

**HUMAN RESOURCE INVESTMENT FOR REGIONAL BUSINESS DEVELOPMENT:
NUEVA VIZCAYA - MEXICO**

(TC-95-08-40-1)

EXECUTIVE SUMMARY

EXECUTING AGENCY: The Autonomous University of Chihuahua (UACH) through its Investigation Center for Regional Development and Technology (CIDEyT).

BACKGROUND: The Nueva Vizcaya region in Northeast Mexico (Chihuahua/Durango) has undergone an extensive series of layoffs and restructuring due to the closing of mines and forestry industries in the early 1990s. The former employers from the mining and forestry industries have joined together with community leaders and the local university to develop an innovative project/model to create new businesses and expand employment through a joint regional strategy.

BENEFICIARIES: Entrepreneurs and their workers in 600 enterprises in the Nueva Vizcaya region, largely those who were formerly employed in declining industries (principal beneficiaries); businesses and workers in more than 16 communities in Mexico and Central America (secondary beneficiaries through diffusion of project).

OBJECTIVES: The general objective of this project is to support employment and new business growth in Nueva Vizcaya as a demonstration model for an innovative and transferable regional strategy to respond to economic dislocation in the Central America/Mexico region.

To achieve the general objective, the project has three specific interrelated objectives: (i) to support strategic investments in technical assistance and training aimed at starting-up or reconverting 600 enterprises to new growth sectors ; (ii) to study the economic impact of this regional project/model, particularly on workers displaced from declining industries; and (iii) to transfer this regional experience to other communities in Mexico and Central America.

DESCRIPTION: This three-year project will support an innovative private sector initiative to revitalize the region's economy through firm-based growth in strategic sectors in order to shift the regional economy from declining to growing sectors. Building on already

demonstrated community support and a diagnostic which shaped a regional strategy for growth, the project would finance training and technical assistance to 600 new and expanding firms and promote increased investment in the region. In addition, the project provides resources to study the regional model and document the experience to date, examining the experience of addressing economic dislocation through firm-based initiatives rather than assistance to workers. In its final year, the project would partially finance business and community leaders from communities in Mexico and Central America in similar economic straits to study the Nueva Vizcaya experience.

The specific results of the project would include: (i) the reconversion, development and consolidation of 600 firms through training and services, facilitating new production in more strategic, growth sectors; (ii) increased production and sales in at least 40% of the 600 firms served under the project; (iii) employment growth in the firms served under the project, a net goal of 3,000 retained or new jobs over a five-year period; (iv) higher levels of income for 50% of the 3,000 employees; and, (v) study and transfer of knowledge on enterprise-driven regional responses to dislocation to at least 16 communities in Mexico and Central America.

FINANCING:	Modality:	Grant
	Counterpart/Recipient:	US\$1,090,281
	MIF, Facility II:	US\$1,259,000
	Total:	US\$2,349,281

IMPLEMENTATION SCHEDULE:	Execution period:	36 months
	Disbursement period:	39 months
	Reporting of Long-term Results to Bank:	60 months

**ENVIRONMENTAL
CLASSIFICATION:** The Environmental Management Committee, at its meeting of November 10, 1995, classified this as a Category II operation. The CMA recommended that an environmental variable be included in the training programs in order to raise awareness of environmental concerns. This would be accomplished in the project through worker and management training courses which impart more environmentally-sound technologies and practices.

BENEFITS: A direct benefit of the project is in supporting the retention or increased employment and business growth in of the 600 Nueva Vizcaya firms participating in

the project. There will be a benefit not only to participating firms, but also indirectly to area businesses who will profit from the improved business climate and employment prompted by a shift in the regional economy towards more productive sectors. An equally important benefit is in the project's demonstration effect. This project represents a unique and alternative approach to responding to regional economic downturn. The project's emphasis on study of this model to address displacement and transfer of experience is intended to benefit policymakers and communities in the Mexico/Central America region overall through both their direct activities and Bank/MIF operations.

RISKS:

A risk of the project is that, even though business performance (e.g. income, sales) of participating firms may increase, these firms may not generate as great an employment impact in the region as early as hoped. Many factors, external to the project, can influence employment growth. Nonetheless, in order to test how well this regional strategy responds to economic decline, it is essential to keep a principle on focus of the project's employment impact. The project is designed to take into account this employment risk in a number of ways. First, the project emphasizes building human resource capital in labor-intensive growth sectors, keeping a focus to employment and growth. Second, understanding that the employment impact may be felt over a longer time period, the project goals for employment retention or growth are extended to five years. Third, the project provides a high number of analysis and evaluation points plus more periodic Bank monitoring which will facilitate any needed adjustments in the project.

CONDITIONALITY:

The operation would be subject to the following conditions. Prior to the first disbursement, the executing agency must present the terms of reference of the administrator, accountant and technical consultant for the project agreed on with the Bank. In addition within 60 days of the signing of the technical cooperation agreement, the executing agent must present an action plan and implementation schedule for the use of resources.

Procedures pertaining to services contracted by the private sector and services provided by the executing agency, are detailed in Chapter IV, Disbursement and Procurement.

I. COUNTRY ELIGIBILITY

- 1.1 Mexico was declared eligible for all modalities of financing under the Multilateral Investment Fund at the October 6, 1993 meeting of the Donors' Committee.

II. BACKGROUND

A. The Mexican National Economy

- 2.1 The Mexican economy is undergoing a dramatic restructuring as a result of extensive trade and market reforms. Privatization and downsizing of domestic industries have led to significant layoffs of workers and lost income in uncompetitive sectors. While recent growth appears promising, the Mexican economy has undergone a series of shocks that have left a heavy toll on both enterprises and workers. Macroeconomic adjustments from the most recent 1994 crisis led to a significant deterioration in both wages and employment. Minimum wages in 1995 were 78% of the 1990 levels, suffering particularly from the 1994 peso devaluation. Under-employment (if defined as workers earning less than one minimum wage) peaked at nearly 30% in 1995, falling to 17% by the third quarter of 1996.
- 2.2 Simultaneous with these negative trends, more competitive industries are expanding and the macroeconomic environment is improving. Inflation and interest rates have come down. During the first half of 1996, gross domestic product (GDP) grew 3% on an annual basis, with manufacturing output growing 8.9% mostly as the result of growth in export-oriented industries.

