&L) techniques, and business linkages.	By project end: <ul style="list-style-type: none"> Brazil and two other countries (Argentina and Chile) adopt the software SME services model, creating the corresponding national structures and testing their effectiveness in software SMEs. The business model and reference model validated through adoption by 80 software SMEs in Brazil and 20 in the other two countries. 120 software SMEs in Brazil interested in adopting this model at no cost to the project. Software SME organizations from the three countries adopt the business model. 	<ul style="list-style-type: none"> Software industry statistics from the Ministry of Science and Technology, and equivalent bodies in the other countries. Midterm and final evaluation performed by an external consultant. Half-yearly and final progress reports by the executing agency. Project performance monitoring report (PPMR) prepared by the Country Office. Project completion report (PCR) prepared by the Country Office/executing agency. Opinion survey of software SMEs. 	<ul style="list-style-type: none"> Countries maintain interest in the model promoted by the project. Firms maintain interest in improving their products and services, either for export or for the domestic market. Conditions are maintained on international markets for the certification of software processes, to enable the mps-BR model to prosper.
COMPONENTS:			
Component 1: Software product quality improvement	After 12 months: <ul style="list-style-type: none"> The following mps-BR guides are available: 1 general guide, 1 evaluation guide, and 1 procurement guide. 	<ul style="list-style-type: none"> Documentation of guides. Records of mps-BR implementation and certification. 	<ul style="list-style-type: none"> Firms are willing to invest to improve the quality of software processes.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> 80 specialists in mps-BR implementation. 60 specialists in mps-BR evaluation 20 mps-BR implementation institutions. 15 certification institutions accredited. <p>By project end:</p> <ul style="list-style-type: none"> 80 firms with mps-BR level G or F implemented, of which 40 have the respective certification. 120 software SMEs in Brazil interested in implementing mps-BR at no cost to the project. At least 80% of firms that institute mps-BR are satisfied. 	<ul style="list-style-type: none"> Certificates stating the institution's implementation/certification quality. Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring report (PPMR). Project completion report (PCR). Satisfaction survey of firms. 	<ul style="list-style-type: none"> There are sufficient private sector organizations interested in entering the market for mps-BR implementation and certification.
<p>Component 2:</p> <p>Software product internationalization services</p>	<p>After 12 months:</p> <ul style="list-style-type: none"> 1 national benchmark center in I&L, and 2 local centers of excellence. 90 specialists in I&L. 3 I&L service providing firms incubated in centers of excellence. 1 website available for dissemination of knowledge and outcomes. <p>By project end:</p> <ul style="list-style-type: none"> 18 software products adapted in I&L. At least 20 software products have begun the I&L process at no direct cost to the project. At least 80% of firms that institute mps-BR are satisfied. 	<ul style="list-style-type: none"> Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring report (PPMR). Project completion report (PCR). Training course attendance records. Satisfaction survey of firms. 	<ul style="list-style-type: none"> There are sufficient university departments interested in supporting the creation of centers of excellence. There are sufficient professionals interested in acquiring I&L certification. Exporting SMEs want to acquire I&L services to adapt their products.
<p>Component 3:</p> <p>Training and development of SME partnerships</p>	<p>After 12 months:</p> <ul style="list-style-type: none"> 1 centre of excellence on partnering created and 	<ul style="list-style-type: none"> Final evaluation report. 	<ul style="list-style-type: none"> SMEs understand the advantages of partnering

