

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**COLOMBIA**

**MAKING MEDELLÍN AND ANTIOQUIA MORE COMPETITIVE  
THROUGH LINKAGES WITH BUSINESS EVENTS**

**(CO-M1060)**

**DONORS MEMORANDUM**

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## ABBREVIATIONS

ACI	Agencia de cooperación e inversión de Medellín [Medellín Cooperation and Investment Agency]
CCMA	Cámara de Comercio de Medellín para Antioquia [Medellín Chamber of Commerce for Antioquia]
COCAL	Confederación de Entidades Organizadoras de Congresos y Afines en América Latina [Latin American Association of Organizers of Congresses and Similar Events]
GDP	Gross domestic product
IBERPyme	Programa Iberoamericano de Cooperación Institucional para el Desarrollo de la Pequeña y Mediana Empresa [Ibero-American Program of Institutional Cooperation for SME Development]
ICCA	International Congress and Convention Association
IDB	Inter-American Development Bank
MIF	Multilateral Investment Fund
MSMEs	Micro, small, and medium-sized enterprises
PEU	Program executing unit
PSR	Project status report
SIMPLED	Manual del Sistema de Monitoreo de la familia de Proyectos de Promoción de la Competitividad Local [Monitoring System Manual for the Promoting Local Competitiveness project cluster]
SMEs	Small and medium-sized enterprises

## I. EXECUTIVE SUMMARY

<b>Beneficiary/executing agency:</b>	Medellín Chamber of Commerce for Antioquia (CCMA)						
<b>Beneficiaries:</b>	At least 600 microenterprises and small and medium-sized businesses (SMEs) linked to key productive sectors in Medellín such as fashion, tourism, energy, health, and construction, through activities involving training, consulting services, network formation, and specific innovation subprojects. The project will also directly benefit business promotion institutions in Medellín linked to the various productive sectors and local universities.						
<b>Financing:</b>	<table><tr><td>MIF (nonreimbursable):</td><td>US\$1,225,920<sup>1</sup> (50%)</td></tr><tr><td>Counterpart:</td><td><u>US\$1,205,900 (50%)</u></td></tr><tr><td>Total:</td><td>US\$2,431,820 (100%)</td></tr></table>	MIF (nonreimbursable):	US\$1,225,920 <sup>1</sup> (50%)	Counterpart:	<u>US\$1,205,900 (50%)</u>	Total:	US\$2,431,820 (100%)
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Counterpart:	<u>US\$1,205,900 (50%)</u>						
Total:	US\$2,431,820 (100%)						
<b>Project objectives:</b>	The project's <i>general objective</i> is to help improve the competitiveness of the productive sector in Medellín and Antioquia. Its <i>specific objective</i> is to strengthen the business and institutional structure to position Medellín and its metropolitan area as a destination for business, event, and convention tourism, using a public-private partnership model with a local development approach.						
<b>Execution and disbursement period:</b>	Execution period: 36 months Disbursement period: 42 months						
<b>Special contractual clauses:</b>	Conditions precedent include: (i) the selection and hiring of a Project Coordinator; (ii) the formation of the Project Steering Committee and the latter's approval of the Operating Regulations; (iii) the annual work plan for year one; and (iv) an agreement signed with the Municipality of Medellín on the contribution of funding to supplement the resources being provided by the CCMA throughout the project.						
<b>Exceptions to Bank policy:</b>	None.						

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<sup>1</sup> The MIF contribution includes US\$25,000 for the activities of the "Promoting Local Competitiveness" project cluster and US\$6,130 for the impact evaluation account.

<b>Environment and Social Impact Review:</b>	This operation was considered by the Environmental and Social Review Committee (ESR) on 14 July 2008, and no observations were made. The operation was classified as category “C”.
<b>Coordination with other donors:</b>	No other donors are involved in this area in Medellín.