B. The Regional Economy of Nueva Vizcaya (Chihuahua/Durango)

- 2.3 National statistics cannot tell the complete story. Some regions in Mexico have born a higher burden of restructuring as they had a greater dependence on declining industries, have relatively poor populations, and are more geographically isolated. The region of Nueva Vizcaya in Northeastern Mexico is one such region. It is a sparsely populated region comprised of the states of Chihuahua (southern portion) and Durango (northern portion). Its principal city, Parral, remains isolated, three hours south of the city of Chihuahua without anyone living in between. Its 350,000 inhabitants depended heavily on mining and forestry for their livelihood. Beginning in 1991, the region began suffering from the drop in world metal prices. The region's three large mines and over 100 small mines closed and nearly 12,000 jobs were lost. The metal mechanics sector which depended heavily on the mines suffered greatly as well. The region's second principal sector, forestry, underwent a similar decline. Other sectors, retail and commercial felt the aftershocks of the loss of income and jobs in the region's principal industries.

- 2.4 Total output per capita in Nueva Vizcaya fell 320% from 1988 to 1994, NP\$20,643 per capita to NP\$6,457. The local economy is in serious need of restructuring away from its former dependence on declining industries and towards a more diversified and competitive production base. As a result of the restructuring crisis, the region underwent a shift with large portions of the middle class moving into poverty. The region's labor market has a substantial segment of low-skilled, low-income workers, with continued high unemployment and underemployment due to limited job opportunities in the region.

C. Extensive Community Response to the Regional Crisis

- 2.5 For a while, the local community drifted unable to recover from the devastating closings. Ultimately alarmed by the lack of business opportunities, high unemployment, and drift of workers to the United States (many times illegally), community and business leaders in Nueva Vizcaya formed a strategic alliance over the last few years to develop and support a comprehensive project to reshape the region's economy.
- 2.6 The two driving forces of this community effort are the business leaders of the former mining and forestry industry and the Technology and Economic Investigation Center (CIDEyT), (Centro de Investigación del Desarrollo Económico y Tecnológico) of the local University, the Autonomous University of Chihuahua (UACH), in Parral. The initiative is led by a business council which oversees CIDEyT's activities. Together with the support of the local municipal government, the CIDEyT-business alliance has drawn on local resources and limited federal resources to initiate a comprehensive, innovative plan to revitalize enterprises in the region, described more fully in Annex I.
- 2.7 The first phase, now completed, was a sophisticated diagnostic of the region's comparative advantages in agriculture, industry and services which identified potential areas for new business development and methods to promote business growth. The diagnostic and marketing study conducted was extensive and sophisticated, assessing the region's assets and weaknesses, and potential for product growth in domestic and international markets. It identified seven key sectors for growth that would build on the region's strengths: metal mechanics, wood products, plastics, agriculture, livestock production, commerce, and tourism (see Annex I). The CIDEyT-business alliance's strategy is to help enterprises seeking to develop new business projects in these strategic sectors.
- 2.8 In the second phase, the entrepreneurs and CIDEyT have generated 18 specific business plans for different municipalities in the region, supporting entrepreneurs in creating business profiles to develop new business initiatives around the strategic plan. These new businesses include among many: organic honey production (Valle de Allende); wood furniture (San Francisco del Oro); integrated fish

farming (five municipalities in Durango), glass lampshades (Santa Barbara); agriculture (Ciudad Jiménez). They have worked intensively in the metal mechanics sector, in particular, to prevent further closings by helping identify alternative production schemes or technologies to make these industries more competitive. The next phase of the community plan requires scaling up operations for more extensive growth from each of the nascent businesses, greater numbers of firms participating, and greater international marketing and business development and job growth. They are in the initial phases of this more extensive regional strategy that includes a series of business incubators, industrial parks, joint business ventures, creation of production chains of area businesses, business services, training, and technical assistance to larger numbers of firms. Seeing its role as building long-term entrepreneurial capacity and thinking in the community, the Nueva Vizcaya strategy also includes education and participation of secondary school students in the regional plan through the local university. Secondary school students receive training in small teams to apply their developing business skills to analyze a specific area business, and the children of entrepreneurs participate in analyzing and providing advice to their parents' business.

2.9 CIDEyT and the council of entrepreneurs leading the community effort have requested MIF assistance to further deepen this regional model in this third, critical phase. With limited resources to date, CIDEyT and the private sector council have been able to provide over 100 new businesses with diagnostic, business planning and marketing technical assistance. However, under current financing CIDEyT cannot expand to the projected level of increased demand (600 firms) nor are they able to fully serve the entire Nueva Vizcaya region reaching a critical mass of firms to have a demonstrated impact on the region.

2.10 Bank interest in this project is not only in supporting a local effort to expand the private sector and spur new investment but also in supporting and testing a different model for responding to regional decline that could provide lessons for other areas for Latin America and the Caribbean in the future.

D. Models for Combatting Worker and Regional Displacement: Bank and MIF Strategy

2.11 Regional decline and large scale layoffs of workers and managers is occurring throughout Latin America as it has for many years in the industrialized world. To date, two basic models for responding to such dislocations have emerged. First, a "worker-to-jobs" approach of providing job training, placement and other services to each laid-off worker to better equip them to find new employment in a changing economy. A second approach is to try and concentrate on securing the job first, developing new businesses on a regional basis which can then absorb these displaced workers. This second "jobs-to-worker" approach is distinctive in that it does not

provide assistance to every laid-off worker, rather it concentrates on new job creation with the expectation that area workers will benefit from new job growth or retention. Particularly in places where there are few jobs for displaced workers, the second approach may hold more promise of reemploying a greater number of workers locally overtime. To be successful, however, this second jobs-to-people approach requires a serious demonstration of community will and identified leadership to be carried out on a sustained basis overtime. This strategy has shown demonstrated effects in key industrialized country cases, such as in Lowell, Massachusetts and Chippewa County, Wisconsin in the United States, but this is the first case encountered by the MIF in Latin America.

- 2.12 The MIF has as one of its principal purposes to assist workers and managers displaced by economic restructuring. In its recent strategic plan, the MIF lays out the importance of responding to displacement through efforts at continuous training and education. Knowledge in both the industrial and developing world is limited on how to best provide such continuous training and learning opportunities. To date, the MIF has financed a series of small pilot projects to test different approaches to the problem in the Latin American context. The first set of five pilot projects tested variations and innovations on the "people-to-jobs" model, providing services to a select group of displaced workers (MIF pilot projects: Chile, Colombia, Ecuador, Perú and Uruguay).
- 2.13 The proposed project represents this second "jobs-to-people" approach and is the only one of its kind to be requested for financing under the MIF. More than just a displaced worker strategy, though, this pilot fits squarely in the new priorities outlined by the MIF to promote continuous training and education within and around firm business strategies. The opportunity to support this type of pilot is likely to be extremely rare for it requires extensive community, business and government support as a pre-condition for success.
- 2.14 Beyond MIF operations, this demonstration pilot represents an important step in the overall Bank strategy in training and economic development, emphasizing private sector participation and demand-orientation. More specifically for Bank labor market operations in Mexico, the project has been designed to feed directly into the Bank's on-going dialogue with the Mexican Ministry of Labor - Secretaría de Trabajo y Previsión Social (STPS), as well as offer insights and results for future Bank-supported labor market operations in Mexico. The Bank supports through a current loan (983/OC-ME), STPS's program to improve quality and productivity in small and medium-sized enterprises (CIMO) nationwide. CIMO partially finances training and technical assistance to such firms within specified limits and coverage. The proposed program draws on available CIMO resources as applicable.