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>functioning effectively.</p> <ul style="list-style-type: none"> 5 specialists in business partnerships. <p>By project end:</p> <ul style="list-style-type: none"> 5 partnerships of operating firms created. At least 80% of firms involved in the 5 associations are satisfied with the services they receive. 9 instances of dissemination of experiences in partnering. 	<ul style="list-style-type: none"> Project performance monitoring report (PPMR) prepared by the Country Office. Project completion report (PCR) prepared by the Country Office. Training course attendance records. Satisfaction survey of firms. 	<p>for gaining access to international markets.</p>
<p>Component 4: Regional dissemination</p>	<p>After 12 months:</p> <ul style="list-style-type: none"> The following mps-BR guides to be available in Spanish: 1 general guide, 1 evaluation guide, and 1 procurement guide. 2 strategic partners of SOFTEX in Argentina and Chile. <p>After 24 months:</p> <ul style="list-style-type: none"> 1 mps-BR implementation institution for each country. 20 mps-BR specialists for each country. <p>By project end:</p> <ul style="list-style-type: none"> 10 firms with mps-BR level G or F implemented, of which 5 have the respective certification granted by the Brazilian certifying body, for each country. At least 80% of firms that institute mps-BR are satisfied. 4 instances of model updating agreed between the countries. Compilation of lessons learned. 1 baseline defined and measured by each country. 	<ul style="list-style-type: none"> Final evaluation report. Project performance monitoring report (PPMR) prepared by the Country Office. Project completion report (PCR) prepared by the Country Office. Regional activities monitoring report by SDS-ICT. Copy of the texts of agreements signed. Training course attendance records. Records of mps-BR implementation and certificates. Certificates stating the institution's implementation quality. Minutes of meetings for model updating, establishing the agreement by the countries. Satisfaction survey of firms. 	<ul style="list-style-type: none"> At least two countries are interested in introducing mps-BR at the national level. SMEs understand the advantage of using quality certification systems to improve their competitive position in the market. The regulatory, legal, and institutional framework allows for the use of mps-BR in interested countries.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
ACTIVITIES:			
Component 1: MIF US\$556,700; local counterpart US\$834,600			
<p>a. Monitoring and evaluation of mps-BR implementation at firms.</p> <p>b. Refinement of the software process improvement model, including the following specific guides: general, evaluation, certification.</p> <p>c. Training for quality specialists in the use of mps-BR;</p> <p>d. Refinement of the business model, including the accreditation of mps-BR implementation and certification bodies.</p> <p>e. Support for the development and dissemination of software tools for mps-BR implementation and evaluation.</p> <p>f. Analysis of lessons learned from mps-BR implementation and evaluation in firms.</p> <p>g. mps-BR implementation at 80 firms, 40 of which earn certification. An additional 120 firms are expected to register for mps-BR implementation at no cost to the project.</p>	<ul style="list-style-type: none"> Updating of the mps-BR reference and business model once every six months. 12 introductory courses (8 hours), without final test. 4 implementation courses (16 hours). 3 implementer certification tests, 6 hours each. Tests are used to certify 80 specialists in mps-BR implementation. 3 evaluation courses (24 hours). 2 evaluator certification tests, 8 hours each. Tests are used to certify 40 specialists in mps-BR evaluation. 20 implementation institutions accredited in Brazil, after 12 months. 15 certification institutions accredited in Brazil after 24 months 5 projects, resulting from a competitive process, with the respective software tools developed, after 12 months. 1 document containing lessons learned on implementation, monitoring, control, and evaluation of the mps-BR model. 80 firms with mps-BR implemented, 40 of which are also certified. 120 firms register for implementation with the costs not covered by the project. 	<ul style="list-style-type: none"> Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring report (PPMR). Project completion report (PCR). 	<ul style="list-style-type: none"> For all activities in all components: SOFTEX has resources to create its networks and keep them operating. The skilled human resources needed for the work exist. The prices of inputs and services remain stable. Financial resources are available in the required periods and amounts. SMEs maintain interest in project development.
Component 2: MIF US\$230,600; local counterpart US\$264,300			
<p>a. Selection of 3 universities to act as national benchmark center and technical assistance center in I&L.</p> <p>b. Development and</p>	<ul style="list-style-type: none"> 3 universities chosen as national benchmark and technical assistance centers. 1 website established and operating effectively. 1 program for I&L professional training 	<ul style="list-style-type: none"> Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring report (PPMR) 	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>implementation of a website for dissemination and knowledge of I&L.</p> <p>c. Development of a professional I&L training and certification program.</p> <p>d. Training and certification for 90 specialists.</p> <p>e. Incubation of I&L service providing firms.</p> <p>f. Technical assistance to firms in I&L adaptation for 18 software projects. At least 20 additional software products are expected to begin I&L services at no cost to the project.</p>	<p>developed.</p> <ul style="list-style-type: none"> 90 specialists trained and certified in I&L. 3 I&L service provider firms operating effectively. 18 I&L software products by project end. In addition, at least 20 products have begun I&L processes not financed by the project. 	<ul style="list-style-type: none"> Project completion report (PCR). 	
Component 3: MIF US\$74,000; local counterpart US\$157,600			
<p>a. Selection of one university to act as a center of excellence in partnerships.</p> <p>b. Training for consultants and enterprise staff on strategy and good practices in cooperation between firms.</p> <p>c. Actions of promotion and dissemination to firms through seminars.</p> <p>d. Identification of 10 potential partnerships, and assistance in implementation of 5 enterprise consortia.</p> <p>e. Case study in cooperation practices between firms in the software sector.</p>	<p>After 12 months:</p> <ul style="list-style-type: none"> 1 national benchmark center. 5 specialists trained in partnership-building. 9 seminars to disseminate experiences. 1 document including case studies of partnering in APEX, SOFTEX, and free software. 5 business partnerships resulting from project activities. 	<ul style="list-style-type: none"> Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring report (PPMR). Project completion report (PCR). 	
Component 4: MIF US\$314,400; local counterpart US\$70,750			
<p>a. Translation into Spanish of the three guides prepared in Portuguese in component 1.</p> <p>b. Missions to identify</p>	<ul style="list-style-type: none"> 1 general guide, 1 evaluation guide, and 1 procurement guide available in Spanish. 4 identification and business missions to Argentina and Chile, and 6 dissemination 	<ul style="list-style-type: none"> Half-yearly and final progress reports by the executing agency. Midterm and final evaluation by an external consultant. Project performance monitoring 	<p>Countries maintain interest in continuing to work together.</p>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>counterparts in Argentina and Chile, and missions of dissemination and exploration to another three countries.</p> <p>c. Signing of agreements with Argentina and Chile.</p> <p>d. Transfer of knowledge to counterpart institutions.</p> <p>e. Collaboration in implementation of mps-BR level G or F at 10 firms in each country, and certification of those firms.</p> <p>f. Country participation in evolution of the model by appointing experts to mps-BR technical groups.</p> <p>g. Design of baseline, methodology, and tools for data compilation.</p>	<p>and exploration missions to Uruguay, Colombia, and Paraguay concluded.</p> <ul style="list-style-type: none"> • 2 agreements signed. • 2 introductory courses (8 hours) without final test. • 1 implementation course (16 hours). • 1 implementer certification test (6 hours). Test is used to certify 40 specialists in mps-BR implementation (20 per country). • 1 institution accredited to implement mps-BR in each country. • 20 firms (10 in each country) have implemented mps-BR level G or F. • 10 firms (5 in each country) are certified at mps-BR level G or F. • 4 mps-BR model updates agreed with the countries. • Baseline designed. • Methodology and instrument for data compilation designed and implemented. 	<p>report (PPMR).</p> <ul style="list-style-type: none"> • Project completion report (PCR). 	