## **II. BACKGROUND AND RATIONALE**

### **A. Business tourism**

- 2.1 Event tourism consists of a series of tourist flows for which the travel motive is linked to work and professional activities in conjunction with meetings held at a business, conference, or conventions site, for a variety of purposes and varying in scale. Business and event tourism helps to smooth the seasonal nature of tourism demand, raises hotel occupancy rates during low seasons, and helps to increase average visitor expenditure. (Source: Ibero-American Program of Institutional Cooperation for SME Development - IBERPYME)
- 2.2 According to statistics provided by the Latin American Association of Organizers of Congresses and Similar Events (COCAL), Latin America has 6% of the business event market, the same as Oceania, while North America accounts for 12%, Europe 59%, and Asia 14%. As Latin America has been developing into a key tourist destination for business meetings, convention, and conferences, support for this industry, which generates about US\$300 billion a year worldwide, is positive for the region's development. According to COCAL, the business meeting, conference, and convention tourism industry represents 11% of world GDP.
- 2.3 Convention events generate higher levels of revenue and offer comparative and competitive advantages in relation to vacation tourism. Event tourists spend up to four times more than pleasure tourists. This type of tourism also breaks the seasonality cycle, and helps to promote the destination in question because a large proportion of event tourists repeat their visit. It also leads to infrastructure upgrading to offer better services, promotes professional exchanges which could otherwise be costly, makes use of all service sectors, and promotes local productive sectors.
- 2.4 Nonetheless, in addition to organizing the tourism sector around event activity, nontourist sectors also need to be engaged to achieve these results, including nongovernmental organizations (NGOs), companies, businesses, chambers of commerce, and national, regional or local governments. In fact, harmonious collaboration is required among all participants throughout the chain.

## **B. Tourist activity in Colombia and Medellín**

- 2.5 Although Colombia has been working to develop tourism since the mid-1950s, it has not achieved an international market niche with a defined image and specific products. Nonetheless, over the last three years tourism has become its third most important source of foreign exchange—surpassed only by oil and coal exports—with annual earnings officially estimated at over US\$2.25 billion.
- 2.6 The Ministry of Trade Industry and Tourism forecasts the following results in 2010 for the tourism sector as a whole nationwide: 4 million international visitors and a 100% increase in the current level of tourism revenue, and the creation of 145,350 formal jobs per year. According to a study of the Colombian tourism conducted by the Madrid community, in 2007, the sector contributed 2.2% of total GDP (€1.995 billion) and 11.2% of all capital investment (€1.33 billion), and generated around 380,000 direct jobs, equivalent to 2.2% of all employment in the country. Hotel and restaurant activity in the Department of Antioquia accounts for 11.6% of national GDP linked to this activity.
- 2.7 Except in markets such as Cartagena, however, event and business tourism has not received the necessary impetus, owing to a lack of integration with local development policies and poor organization between the entities involved. Law 300, of 1996, gave an advantage to the region by decentralizing tourism administration to allow each subnational entity to define tourism development policies of its own that are consistent with the national development plan and local land management plan.
- 2.8 In the case of Medellín, the plan includes enhancing regional productivity by creating five strategic clusters under the CCMA: (i) textile-clothing-design and fashion with 7,300 enterprises; (ii) construction with 9,200; (iii) electric energy with 1,300; (iv) specialized health services with 3,200; and (v) business tourism, trade fairs, and conventions with 6,900 enterprises.<sup>2</sup> Participants in these local clusters include entrepreneurs from the sector (99% MSMEs), the public sector, and private institutions.