III. THE PROJECT

- 3.1 The former mining and forestry entrepreneurs of Nueva Vizcaya, local business associations and the Autonomous University of Chihuahua (CIDEyT) have requested MIF assistance to advance their project/model for regional business development, study the model's impact and transfer the experience to other communities in Central America and Mexico. This private-sector-led regional effort has reached a critical phase in readiness to expand to greater numbers of firms more widely across the region. The project would support an extensive and intensive strategy to catalyze firm-based growth by shifting to strategic sectors identified as areas of the region's key comparative advantage (e.g. wood products, agroindustry, plastics). Overall, the project seeks to have a significant economic impact on the region through linked training, technical assistance, and investment promotion activities that combined, facilitate the region's shift away from declining sectors to emerging, more competitive sectors. The strategy pursued in Nueva Vizcaya has parallels to successful models in the industrialized countries but is quite unique to Latin America.

A. Objectives

- 3.2 The general objective is to support employment and new business growth in Nueva Vizcaya as a demonstration model for an innovative and transferable regional strategy to respond to economic dislocation in the Central America/Mexico region.
- 3.3 To achieve the general objective, the project has the following three specific interrelated objectives: (i) to support strategic investments in technical assistance and training aimed at starting up or reconverting 600 enterprises to new growth sectors; (ii) to study the economic impact of this regional project/model, particularly on workers displaced from declining industries; and (iii) to transfer this regional experience to other communities in Mexico and Central America.

B. Description of Project

- 3.4 To achieve its specific objectives, the project would consist of three subcomponents: (i) training of workers, managers and entrepreneurs (Objective 1); (ii) human resources/management services (Objective 1); and (iii) study, investment promotion and diffusion of the regional model (Objectives 2 and 3).
- 3.5 The three subcomponents are highly integrated. Under the project, each participating business is provided diagnostic and technical assistance services to develop an integrated business plan and related human resource strategy, in identified regional growth sectors. The vast majority of firms served are expected to be new, micro-businesses although larger firms are eligible to participate as well. The firm then moves through a series of targeted services

and training for managers and workers designed to consolidate and improve business performance, and promote job retention or creation within the enterprise. The regional effort led by CIDEyT and its business council provides many opportunities for grouping businesses and workers to facilitate the shift into more commercially viable business sectors. Firms may choose to jointly purchase and share technologies, or marketing operations to reap economies of scale. Through training in key sectoral specialties, a cadre of workers is created overtime who can move up skill levels within a growing sector comprising micro, small, and some medium and large firms. Investment promotion activities contribute to attracting investors to the region and to area businesses. Studying the model, promoting the region and area businesses, and diffusing information to other communities creates a dynamic process that feeds back into expanding area businesses and helping identify where changes are needed to increase performance.

C. Beneficiaries

- 3.6 The principal beneficiaries of the project are the 600 enterprises and their workers in the Nueva Vizcaya region, many from formerly depressed or closed industries (e.g. mining, forestry). The firms and workers will benefit directly through increased skill, income levels, better performance and reorientation of their businesses. The workers are largely unskilled and at generally low-income levels. As most entrepreneurs had lost their businesses due to plant closings, many are in lower income categories as their new businesses are getting started. A second group of beneficiaries of the project are the workers and businesses of the Nueva Vizcaya region who will benefit, indirectly, from the greater economic activity in their region (e.g. greater regional growth would create more sales and income in retail, supplier and related industries). The third group of beneficiaries are institutional, business and community leaders from other regions of Mexico and Central America who will benefit from the transfer of knowledge and experience provided by this project.

Subcomponent A: Training of Workers, Managers, and Entrepreneurs (\$336,535 MIF contribution)

- 3.7 A principal activity of the project is the **training of workers, managers, and entrepreneurs** to provide the foundation of skills and human resource capabilities needed to develop and expand their businesses into new, more competitive sectors. After first undergoing an initial diagnostic assessment of the firm's business potential and human resource needs, the firm will be eligible to finance training for managers and workers supporting its growth strategy, sharing costs under the program's cost-sharing scheme. In order to insure the strict utility to the private sector of the training, the program requires the private sector to first finance the training and seek reimbursement for a portion of the training expenses. A portion of the training will be carried out in

strategic, sectoral groupings of the areas' entrepreneurs to encourage deeper business and human resource linkages among emerging sectors. Specifically the project will finance:

- 3.8 **Training of Managers and Entrepreneurs.** A total of 104 seminars, workshops, and training courses for managers and entrepreneurs will be financed. These courses contain a series of applied learning modules which provide entrepreneurs and managers with the skills to produce market, risk, and financial analysis for their enterprises in new strategic sectors. At least 600 entrepreneurs and managers will receive training, but many are likely to undertake more than one course. Courses would include those on product quality, marketing techniques, product design, management techniques, and, environmental, health and safety conditions within firms. The training, overall, is intended to bring regional businesses up to more international standards and will focus on imparting and using new technologies. This has been identified as a key requirement for regional growth. The archives for this project contain a description of the courses planned, the municipalities and sectors likely to be targeted, and the projected sequencing of courses in the sectoral growth strategy. However, as the training responds directly to private sector demand, implementation will evolve based on individual firm development.
- 3.9 **Training of Workers.** At least 2,600 workers employed by participating firms in the 11 municipalities of Nueva Vizcaya will be trained under the project. Training of workers will be based on identified skill needs detected in the strategic plan done for individual businesses. New skill training is expected to be concentrated in the strategic sectors of: metal mechanics, wood products, agroindustry, commerce and tourism. Worker training courses within these sectors would include, for example, reconversion and skill development in: commercialization processes, quality control practices, new technologies, production schemes, client services, data management, and management of insecticides. Worker training can be delivered on-site as well as on a shared basis to groups of firms.
- 3.10 **Training Providers.** In order to keep the program responsive to private sector needs, it is the firm who initially purchases the training and selects the provider. The executing agent, UACH/CIDEyT will directly provide some training, particularly management training. Principally, firms will draw on a cadre of expert training providers to provide more specialized training.