**Competitiveness Support Program for Software SMEs
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SOFTEX PROJECT	Unit cost	Quantity	TOTAL 3 YEARS (36 MONTHS)				Project total		Notes
			MIF	SOFTEX counterpart			Amount	%	
				Cash	Kind	Total			
COMPONENT 1. mps-BR implementation to improve software processes									
1 area manager shared with component 4 (50%)	4,000	18	36,000	36,000		36,000	72,000		
1.a Monitoring and evaluation of mps-BR, including the business model									
mps-BR management committee	500	36			18,000	18,000	18,000		
Travel and per diems	350	36		12,600		12,600	12,600		
Subtotal			0	12,600	18,000	30,600	30,600		
1.b Refinement of the software process improvement model, including specific guides: general, evaluation, and certification									
Hiring of experts	500	288		144,000		144,000	144,000		
Travel and per diems 8 staff per mission, including fares and accommodation)	500	48		24,000		24,000	24,000		
Logistics and services (organization and resources)	500	6			3,000	3,000	3,000		
Production of new versions of the 3 guides through 6 revisions									
Hiring of ABNT experts (7 experts for 2 days per guide)	500	36	18,000			0	18,000		
Travel and per diems (3 staff per mission, including fares and accommodation)	400	54	21,600			0	21,600		
Logistics and services (organization and resources)	500	18			9,000	9,000	9,000		
Subtotal			39,600	168,000	12,000	180,000	219,600		
1.c. Training for quality specialists in the use of mps-BR									
Contents of implementation course	60	400		24,000		24,000	24,000		
Courses and tests	60,000	1		60,000		60,000	60,000		
Subtotal			0	84,000	0	84,000	84,000		
1.d. Accreditation of mps-BR implementation institutions									
Hiring of experts, coordination and evaluation of applications	38,400	1			38,400	38,400	38,400		
Travel and per diems	400	12	4,800			0	4,800		
Subtotal			4,800	0	38,400	38,400	43,200		
1.e. Accreditation of mps-BR certification institutions									
Hiring of experts, coordination and evaluation of applications	25,600	1			25,600	25,600	25,600		
Travel and per diems	400	8	3,200			0	3,200		
Subtotal			3,200	0	25,600	25,600	28,800		