## **C. Rationale and additionality**

- 2.9 For over 10 years Medellín has been striving to become a major destination for business tourism, trade fairs, and conventions, not only within Colombia but internationally. The opening of the International Convention Center, to complement

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<sup>2</sup> Each CCMA cluster has an administrative structure consisting of an advisory committee (comprising business leaders from the activity in question in the region), a director, a secretary, and a support team. The Business Tourism, Trade Fairs, and Conventions Cluster, whose member firms have assets of US\$609 million and account for 1.6% of Antioquia's gross product, defines itself as the regional geographic concentration in Medellín and Antioquia of specialized and complementary firms and institutions engaged in activities such as hotels, catering, passenger transport, travel agencies, event management, and translation, which interact with each other to create a business climate in which all can achieve better performance, competitiveness, and profitability.



the Exhibition Palace (a trade fair locale) and the Metropolitan Theater, consolidates the Plaza Mayor complex (under public-private ownership) as a Colombian and Latin American competitive events site. According to statistics for the trade fair locale, of the 435 conventions held there in 2008, just 4% (20 events) were international and 6% (26 events) national, while 90% (389 events, including social meetings) were merely local.

- 2.10 To become a business and investment platform, the city urgently needs a solid tourist base to enable it to offer the visitor—whether purchaser, vendor, or investor—air connection facilities and comfortable accommodation, and, basically, reliable world-standard services.
- 2.11 Tourist activity in Medellín suffers from serious shortcomings in terms of service delivery, inadequate decision making information, insufficient knowledge of markets of origin, little coordination between the various tourism mechanisms, adverse factors in the local environment, failure to exploit comparative advantages, and a lack of mechanisms to facilitate interaction between the various stakeholders. Owing to the poor co-operation and partnership relations between the components of the business fabric, generating networks for collaboration between the institutions involved in tourism activities in Medellín and Antioquia will be one of the challenges facing the tourism sector.
- 2.12 The present project seeks to help overcome these shortcomings through the following activities: the development of a methodology to attract business events to Medellín, coordination of the business tourism sector with economic sectors defined as strategic for Medellín and Antioquia, and the development of public-private initiatives to position Medellín as a business tourism destination.
- 2.13 The project is part of the “Promoting local competitiveness” cluster of the Multilateral Investment Fund (MIF) and, as such, adopts a concept of competitiveness that not only relates to firms or enterprise systems but also to more integrated involvement of the local geographic setting. This requires governance based on collaboration between the private and public sectors and with knowledge institutions, to undertake joint or “public” activities. The project will draw on the lessons learned from the design of the project “Making Belo Horizonte more competitive through business tourism” approved in September 2008 (ATN/ME-11213-BR).

### **III. THE PROGRAM**

#### **A. Objectives**

- 3.1 The project’s *general objective* is to help raise the competitiveness of the productive sector in Medellín and Antioquia. Its *specific objective* is to strengthen the business and institutional structure to position Medellín and its metropolitan area as a destination for business tourism, trade fairs, and conventions, using a public-private partnership model with a local development approach.

## **B. Project description**

- 3.2 The project is divided into four components as described below, and will be coordinated between public sector entities such as the Municipality of Medellín, the Planning, Culture, and Health Secretariats; the Medellín Cooperation and Investment Agency (ACI); public-private entities such as Buró de Convenciones, Parque Explora, Clínica Bolivariana, and the private sector represented by the CCMA and the leading industrial sectors and their respective associations.

### **Component I. Development of a methodology to attract business events to Medellín (MIF: US\$215,850; Counterpart: US\$217,500)**

- 3.3 The purpose of this component is to identify local assets that could be harnessed to promote the image of Medellín and Antioquia as a business, event, and convention center, and the obstacles that might be encountered. Consulting services will be hired to: (i) identify the tourism and business event inventory; (ii) perform international business event benchmarking; (iii) design and implement a collective and consensus-based methodology to identify the tourism assets and supply available for business events in the local area; (iv) design and implement mechanisms to coordinate the various tourism operators and service providers, along with other productive sectors that could participate in business event activity; and (vi) prepare a portfolio of business products and projects for Medellín. As part of this component, a specialized international consultant will be hired to work as project instructor trainer.
- 3.4 This component is expected to produce an inventory of business tourism and event activities, together with a consensus-based portfolio, and a public-private local management network for collaboration on attracting business events.