Subcomponent B: Human Resources/Management Services (\$360,975 MIF contribution)

- 3.11 To support a reconversion in the region's economy towards new strategic sectors, the project will finance a series of human resources/business services to reconvert and advance business performance and internal human resources management for 600 firms

in Nueva Vizcaya. Integrated with training, these services constitute key elements of the comprehensive regional strategy for they provide the blueprint and specific tasks for the development of each individual business' strategy for growth and expansion. While the firms served will vary in size and stage of development, it is expected that the majority of firms will be micro-businesses in the early phases of start-up as this follows the pattern of the regional effort to date as well as the project's emphasis on reconverting the region's economy.

- 3.12 **Human Resources/Business Services.** An initial diagnostic assessment and five more specialized services will be supported under the project, each service tailored to individual firm needs. All firms will receive the initial diagnostic assessment which also serves as a screening mechanism, but the more specialized services will be provided based on firm need, level of development and willingness of the firm to finance the service. As with training, the participating firms are first required to finance the cost of the service up front to insure that the service has direct utility to the firm in its current operations. The Bank will reimburse a portion of these expenses for four of the six services as outlined in paragraph 3.34.
- 3.13 The **first** service provided is a firm diagnostic to each of the new companies participating in the Nueva Vizcaya regional project. This diagnostic analyzes the operations and business potential of the firm with particular emphasis on its human resource needs, capabilities and work processes. This includes emphasis on the entrepreneurial capacity of the firm, examining leadership structures and administration and the human resource capabilities of key managers. The diagnostic is also an instrument to help the entrepreneur develop a systematic view of his business and identify priorities for business development. While all participating firms will undergo an initial firm diagnostic, a smaller group of will likely be ready to seek a **second** service to develop a more in-depth strategic plan for the growth of the company depending on the company's current stage of readiness. The strategic plans will look at the more medium-term strengths, weaknesses, and challenges for the firm.
- 3.14 A **third** service financed is technical assistance in technology management. Building on the initial framework of the firm diagnostic and strategic plan, this service helps the firm define the mission and function of technological development in the enterprise, particularly in how it will shift production lines and advance international competitiveness. A number of the participating firms are introducing new production lines and processes which require reengineering and the application of new technologies. For example, a former metal mechanics supplier for the mining industry is converting to producing metal mechanics artifacts. CIDEyT associates and technological consultants, working with firm managers and workers, will help define the technologies

needed to improve efficiency in the firm and develop the human resource capabilities needed to introduce, adapt, and innovate with these technologies.

- 3.15 The **fourth** service financed partially with project resources is a financial management learning service for 150 firms. The service provided by CIDEyT associates offers "hands on" training to managers in financial simulation programs and financial analysis. This learning service builds on the previous diagnostics, strategic, and technological plans for each firm and is thus more appropriately conceptualized as a service, although its delivery is through training.
- 3.16 **Two other** services are provided which are integral to the regional project but will be financed entirely by counterpart resources of the private sector and UACH as they do not emphasize human resource interventions. One is market studies for 150 firms. These studies will analyze the potential market for each firms' products, assist in firm marketing plans, and construct an information system to monitor changes in market conditions. The second of these services is design assistance. Firms will be provided with technical assistance to review their use of packaging, processes, transportation and publicity with the aim of improving the international competitiveness, quality control of products and differentiation of the product in the marketplace. This service will be delivered in the form of product design and technical assistance. These additional services are described to indicate the integral and comprehensive nature of the Nueva Vizcaya support to regional businesses.
- 3.17 **Provision of Business Services.** The business services are principally provided by associates/staff of CIDEyT with support of external consultants when needed, particularly in more specialized areas. CIDEyT also plays an important role in providing leadership in identifying opportunities for joint operations/shared marketing/shared production between firms within the same sector to reap economies of scale and expand growth opportunities for firms.

Subcomponent C: Study, Promotion, and Diffusion of the Nueva Vizcaya Model (\$192,793 MIF contribution)

- 3.18 **Study of Economic Impact of Nueva Vizcaya Model.** The regional model being undertaken is intended to respond to a serious decline in regional employment and business activity as a result of the closing of mine, forestry, and other businesses. The initiative has already generated the interest of policymakers as a potential mechanism to promote private-sector-led solutions to dislocation. The initiative is in its early formative stages, its precise employment and economic effects have not been studied. Has new employment been generated or jobs saved and what kind? Is this an effective model for reabsorbing displaced labor from the old industries or have the new businesses hired different types of

workers? Are certain workers (women, indigenous groups) disadvantaged by this process?

- 3.19 The project will finance an analysis of the economic effects of this model undertaken by external consultants, with a particular emphasis on the employment effects. The study will analyze the employment outcome of the new businesses generated or businesses assisted. The study will examine the type of jobs created or retained, whether it was filled by a former displaced worker or manager. The study would attempt to identify impediments to the hiring of displaced workers in the area (e.g. skill level not appropriate, poor reputation of workers) that might constrain their reemployment under the model. The study would investigate whether certain sectors were more likely to reemploy displaced workers and what strategies proved to generate more employment early on.
- 3.20 The results of the study are intended to understand how effective regional development may be as a response to sectoral displacement in a Latin American context. It is also intended be used by community and business leaders in further refining and developing the Nueva Vizcaya model, identifying, for example, if more extensive outreach or training of displaced workers is needed. The Bank is particularly interested in such a study to help refine the proposed program, as part of learning and study from all displaced worker pilot programs, and of regional development models.
- 3.21 The economic impact study will utilize baseline data of firms that is being collected by CIDEyT in its initial profiles of participating businesses. The same data will be used for a mid-term and final evaluation of the project as described in the evaluation section.
- 3.22 **Diffusion and Promotion.** The project will finance three specific activities aimed at: (i) attracting investors and business partners to the region; and, (ii) diffusing and promoting the Nueva Vizcaya experience to other regions.
- 3.23 The **first** activity will be the preparation and publication of documents, promotional materials and handbooks to help promote Nueva Vizcaya for business investment and to provide "how to" materials for other communities wishing to learn from their experience. The materials prepared would include: a set of promotional materials on investment opportunities in the region and a handbook documenting each stage of development of the project, providing "how to" information on conducting a regional business analysis and marketing plan.
- 3.24 The **second** activity financed will be a series of promotional activities both within and outside of Nueva Vizcaya to acquaint potential investors, interested communities, and policymakers in the project. First, promotion within the region would address a

key constraint encountered in the operation of the model to date, that is that with limited internal resources, the regional effort has been hampered in its coverage of the whole region and ability to attract outside investment. Second, external promotional activities would help attract investment, diffuse policy experience and stimulate dialogue. In particular, early promotional activities could, as demand dictates, include Central American communities. At least one event will be held at the Bank to promote a labor market policy dialogue and program discussion between bank specialists and other executive agencies.