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SOFTEX PROJECT	Unit cost	Quantity	TOTAL 3 YEARS (36 MONTHS)				Project total		Notes
			MIF	SOFTEX counterpart			Amount	%	
				Cash	Kind	Total			
1.f. Support for development and dissemination of software tools for mps-BR implementation and evaluation (for ICIs)									
Hiring of experts, coordination and evaluation of applications	40,000	1		40,000		40,000	40,000		
Travel and per diems	500	3	1,500			0	1,500		
Award for 5 software solutions	10,000	5	50,000			0	50,000		
Subtotal			51,500	40,000	0	40,000	91,500		
1.g. Analysis of lessons learned from mps-BR implementation and evaluation in firms									
Measurement and study of lessons learned and modeling	40	290	11,600			0	11,600		
Development of knowledge management system software	10,000	1	10,000			0	10,000		
Subtotal			21,600	0	0	0	21,600		
1.h. mps-BR implementation at 80 firms, 40 of which are certified									
mps-BR implementation at 80 firms	12,000	80	320,000	320,000		320,000	640,000		
mps-BR certification at 40 firms	6,000	40	80,000	80,000		80,000	160,000		
Subtotal			400,000	400,000	0	400,000	800,000		
Total component 1			556,700	740,600	94,000	834,600	1,391,300	47%	
COMPONENT 2: Technical assistance for internationalization and localization of software products									
1 area manager shared with component 3 (50%)	4,000	18	36,000	36,000		36,000	72,000		
2.a. Implement one national benchmark center, including its affiliation to international I&L networks, and two local centers of excellence									
Preparation of documents and selection of participants (64 consultant hours)	50	64			3,200	3,200	3,200		
Dissemination	2,000	1			2,000	2,000	2,000		
Local training for staff assigned to the centers (1 international consultant for 2 weeks)	20,000	1		20,000		20,000	20,000		
Travel and per diems (1 fare to Ireland and 18 days per diem per year)	4,800	4		19,200		19,200	19,200		
Training in Ireland (3 registrations at the University of Ireland)	2,500	3		7,500		7,500	7,500		
Affiliation to Location Teaching and Training Network (3 years)	2,000	3		6,000		6,000	6,000		
1.4 Procurement or development of operating software for the centers	35,000	1	35,000			0	35,000		
Subtotal			35,000	52,700	5,200	57,900	92,900		

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SOFTEX PROJECT	Unit cost	Quantity	TOTAL 3 YEARS (36 MONTHS)				Project total		Notes
			MIF	SOFTEX counterpart			Amount	%	
				Cash	Kind	Total			
2.b. Development and maintenance of one website for dissemination of I&L knowledge Design, maintenance of the site and incorporation of content Subtotal	45,000	1	45,000 45,000	0 0	0 0	0 0	45,000 45,000		
2.c. Development of an I&L professional certification program Development and updating of course content for experts Subtotal	60	1,010	60,600 60,600	0 0	0 0	0 0	60,600 60,600		
2.d. Training and certification of specialists 4 courses and tests per year in each of the specialties (24 hours) Subtotal	3,600	24	0 0	86,400 86,400	0 0	86,400 86,400	86,400 86,400		
2.e. Incubation of I&L service providers SOFTEX support for incubation of SMEs in university incubators (value per university) Subtotal	10,000	3	0 0	30,000 30,000	0 0	30,000 30,000	30,000 30,000		
2.f. Internationalization and localization of 18 software products Contribution of one third of the cost of I&L Subtotal	6,000	18	54,000 54,000	54,000 54,000	0 0	54,000 54,000	108,000 108,000		
Total component 2			230,600	259,100	5,200	264,300	494,900	17%	
COMPONENT 3: Training and development of SME clusters									
1 area manager shared with component 2 (50%)	4,000	18	36,000	36,000		36,000	72,000		
3.a. Implementation of center of excellence on partnering Preparation of documents and selection of participants (64 consultant hours) Dissemination Studies on formal and empirical models and proposals in keeping with the realities of Brazilian firms Training for specialists Travel and per diems Dissemination (website and printed material) Subtotal	50 2,000 600 600 5,000 5,000	64 1 100 5 1 1	30,000 3,000 5,000 38,000	30,000 2,500 32,500	3,200 2,000 7,700	3,200 2,000 40,200	3,200 2,000 78,200		