### **Component 2: Coordination between business tourism and economic sectors defined as strategic for Medellín and Antioquia (MIF: US\$586,000; Counterpart: US\$488,250)**

- 3.5 The purpose of this component is to help enhance business competitiveness and contribute to the development of new products, through training events, specialized consulting services, and joint intersector events.
- 3.6 Specifically, the component will finance activities in the following areas: (i) technical assistance for the design and presentation of project initiatives in strategic economic sectors linked to business tourism; (ii) implementation of a competitive fund to cofinance at least 10 innovative joint initiatives of strategic importance for the local area, to a nonreimbursable maximum of US\$25,000 each; (iii) strengthening of partnership mechanisms among enterprises in the tourism cluster; (iv) implementation of collective plans of action for groups created in the tourism cluster; (v) adaptation and implementation of university training programs in business tourism; and (vi) technical assistance for projects.
- 3.7 The competitive fund will be cofinanced by the MIF; and the project selection criteria, to be fine-tuned during execution, will prioritize those containing

intersector linkages that promote innovation with a high local impact, through technical assistance and training activities, as described in the project Operating Regulations. However, they will need to satisfy at a minimum the following criteria: the project must (i) demonstrate that the direct or indirect beneficiaries are MSMEs; (ii) have been designed and proposed collectively by a group of at least three firms; (iii) demonstrate that the proposer firms have the counterpart funding and that it will not be considered part of the local counterpart; (iv) demonstrate that the proposer firms are from the project area; (v) show that they have a neutral or positive environmental impact; and (vi) demonstrate that an execution contract has been signed between the proposing entities and the CCMA

- 3.8 The aim is to directly impact 300 MSMEs from the key Medellín sectors mentioned above, to achieve the following outcomes: at least 15 groups, of approximately 10 firms, increase their sales by an average of 15% and their productivity by an average of 5%, from the baseline, and the partnership mechanism is also strengthened; and 10 strategic projects are under way to link productive sectors with business tourism. In addition, at least three local universities introduce training courses on promoting business tourism in the region.

**Component 3: Development of public-private initiatives to position Medellín as a business destination (MIF: US\$100,000; Counterpart: US\$198,000)**

- 3.9 The purpose of this component is to position and promote Medellín with a view to expanding business tourism, by exploiting sectors defined as strategic. To achieve this objective, the component promotes the strengthening of public-private collaboration capacity, by identifying and eventually implementing specific solutions that directly or indirectly affect the image of Medellín and the metropolitan area, and the business tourism sector as a whole. Funding will be provided for technical assistance, training, and participation in trade fairs, with a view to enhancing factors of competitiveness in Medellín and the metropolitan area and the surrounding region. These initiatives should reflect the priorities set by the Project Steering Committee, act as a catalyst for sector development, and verify new concepts and methods.
- 3.10 The activities to be funded under this component include: (i) review of existing tourism regulations; (ii) coordination with the city's existing technological platform (Medellín Digital); (iii) adaptation of individual firms to Medellín Digital; (iv) a competitive innovation fund for public-private project initiatives that consolidate the competitiveness of firms in important sectors in the local area and generate public goods; (v) participation in international trade fairs to promote the city as a business destination, based on the specific knowledge of each important sector in the city; and (vi) design of Medellín tourist products.
- 3.11 The expected outcomes include: the redesign of tourism regulations to allow for interagency coordination; a technological platform that coordinates the websites of the various strategic sectors of the city; pilot-scheme adaptation of the Internet portals of 60 firms to make them compatible with the city's marketing plan;

US\$50,000 funding each for public-private initiatives to respond to the strategic priorities outlined in component 1, which will require counterpart funding of at least 40%; and promotion of the city in international events.