- 3.25 In the final year of the project, a **third** activity financed will be a study program to bring community leaders from Mexico and Central America to observe and learn from the Nueva Vizcaya experience. The study program will be small, highly selective, and requires a demonstrated financial commitment on the part of participating communities. Each applying community would be required to nominate two to three participants one of whom must be a business leader. Participants would be invited for a week-long program to Nueva Vizcaya that would include meetings with community and business leaders, visits to local businesses, and one-on-one consultations with local business leaders. It is anticipated that there would be two sessions, each with an initial group of eight communities for a total of 48 leaders trained. Half the cost of the study program would be borne by the participating communities themselves.
- 3.26 Each community would apply as a team to CIDEyT who would evaluate the applications in consultation with the IDB project team and IDB regional field offices based on criteria agreed with by the Bank prior to the study program. The selection criteria are to be agreed on in three years time so as to provide greater responsiveness to Bank/MIF needs. This consultation with the Bank/MIF is important so that the Bank/MIF have an opportunity to encourage and identify communities who may potentially be involved in future Bank/MIF operations to expand connections between this project and future Bank operations. Informational materials announcing the program will be prepared by CIDEyT and promoted by them and disseminated through the IDB country offices in Mexico and Central America.
- 3.27 It is important to emphasize that this is a study program, not a promotional effort intended on advancing a fully-tested model. The study program has two dimensions: one proven, the other in process. Already proven from the initial years of operation, is the ability of the Nueva Vizcaya community to bring together a wealth of community resources and direct them jointly to a common strategy. It is the process of community identification and organizing for which the Nueva Vizcaya case already has important demonstration effects for other communities facing similar economic downturns. Just how successful is the particular plan they developed, how large an impact it will have clearly will still be evolving over the life of the program. Rather than touting one model to apply to

all communities, the study program is intended to give communities of similar circumstances the opportunity for joint sharing of ideas, oriented around a particular case. As a one-week program, it offers further opportunity to look at the impact of the Nueva Vizcaya model, offering opportunities for the Nueva Vizcaya community to benefit as much from the exchange of ideas as similar communities in Mexico and Central America.

- 3.28 A final key element of the project's study and diffusion approach is the contribution to the evolution overtime of labor market policy in Mexico at the federal level, particularly through operations supported by the Bank. This regional pilot provides the potential of a different approach to economic development in communities affected by sectoral downturns. Currently, the Labor and Social Secretariat's (STPS) CIMO system which supports technical and training assistance to firms on an individual basis is less adapted to approach technical assistance and training from a regional basis. The project contemplates periodic visits by the Bank team working with the CIMO program to Nueva Vizcaya and incorporation of the progress of this project in the dialogue with STPS.
- 3.29 Project Sustainability. From the outset, the project is built on substantial counterpart from the private sector and resources and personnel from the University economic center, approximately 45% overall on a cost-sharing basis. The MIF contribution is skewed heavily towards study, promotion, and diffusion of activities. As this project has both operational and study elements, it is important to distinguish between the two in terms of where sustainability is actually needed. The study and analysis tasks under Subcomponent C are intended to be one-time costs only.
- 3.30 The training and services provided under Subcomponents A and B are intended to help "jump start" the region into more solid long-term growth. Thus, as the regional project matures, less external assistance will be needed to sustain the effort, particularly as firms develop more fully and can assume a greater proportion of their costs overtime. Thus, for many types of activities existing levels of government resources should be sufficient. It is intended that with the success of these investments, the private sector would assume a greater proportion of the human resource costs overtime. Even so it is been demonstrated that a level of partial public sector financing to support small and medium-sized businesses is needed to promote competitiveness over the long-term. Bank staff intend to use the results of this project to work with the Mexican government-STPS on considering changes to the current CIMO program to permit more "catalytic" investments in regions, like Nueva Vizcaya, demonstrating well-developed regional strategies and community support. This dialogue and input to STPS would be part of on-going Bank support for expanded labor market operations in Mexico.

- 3.31 **Specific Results.** The specific results of the project would include: (i) the reconversion, development, and strengthening of 600 firms through training and services, facilitating new production in more strategic, growth sectors; (ii) increased production and sales in at least 40% of the 600 firms served under the project; (iii) employment growth in the firms served under the project, a net of 3,000 retained or new jobs over a five year period, 1,500 after three years; (iv) higher levels of income for 50% of the 3,000 employees over five years; and, (v) study and transfer of knowledge on enterprise-driven regional responses to dislocation to at least 16 communities in Mexico and Central America.

D. Project Execution

- 3.32 The project will last three years and will be executed by the Autonomous University of Chihuahua through CIDEyT, a technological center of the University. The University has assigned project management responsibility to the Center who are overseen and directed by a council of leading entrepreneurs and community leaders. CIDEyT has already established a successful track record in leading this community effort and providing similar services and training to the local community described more fully in Annex I and the technical archives of the project.
- 3.33 The Center is led by an Executive Director who provides overall leadership to the community effort with the private sector. Given the major increase in activity of the Center required by the project, proper implementation will require a full-time administrator and accountant. One additional technical consultancy will be needed on a part-time basis to provide technical guidance and leadership to project staff, community leaders, and entrepreneurs for new project components. These two full-time positions and one part-time position will be supported by project funds. Prior to first disbursement, the executing agency must present the terms of reference of the administrator, accountant and technical consultant for the project agreed on with the Bank. CIDEyT will further contribute the time of its coordinators for each of the areas of technical services (described in Annex I) as additional counterpart beyond those agreed to in the project budget.
- 3.34 As described earlier, the execution method for the training and services will be straightforward and designed to have the private sector directly involved in the contracting and identification of the most appropriate business training and service providers. For all training and services provided, the private sector firm will first pay 100% of the required fees and seek reimbursement from the project funds after evidence of payment. Given concern that firms would encounter cash flow constraints in financing 100% of the strategic plans, the Bank would finance its share of this one service up front with the private sector paying its share. Reimbursement schedules would be consistent with those the private

sector receives from the government CIMO program for training and technical assistance. These reimbursement rates typically vary from 40 - 70% depending on the type of training/service and length and level of course. The technical annex for this project contains a specific schedule matching project and CIMO reimbursement rates for the individual training and services financed under this project. This consistency is important to lay the foundation for the program's sustainability overtime as the experience of this project is potentially incorporated into future government policies.