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SOFTEX PROJECT	Unit cost	Quantity	TOTAL 3 YEARS (36 MONTHS)				Project total		Notes
			MIF	SOFTEX counterpart			Amount	%	
				Cash	Kind	Total			
3.b. Production of business consortia									
9 seminars for dissemination of experiences									
Preparation of documents and selection of seminar participants (64 consultant hours)	50	64			3,200	3,200	3,200		
Dissemination	2,000	1			2,000	2,000	2,000		
Seminars	1,800	9		16,200		16,200	16,200		
Preselection of 10 consortia and support for 5 consortia	4,000	15		60,000		60,000	60,000		
Subtotal			0	76,200	5,200	81,400	81,400		
Total component 3			74,000	144,700	12,900	157,600	231,600	8%	
COMPONENT 4: Regional dissemination									
1 area manager shared with component 1 (50%)	4,000	18	36,000	36,000		36,000	72,000		
4.a. Translation of 3 guides									
Translation and updates	15	650		9,750		9,750	9,750		
Subtotal			0	9,750	0	9,750	9,750		
4.b. Missions to identify counterparts									
Preparation and monitoring of the mission (5 days for one director)	600	35			21,000	21,000	21,000		
Travel and per diems (3 days per diem plus 800 in fares)	1,250	10	12,500			0	12,500		
Subtotal			12,500	0	21,000	21,000	33,500		
4.c. Signing of agreements									
Preparation of documents and production of agreements (1 lawyer for one month)	4,000	1		4,000		4,000	4,000		
Travel and per diems (3 days per diem plus 800 in fares)	1,250	4	5,000			0	5,000		
Subtotal			5,000	4,000	0	4,000	9,000		
4.d. Transfer of knowledge to counterpart institutions									
Translation of courses on introduction, implementation, and evaluation	60	300	18,000			0	18,000		
Courses on implementation and evaluation, and tests	16,800	2	33,600			0	33,600		
Travel and per diems for the instructor	1,550	4	6,200			0	6,200		
Subtotal			57,800	0	0	0	57,800		
4.e. mps-BR level G or F implementation and certification of 50% of firms involved									
mps-BR implementation and certification for one group of 10 firms per country (one third of the contribution)	4,000	25	100,000			0	100,000		
Consultant days for SOFTEX technical assistance for the implementation stage in 3 cases for a total of 7 days.	600	26	15,600			0	15,600		
Travel for implementation and certification	14,900	1	14,900			0	14,900		
Subtotal			130,500	0	0	0	130,500		

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SOFTEX PROJECT	Unit cost	Quantity	TOTAL 3 YEARS (36 MONTHS)				Project total		Notes
			MIF	SOFTEX counterpart			Amount	%	
				Cash	Kind	Total			
4.f. Country participation in evolution of the model									
Consulting	600	60	36,000			0	36,000		
Travel and per diem	1,550	12	18,600			0	18,600		
Subtotal			54,600	0	0	0	54,600		
4.g. Design of baseline, methodology, and tools for data compilation									
30 consultant days	600	30	18,000				18,000		
Subtotal			18,000	0	0	0	18,000		
Total component 4			314,400	49,750	21,000	70,750	385,150	13%	
Total all components			1,175,700	1,194,150	133,100	1,327,250	2,502,950	85%	
PROJECT MANAGEMENT									
Project coordinator	2,500	36			90,000	90,000	90,000		
Assistant coordinator	2,000	36	21,600	50,400		50,400	72,000		
Accountant (part-time)	800	36			28,800	28,800	28,800		
Assistant accountant	600	36		21,600		21,600	21,600		
Secretary	1,500	36		54,000		54,000	54,000		
Logistics (communications, office rental, electricity, etc)	2,000	36			72,000	72,000	72,000		
Subtotal Management			21,600	126,000	190,800	316,800	338,400	11%	
MANAGEMENT AND EVALUATION									
Midterm evaluation	10,000	1	10,000			0	10,000		
Final evaluation	15,000	1	15,000			0	15,000		
Audit	10,000	1	10,000			0	10,000		
Contingencies	67,700	1	67,700	5,950		5,950	73,650		
Subtotal management and evaluation			102,700	5,950	0	5,950	108,650	4%	
TOTAL			1,300,000	1,326,100	323,900	1,650,000	2,950,000	100%	
MIF and local counterpart percentages:			44%	45%	11%	56%	100%		

**COMPETITIVENESS SUPPORT PROGRAM FOR SOFTWARE SMES
(BR-M1015)
PROJECTS IN BRAZIL**

A. Similar or related MIF projects

Project number / date of approval	Title of project, sector, executing agency and amount	Date of signing and original period of disbursement in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing- agency change, etc.
None.				