**Component 4: Monitoring, lessons learned, and dissemination  
(MIF: US\$83,650; Counterpart: US\$182,450)**

- 3.12 The purpose of this component is to create a system to monitor and evaluate outcomes and systemize lessons learned. Activities to be financed include: (i) management of project communication; (ii) development of the program baseline; (iii) implementation of a system to monitor the progress and impact of activities based on the monitoring system manual for the Promoting Local Competitiveness project cluster (SIMPLED); (iv) documentation and systemization of the experience; (v) a departmental promotion seminar; (vi) an international project closing seminar; and (vii) participation in MIF events and other similar activities.
- 3.13 This is expected to result in implementation of a monitoring system that facilitates impact measurement, documents and systemizes the experience to permit replication in other regions, and achieves an exchange of experiences both nationally and internationally.

#### **IV. COST AND FINANCING**

- 4.1 The total cost of the project will be US\$2,431,820, of which the MIF will provide US\$1,225,920 in nonreimbursable resources. The counterpart funding of US\$1,205,900, of which at least 50% will be in cash, will be provided by the CCMA, which in turn will receive a contribution from the Municipality of Medellín. Expenses of up to US\$70,000 incurred since March 2009, the MIF eligibility date, will be recognized as part of the local counterpart funding, provided that the executing agency has observed applicable Bank procedures and policies. The specific activities are listed in Annex VII in the technical files.

Components/Activities	MIF	Counterpart		Subtotal	Total	% of total
		Cash	Kind			
Component I. Development of a methodology to attract business events	215,850	128,600	88,900	217,500	433,350	17.8%
Component 2. Coordination of economic sectors defined as strategic	586,000	234,750	253,500	488,250	1,074,250	44.2%
Component 3. Development of public-private initiatives to position Medellín as a competitive region	100,000	166,000	32,000	198,000	298,000	12.3%
Component 4. Promotion, monitoring, and dissemination of outcomes	83,650	129,975	52,475	182,450	266,100	10.9%
Program executing unit	147,000	41,463	78,237	119,700	266,700	11.0%
Midterm and final evaluations	30,000			-	30,000	1.2%
Midterm and final audit	15,000			-	15,000	0.6%
Contingencies	17,290			-	17,290	0.7%
<b>Subtotal</b>	<b>1,194,790</b>	<b>700,788</b>	<b>505,112</b>	<b>1,205,900</b>	<b>2,400,690</b>	<b>98.7%</b>
Contribution to the impact evaluation account	6,130				6,130	0.2%
Local development cluster	25,000			-	25,000	1.0%
<b>TOTAL</b>	<b>1,225,920</b>	<b>700,788</b>	<b>505,112</b>	<b>1,205,900</b>	<b>2,431,820</b>	<b>100%</b>
Percentage of contributions	49.8%			50.2%	100%	

- 4.2 **Project sustainability** is based on three key factors: (i) the strategic importance of cofinancing by the Municipality of Medellín (letter of commitment in the technical files) which underpins the continuity of replicable project actions; (ii) the project stimulates and supports the consolidation of an intersector network, which has been starting activities informally to decide how best to tap business tourism potential. Sector clusters have already been formed, and the project will finance actions and efforts to consolidate this cooperation; and (iii) the public-private dynamic generated around the theme of the local area with potential for business tourism, will evolve, with assistance from the project, and be set up as a platform on which other sectors and a larger number of firms can build linkages with this sector.

## V. IMPLEMENTATION MECHANISM

- 5.1 **Executing agency.** The project will be implemented by the Medellín Chamber of Commerce for Antioquia (CCMA), which will sign an agreement with the Municipality of Medellín to guarantee the respective counterpart funding. Since 2005, the CCMA has been working with the Municipio of Medellín and the Departmental Government (*Gobernación*) of Antioquia to implement a number of programs and projects that are part of the business development strategy in their respective plans. These have used a public-private development model and succeeded in generating synergies that are helping to achieve more balanced development for the region.

