

SUPPORT FOR CAPITAL MARKET DEVELOPMENT IN PERU WITH AN EMPHASIS ON VENTURE CAPITAL (“INVEST PROGRAM”)

(TC-02-07-01-4-PE)

EXECUTIVE SUMMARY

Executing agency:	Asociación de Empresas Promotoras del Mercado de Capitales [Business Association for Capital Market Development] (PROCAPITALES).
Beneficiaries:	The beneficiaries of this project will be: (1) enterprises that are members of PROCAPITALES and, in general, participants in the market environment that may benefit by having a channel for their concerns, which will be the project’s regulatory unit; (2) small and medium-sized companies that will receive individualized training and advisory services; (3) venture capital fund administrators and angel investors, who will benefit from a more streamlined and expeditious system to attract funds and make investments; and (4) institutional investors and other qualified investors who, by participating in the venture capital forums, will learn better ways to evaluate and oversee their investments.
Objectives:	The project objective is to help promote an enabling regulatory framework for the capital market and expansion and enhancement of the financing opportunities for small and medium-sized enterprises (SMEs). Capital market development in emerging markets covers a wide range of activities, including the institutional development and strengthening, implementation of new financing instruments and mechanisms, and development and improvement of the legal and regulatory frameworks. The project will address these areas, with the goal of developing venture capital.
Description:	The “Invest Program” (<i>Programa Invertir</i>) to support capital market development, with an emphasis on venture capital, will execute its activities under three components, as follows: (i) support for an enabling regulatory and legal framework for capital market development; (ii) customized training and advisory services for SMEs to enable them to access financing on more favorable terms and, in particular, to obtain direct investments through diversification of capital ownership; and (iii) strengthening of venture capital fund administration capacity in Peru.

Financing:	Modality:	Nonreimbursable - Facility I
	MIF:	US\$1,145,500
	Local counterpart funding:	US\$ <u>836,300</u>
	Total:	US\$1,981,800
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Exceptions to Bank policies and procedures:	None.	
Special contractual conditions:	Prior to the first disbursement, the executing institution will submit evidence, to the Bank's satisfaction, that the coordinating unit has been set up and is operating.	
Social and environmental impact and proposed measures:	The project was reviewed by the Committee on Environment and Social Impact (CESI) at its meeting on 31 January 2003. Its recommendations have been incorporated into paragraph 4.13.	