B. Similar or related Bank projects

Project number / date of approval	Title of project, sector, executing agency and amount	Date of signing and original period of disbursement in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing- agency change, etc.
None.				

C. Projects related or similar to the same sector or beneficiaries

Project number / date of approval	Title of project, sector, executing agency and amount	Date of signing and original period of disbursement in months	Percentage disbursed	Comments: Satisfactory execution or problems in execution, including delays, extensions, reformulation, executing- agency change, etc.
ATN/ME-6001-BR 10/6/1998	Incubadora Tecnológica Santa Catarina Instituto Euvaldo Lodi de Santa Caterina (IEL/SC) MIF: \$3,500,000	22/7/1998 54 months (extended by 24 months)	100%	Clasification S/P. Project in concluding phase with positive outcomes.
EQU/MS-7137-BR 20/9/2000	Equity investment in MVP TechFund for Emerging Software Companies Mercatto Venture Partners Technology Fund MIF: \$4,500,000	9/9/2002 60 months	13%	Fund is well administered and has a good investment outlook. Six investments to date.
ATN/ME-7956-RG-9 22/4/2004	Pilot project: Fundación de Desarrollo y Pesquisa (FUNDEP) MIF: \$351,733	6/8/2004 30 months	20%	Project in process of fulfilling conditions precedent to first disbursement.
ATN/ME-7956-RG-6 1/4/2003	SME e-clusters Fundación André Tosello (FAT) MIF: \$435,000	4/6/2003 30 months	20%	After an initial delay, the project is on track and outlook is good. First disbursement made on 24/5/2004.

MULTILATERAL INVESTMENT FUND

BRASIL MIF PORTFOLIO

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF	% 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	IIla	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	IIla	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	IIlb	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	IIlb	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	IIla	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
17	MIF/AT-340	TC0005044	EQU/MS-7065-BR	Santa Catarina Equity Investment Fund	FMIEEBT	IIlb	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	IIlb	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	IIla	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	IIlb	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	IIla	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	IIlb	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	IIla	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	IIla	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	IIla	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	IIlb	10-Oct-01	In execution	3,000,000	68.49

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF	% Disb
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
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	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	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

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF	% Disb
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

52		BR-M1019	ATN/ME-8835-BR	Microenterprise Integration into the Formal Economy	IFV	IIla	13-Aug-04	Approved	46,870	0.00
53		BR-M1018	ATN/ME-8836-BR	Implementation of Strategic Planning in Microcredit Institutions	PFB	IIla	16-Aug-04	Approved	45,000	0.00
54	MIF/AT-609	BR-M1013	EQU/MS-8865-BR	CRP Venture	CRPCP	IIla	22-Sep-04	Approved	3,700,000	0.00
55	MIF/AT-609	BR-M1013	ATN/ME-8866-BR	CRP Venture	CRPCP	IIla	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	IIlb	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	IIlb	17-Nov-04	Approved	75,000	0.00
58	MIF/AT-634	BR-M1022	ATN/ME-9001-BR	Women's World Banking	BDF	IIla	08-Dec-04	Approved	90,000	0.00
59	MIF/AT-634	BR-M1022	85/MS-BR	Women's World Banking	BDF	IIla	08-Dec-04	Approved	600,000	0.00
Total MIF Amount									81,169,680	

PROPOSED RESOLUTION

Brazil. Nonreimbursable Technical Cooperation for a Program to Support the Competitiveness of SME's in the Software Sector

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 Associação para a Promoção da Excelência do Software Brasileiro – SOFTEX, and to take such additional measures as may be pertinent for the execution of the project proposal contained in Document MIF/AT-_____ with respect to a technical cooperation to develop a program to support the competitiveness of small and medium enterprises in the software sector.
2. That up to the amount of US\$1.300.000, 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.