E. Project Budget and Counterpart Resources

- 3.35 Below is provided a summary table of the three year costs of the project. The largest source of counterpart funds are the participating private sector firms from Nueva Vizcaya. Substantial counterpart and in-kind resources are also provided by the Autonomous University of Chihuahua.

Summary Project Budget (3-year totals)					
Activity/Component	MIF	Private Sector	UACH	Mex. Govt.	Total
1 Subcomponent A: Training	336.535	121.338	-	96.075	553.948
1.1 Management Training	134.007	23.878	-	64.050	221.935
1.2 Worker Training	202.528	97.460	-	32.025	332.013
2 Subcomponent B: Human Resources/Management Services	360.975	453.400	167.975	71.050	1,053.400
3 Subcomponent C: Promotion, Diffusion and Study of Regional Model	192.793	45.030	15.124	-	252.947
4 Administration of Subcomponents	63.825	4.198	81.090	-	168.114
5.Evaluation, Monitoring, Supervision	170.000	-	35.000	-	205.000
6.Contingencies	114.872				114.872
Total	1,259.000	623.967	299.189	167.125	2,349.281

- 3.36 The Mexican government is also sharing costs with private sector firms of specific activities under this the project that are eligible for financing under the existing CIMO program of STPS. All training and technical assistance supported by the MIF contribution is separate and above training supported by other government programs and has been carefully reviewed by government officials of STPS to avoid any potential duplication. Available government resources are limited by a number of factors, including total hours, types of courses, and regional limitations as the government tries to distribute scarce training resources widely. Careful

attention has been paid by all parties involved to insure that MIF resources are providing a catalytic effect of reaching a critical mass in a short time frame.

- 3.37 The administrative budget provides partial support to CIDEyT in financing the increase in administrative and technical operations required to carry out this project. Specifically, these are , as described in the execution section, funds to support an administrator, accountant, and up to \$10,000/year in part-time technical oversight for the project.
- 3.38 As under MIF guidelines, no grant resources will be provided for activities undertaken prior to the effective starting date of this project. As under Bank guidelines, certain expenses may be recognized as counterpart expenditures up to 18 months prior to the starting date. Specifically for this project, the project team has requested that CIDEyT conduct and collect initial baseline data on the participating firms, regional economic data and other studies to be utilized in the project. Administrative expenses related to these efforts, equipment/office usage, and services financed with CIMO support would be recognized as counterpart expenses.

IV. DISBURSEMENT AND PROCUREMENT

- 4.1 Standard Bank procedures will apply to all procurement of goods and services the University contracts directly. For services where the participating enterprises are responsible for selecting and contracting up front the training and technical assistance providers, including contracting CIDEyT and its associates/advisors, the Bank will use private sector selection practices fully evaluated and accepted by the Bank for the Labor Market Modernization Project II(983/OC-ME) approved in 1996. This program provides a directory of providers and references. Any consultant is eligible to participate in the selection and the participating enterprises select the candidates according to the principles of cost efficiency and transparency consistent with Bank procedures. Finally, as under standard Bank procedures, a revolving account will be established for the project with initially 10% of the grant amount.

V. VIABILITY AND RISKS

A. Benefits

- 5.1 A principal benefit of the project is in supporting the retention and increased employment and business growth of the 600 Nueva Vizcaya firms participating in the project as they move into more competitive sectors. This improvement will benefit not only the participating firms, but also will benefit the regional economy overall through an improved business and investment climate, greater regional income and sales, and reduced dependence on

declining sectors. Businesses and workers will benefit from the higher skill level and technological capacities supported by the project. Another important benefit of the project is its demonstration effect on other regions, first through documentation, analysis and promotion of the model and second, through direct transfer of experience to communities in Mexico and Central America suffering similar economic downturns.

B. Risks

- 5.2 One risk of the project is that, while business performance (e.g. income, sales) of participating firms is likely to increase, these firms may not generate as great an employment impact on the region early on. A number of factors, external to the project, can influence employment growth. The project, however, is designed to minimize and recognize this risk in three ways. First, the project will concentrate investments and attention on building human resource capacity within firms in labor-intensive sectors. In this way, the project aims to have firms make better use of their human resource assets as well as increase the ability of individual workers to contribute to firm output. Second, the economic impact study and the mid-term evaluation built into the project each provide important points of analysis and intervention if adjustments are needed in the program. Even beyond this, the project provides for periodic monitoring as part of Bank operations which should provide further opportunities to identify any needed adjustments. Third, understanding that the employment impact may be felt over a longer time period, the project measures the employment impact at the end of five years.
- 5.3 A related facet of this external risk is the risk that business performance may be affected by particularly negative trends in the national economy that affect the international competitiveness of Mexican products (e.g. exchange rate fluctuations). This is a risk faced by the majority of MIF projects, but in Mexico's case, many economists feel the country has weathered a series of economic crises and is firmly on a reformist path. Moreover, the Nueva Vizcaya project overall is built on emphasizing regional comparative advantages of firms and workers to protect, as much as possible, from the impact of particularly negative national trends. In its early years of development the Nueva Vizcaya project has shown its ability to prosper in a difficult national context by attracting initial investment to the area and giving birth to numerous new firm start-ups all despite troublesome national trends.

VI. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

A. General criteria for project eligibility

- 6.1 The proposed project is consistent with the general purpose of the MIF approved in the Agreement Establishing the MIF, specifically Article I, (b) referring to the implementation of development strategies to promote an expanding private sector and (d) to bear certain of the costs associated with investment reforms and an expanding private sector.

B. Facility criteria for project eligibility

- 6.2 The project is consistent with the criteria for grant financing under Section 3 for the Human Resources Facility of the MIF Agreement which establishes, among its criteria for grants to train workers and managers to insure that skilled workers and managers are available to meet the manpower needs of investors (3(b)) and to train workers displaced by investment reforms and economic restructuring (3(a)). This project, in particular, provides an excellent test case of continuous training and education, one of the key priorities approved by the Donors Committee of the MIF in the Spring of 1997.