- 5.2 **Implementation arrangements.** A Steering Committee will be set up to guide, facilitate, and support project execution. Its individual members cannot change anything agreed upon with the Bank and the CCMA. The committee will have a representative from each of the following institutions: CCMA; the Municipality of Medellín; the Planning, Culture, and Health Secretariats; the Tourism, Trade Fairs, and Conventions Cluster; the Medicine and Dentistry Service Cluster; the ACI (which promotes investment in Medellín both nationally and internationally); the Buró de Convenciones (which promotes event commerce in the region for the project); Parque Explora (a tourist attraction that involves innovations in science, technology, and physics); Clínica Bolivariana; and a representative from the hotel sector. Its responsibilities are set out in the Operating Regulations. The Project Director will act as secretary.
- 5.3 **The Steering Committee** will meet on a monthly basis, and will: (i) define the project strategy; (ii) approve the plan of activities, budget, and annual balance sheet; (iii) approve projects that apply to the competitive funds of components II and III through approval by all voters; (iv) supervise work plan progress and outcomes, and propose corrective measures as necessary; and (v) facilitate solutions to problems that may hinder execution.
- 5.4 A project **executing unit (PEU)** will be set up within the CCMA, consisting of a Project Director and an administrative support team. Its specific functions are set out in the Operating Regulations.
- 5.5 **Disbursements.** Project disbursements will be conditional on attaining the milestones<sup>3</sup> agreed between the CCMA and MIF, to be verified using agreed methods. Attainment of the milestones does not relieve the PEU of responsibility for achieving the targets set in the project logical framework. Disbursements will be made by setting up a revolving fund for 15% of the financing. The first disbursement will be released upon fulfillment of the conditions precedent (milestone 0). The resources disbursed will be funds needs, according to project requirements, to finance activities and costs programmed in the semiannual planning exercise.
- 5.6 The milestones will be reviewed jointly by the executing agency and IDB/MIF, for the purpose of presenting the first semiannual work planning exercise at the start of the project (condition precedent) and the operational audits performed during the technical visits. The milestones can be reviewed and reprogrammed during project execution. The executing agency may ask the Bank to alter milestones that have not expired.
- 5.7 The institutional and risk evaluation of the CCMA's capacity to engage services and procure goods, and in respect of administrative-financial-accounting

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<sup>3</sup> Minimum targets to be met in critical indicators, which if not achieved compromise the technical feasibility of the project.

management, rated administrative and financial management risk as low (Technical Document VI). Accordingly, the project team has decided that procurement processes and disbursements will be reviewed ex post every six months.

- 5.8 **Procurement of goods and services.** The beneficiary will procure goods, services, and consulting services, for the project and approved in advance by the Bank in accordance with the procurement plan. Procurement will be carried out in accordance with Bank policies (documents GN-2349-7 and GN-2350-7) and the MIF guidelines. If the Senior Procurement Specialist at the Country Office in Colombia gives the beneficiary a favorable evaluation, the Bank will consider the beneficiary's procedures as acceptable provided they are not inconsistent with those of the Bank and the MIF.