VII. COMPATIBILITY WITH THE BANK'S COUNTRY PROGRAM

- 7.1 The Bank strategy for Mexico aims, in the short-term, to mitigate the negative impact of the current economic crisis and, in the medium-term, to facilitate the process of economic and social transition currently underway in Mexico. The current project fits directly into this strategy by attempting to develop a regional model for responding to such transitions and to diffuse this experience to other regions of Mexico and Central America. The project works within the framework of current government labor market programs supported through other Bank operations and draws on such programs as applicable to the regional operation. The results of this demonstration project are intended to feed directly into the Bank's on-going dialogue with the *Secretaría de Trabajo y Previsión Social* (Mexican Ministry of Labor) over new initiatives and labor market reforms. In addition, the Bank will be studying in its most recent labor operation in Mexico (Loan 983/OC-ME) the cooperative and networking practices of businesses in Mexico in which they join together ("cluster") by sector in order to reap gains in shared training and productivity-enhancing operations. While the current model is more regional than sector-based, its results can provide further insights into how and in what ways firms interact to mutual benefit.

VIII. AVAILABILITY OF MIF RESOURCES

- 8.1 **Funding Modality.** The project is expected to be financed through a grant based on the following points: (i) Mexico was declared eligible for all modalities of financing under the MIF by the Donors Committee on January 21, 1994; (ii) Mexico's compliance with the criteria of eligibility for obtaining grant resources at the country level (Article 3, Section 5b of the MIF Agreement) is detailed in section III paragraphs 3.1, 3.2, and 3.3 of the Country Eligibility Memorandum; and (iii) the proposed project will have an important impact on the flow of investment funds by developing the human resources needed for new and expanding business in key sectors in a geographic region.

IX. MONITORING AND EVALUATION

- 9.1 Due to significant Bank and MIF interest in the performance of this pilot project, the project emphasizes heavily a process of frequent monitoring and evaluation, using this information to feed back both into the project and to future Bank/MIF operations. Monitoring and evaluation will be more active, taking the form of not only analysis and studies, but also workshops with Bank and Mexican officials (\$170,000 MIF).
- 9.2 The evaluation and monitoring approach is two pronged: analysis of the performance of the regional model itself in generating income and employment and the internal performance and efficiency of the project in supporting the regional effort.
- 9.3 The project will undertake a mid-term project evaluation, a specialized economic impact study, and a final evaluation, three months after the final disbursement. The project also contains resources to finance the use of external consultants for such supervision and monitoring. In addition to these defined study periods, the Bank intends to conduct periodic monitoring missions and periodic workshops to both monitor and supervise progress in the project and to better integrate the project's developments and findings into prospective Bank/MIF operations. The Bank team working on labor market programs and reforms in Mexico intends to include Parral on its supervisory missions for the current major labor market loans to Mexico. In addition, the Bank's Field Office in Mexico will provide attentive supervision to the project.
- A. Baseline Data/Evaluation Design
- 9.4 CIDEyT will collect with its own resources baseline data on key indicators for each firm served to date in the project. Among its indicators, the study would identify firms by sector, by amount and type of employment, by sales and financial status. As new firms are incorporated and served under the project, the same baseline data will be collected. Additionally, CIDEyT will collect the most

recently available regional data and statistics on in the Nueva Vizcaya region as an indicator of overall regional health before the intervention of MIF resources.

B. Mid-term review

- 9.5 CIDEyT will engage the services of an external consultant team with the approval of the project team to conduct a mid-term review. This review would cover both the performance of the project and its subcomponents and the performance of firms served under the project. The mid-term review will be utilized to monitor the progress of the project in meeting its specific and general goals and suggest adjustments in the project and its subcomponents to better achieve these goals.
- 9.6 The economic impact study provided under Subcomponent C is not a traditional project evaluation for it attempts to see how well the regional effort responded to the specific needs of the workers and managers displaced from declining industries, even though this group was not targeted exclusively by the model. Its results, while not specifically for evaluation purposes, will be integrated in and assist a mid-term evaluation of the project.

C. Final evaluation

- 9.7 A final evaluation, conducted by external consultants, would evaluate the project's progress in its stated goals of employment and business growth in Nueva Vizcaya. It would be conducted three months after the termination of the grant period. The final evaluation will focus on a number of key elements: the efficiency and effectiveness of the project's interventions, in particular interventions to develop human resource capacities; employment and income effects of the regional model; and, effectiveness of regional model in combating economic decline. In order to track the longer-term employment and income effects of the project, CIDEyT has agreed to supply the Bank with updated information on the firms participating in this project two years after the termination of MIF financing.

BACKGROUND ON EXECUTING AGENT AND NUEVA VIZCAYA PROJECT

The proposed project would be executed by the Centro de Investigación del Desarrollo Económico y Tecnológico (CIDEyT) of the Autonomous University of Chihuahua who have provided principal leadership in the Nueva Vizcaya project since its inception in 1993. The CIDEyT is directed by a council of business and community leaders who lead the regional strategy and will directly manage this project. The business council includes representatives from the mining, agroindustry, energy, fisheries, and metal mechanics sectors as well as multi-sectoral business associations. CIDEyT has already a track record of providing technical services in the region and a solid reputation in the private sector. This annex provides further background information on CIDEyT and the progress and nature of the Nueva Vizcaya regional project to date. Even further information on CIDEyT and the project is found in the technical files for this project.

CIDEyT is a "hands on" research and technical assistance unit of the International Economics School of the Autonomous University of Chihuahua working directly with the private sector in the region. CIDEyT has its own facilities (including offices and meeting room) in the heart of Parral apart from both the University's main campus in Chihuahua and smaller campus on the outskirts of Parral.

The Center is staffed by a full-time Executive Director, an administrator and financial accountant, four associates, and five coordinators for each of the major programs of the Center: marketing technology, strategic planning, finance, worker training, and financial management. The Center further draws on a network of established business consultants, particularly for more new technology-related assistance.

CIDEyT's affiliation with the International Economics school provides a major asset to the Center. University students working towards their degrees in international economics provide services and assistance in Center operations, particularly in the areas of computer and graphic services, business and marketing analyzes. The University provides the Center with funds for scholarships for 20 students who specialize in particular subprograms of the Center or directly work on operations/studies of area businesses. A student serves as the coordinator for the weekend training program for high school level children of entrepreneurs. This army of student assistance helps expand the linkages of the Nueva Vizcaya project into the University and out among the community.

CIDEyT has been designated "Ventanilla Única" by the municipal government of Parral which means it offers direct services and registers firms for the municipal government. CIDEyT also manages funds through the Ministry of Labor's CIMO program which supports technical assistance and training to micro, small and medium-sized businesses. CIMO relies substantial on CIDEyT as a link to a range

of private sector firms in the Parral region and has decided to finance an additional CIMO promoter to handle increased demand related to CIDEyT's work. Under current finances, however, CIDEyT has clear limitations to its ability to expand services to area businesses. A consultant's report conducted for the IDB identifies limitations such as a lack of resources to adequately service and reach businesses outside of the city of Parral; limited resources to diffuse and promote the program; lack of investment capital for better information systems, software for its clients; and, inability to provide assistance beyond the limitations in CIMO program to meet demand of area businesses for training and technical assistance.

With very limited resources to date, CIDEyT has been able to assist over 100 area businesses with technical assistance and diagnostic services. Ontop of the 100 business profiles, CIDEyT has conducted over 18 more specialized strategic plans. The technical files of this project contain profiles of specific assistance provided by CIDEyT to area businesses. These new businesses include among many: organic honey production (Valle de Allende); wood furniture (San Francisco del Oro); integrated fish farming (5 municipalities in Durango), glass lampshades (Santa Barbara); plastics (Santa Barbara); agriculture (Ciudad Jiménez).

A major effort was launched by CIDEyT under the Nueva Vizcaya project to increase the competitiveness and market diversity of metal mechanics businesses which were continuing to lose employees following the closing of mines. In one such case, CIDEyT, with some financial assistance of CIMO, helped Grupo Industrial PIPSA Parral, a metal mechanics firm in Parral form a consortium (Integradora Metal Mecánica de Parral) with five other local metal mechanics firms to collaborate on joint efforts and marketing. The consortium intends to invest jointly in new innovative equipment of a Utah-based inventor to extract minerals and separate them through forced air.

In addition to starting and assisting local businesses, the Nueva Vizcaya project also aims to attract foreign and domestic investors and plants to the region. Two automobile part assembly plants had been started in the region, employing 2,000 workers. Under the project, local business leaders attracted another maquiladora plant in November 1995 which assembles clothing. The region also has an industrial park as part of its strategy to attract greater investment.

LOGICAL FRAMEWORK

<p style="text-align: center;"><u>OBJECTIVES</u></p> <p>To support employment and new business growth in Nueva Vizcaya as a demonstration model for an innovative and transferable regional strategy to respond to economic dislocation in the Central America/Mexico region.</p> <p>The project has three specific objectives: (i) to expand employment and business growth in Nueva Vizcaya through greater investments in firm-based training and services; (ii) to study the economic impact of this regional project/model, particularly on workers displaced from declining industries; and (iii) to transfer this regional experience to other communities in Mexico and Central America.</p>			
<p style="text-align: center;"><u>RESULTS</u></p> <p>The specific results of the project would include: (i) developing, strengthening and reconverting over 600 firms through training and services to improve their human resource capacity and long-term competitiveness; (ii) increased production and sales in at least 40% of the 600 firms served under the project; (iii) employment growth in the firms served under the project, a net of 3,000 new jobs over a five-year period; (iv) higher levels of income for 50% of the 3,000 new employees; and, (v) transfer of knowledge of regional model to at least 16 communities in Mexico and Central America.</p>			
Lines of Activity	Monitoring Indicators	Means of Verification	Assumptions
1. Expansion of employment and business growth in Nueva Vizcaya	(i) 600 firms successfully shift production lines or improved competitiveness by utilizing training and services provided under the program (ii) increased production and sales in a least 40% of the 600 firms served under the project (iii) 3,000 net new jobs created in five years (iv) increased income for 50% of the 3,000 new employees	(i) mid-term and final evaluations of project; supported by periodic monitoring (ii) baseline data provided in initial firm profiles; mid-term and final evaluations (iii) baseline data provided in initial firm profiles; mid-term, final, and two-year ex-post data collection (iv) baseline data provided in initial firm profiles; final evaluation and two-year ex-post data collection	(iii) external factors do not substantially impede firm-based employment growth
2. To study the economic impact of the regional model	(i) research and draft of economic impact study, including key elements which contributed to the success/failure of this reconversion	(i) presentation of completed study to Bank	

ANNEX II

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3. Transfer of knowledge of model the Bank and to communities in Mexico and Central America	(i) availability of promotional materials (brochures etc.) in first six months (ii) availability of publication on the whole project by the 18th month (iii) promotion of these materials to communities in Mexico and Central America by second year (iv) transfer of knowledge through one-week study program for 16 communities from Central America and Mexico by second year	(i) presentation to Bank of completed materials (ii) presentation to Bank of completed documents (iii) mid-term and final evaluations; supported by project monitoring (iv) final evaluation; evaluations conducted by community participants	(iv) interest and ability of 16 Mexican and Central American communities to finance 1/2 study program cost.
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PROJECT ACTIVITY SCHEDULE

	1	2	3	4	1	2	3	4	1	2	3	4
Pre-project baseline data collected	✓											
Terms of reference for key project staff approved	✓											
Meeting and planning by private sector advisory board to CIDEyT		✓	✓									✓
Subcomponent A: Training Following training needs identified in business profiles:												
Training of Entrepreneurs:												
Provide diploma-based training courses, 200 hours (4 estimated)			✓	✓	✓	✓	✓				✓	
Conduct technical workshops of 10 hours each (30 est.)			✓	✓							✓	
Conduct technical seminars, large format (60)			✓	✓							✓	
Training of Workers: Organize and oversee provision of worker training, 193 courses			✓	✓						✓		
Subcomponent B: Human Resource/Management Services												
Contact and provide initial diagnostic profiles of 600 firms under regional plan		✓	✓	✓	✓	✓	✓	✓	✓			
Provide 150 firms with more in-depth strategic plans			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Provide detailed market studies for 150 firms			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Initiate technology management analysis for 70 firms			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Undertake financial management training for 150 firms			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Organize and conduct design seminars and firm consultations			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Subcomponent C: Study, Promotion and Diffusion of the Nueva Vizcaya Model			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Documentation of Project: Utilize external consultants for assistance in design and presentation of documentation materials on N.V. model				✓	✓	✓						
Produce documentation materials on Nueva Vizcaya project					✓	✓						
Design and production of promotional materials for potential investors and firms			✓	✓	✓							
Meetings to plan and conduct promotion of the project			✓	✓	✓	✓	✓	✓				
Conduct periodic promotional trips			✓	✓	✓	✓	✓	✓				
Economic/Employment Impact Study: Contract consultant and conduct study				✓	✓	✓						

[illegible]

PROPOSED RESOLUTION

MEXICO. NONREIMBURSABLE TECHNICAL COOPERATION FOR A HUMAN RESOURCE
INVESTMENT PROGRAM FOR REGIONAL BUSINESS DEVELOPMENT:
NUEVA VIZCAYA-MEXICO

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 Multilateral Investment Fund, to enter into such agreements as may be necessary with the Universidad Autónoma de Chihuahua of México, and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation for a human resource investment program for regional business development: Nueva Vizcaya-México.

2. That up to the amount of US\$1,259,000 or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Human Resources Facility of the Multilateral Investment Fund.

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