## VI. MONITORING AND EVALUATION

- 6.1 **Project Status Reports.** The executing agency will submit project status reports (PSRs) to the Bank's Country Office in Colombia, within 30 days after the end of each six-month period or more frequently if necessary, and on such dates as are specified by the MIF with at least 60 days advance notice to the executing agency. These reports, to be produced in a format agreed in advance with the MIF, will describe the progress in terms of project execution, attainment of milestones, the outcomes obtained, and their contribution to the project objectives, based on the logical framework indicators and other operational planning tools. They will also report any problems encountered during execution and suggest possible solutions. Within 90 days prior to project completion, the executing agency will submit a final PSR to the MIF, describing the outcomes achieved, the sustainability plan, and lessons learned.
- 6.2 **Financial monitoring.** The executing agency will set up and maintain proper financial and accounting records, internal oversight, and project filing systems, pursuant to IDB/MIF accounting and auditing standards and policies. The MIF will hire independent auditors to perform the annual audit of the financial statements.
- 6.3 **Evaluations.** Two evaluations will be performed by independent consultants based on the SIMPLED manual developed for the MIF's Promoting local competitiveness project cluster: the first when 50% of the resources have been disbursed or 18 months into the project, whichever occurs first; and the second two months before project completion. The first evaluation will consider: (i) the program execution mechanism and interagency collaboration; (ii) the level of responsibility of the different private sector institutions in the project activities and their participation; (iii) the extent to which programmed activities are fulfilled; (iv) the competitive fund operating mechanism and the quality of projects selected; (v) the effectiveness of the monitoring and support system; (vi) support for establishing a project sustainability strategy; and (vii) the efficiency of actions undertaken and the extent to which the logical framework indicators are met. The final evaluation will focus on: (i) the types of firms and associations benefited; (ii) the competitive fund

operating mechanisms; (iii) collaboration in identifying experiences gained from the project that could be replicated in other parts of Colombia; (iv) the impact of the project on revenue from the sale of the firms' services and products; (v) the increase in the number of firms benefiting from a major boom in business tourism; (vi) satisfaction among beneficiary firms; and (vii) the program sustainability level.

## **VII. PROGRAM BENEFITS AND RISKS**

- 7.1 **Beneficiaries.** The project will benefit indirectly some 600 MSMEs linked to industry in Medellín (in business tourism, textiles and fashion, health, construction, and energy) through training, consulting services, and network formation activities; and benefit directly 300 firms through specific innovation and modernization subprojects. It will also directly benefit business promotion institutions in Medellín.
- 7.2 **Risks.** The main risks to this operation are: (i) execution risk, since the implementation arrangements could lead to difficulties between the participating entities in effectively collaborating in the project, and coordinating with the Medellín strategy to position itself as a competitive event city; (ii) demand risk, since entrepreneurs could find it hard to agree upon collective actions, resulting in a lack of demand for the competitive funds. To mitigate the first risk, coordination and training activities for entities in both the public and private sectors are envisaged, and these will be consolidated as the Steering Committee is formed. To mitigate the second risk, the first component will include a number of specific activities, particularly actions to generate trust and support for the formation of the intersector network. One other risk is a possible deterioration in the security situation in Medellín that makes it difficult to promote the city as an event and tourist destination. Mitigation of such a risk is beyond the scope of the present project.

## **VIII. ENVIRONMENTAL AND SOCIAL ISSUES**

- 8.1 Although the project targets local development generally and the business tourism sector in particular, and does not seek directly to resolve social or environmental issues in the metropolitan Medellín area, it is strongly committed to the principle of sustainable sector development. In particular, best practices in adapting clean technologies and energy-saving mechanisms will be promoted among businesses in the different sectors.
- 8.2 In addition, training and technical assistance activities will take into account environmental and labor safety issues. Also, the competitive funds will set out guidelines for prioritizing projects that are both economically and environmentally sustainable.



**MAKING MEDELLÍN AND ANTIOQUIA MORE COMPETITIVE THROUGH LINKAGES WITH BUSINESS EVENTS (CO-M1060)**  
**LOGICAL FRAMEWORK**

Summary of objectives	Indicators	Means of verification	Assumptions
<b>Goal</b>			
To help improve the competitiveness of Medellín and Antioquia.	<ul style="list-style-type: none"> <li>• 3 years after the project, there is a sustained and growing flow of business tourists.</li> <li>• The municipal budget for tourism is at least maintained.</li> <li>• 3 years after the end of the project, Medellín improves its position in the International Congress and Convention Association (ICCA) ranking, which measures the country's and city's positioning in relation to the international events held.</li> </ul>	<ul style="list-style-type: none"> <li>• ICCA Ranking 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Political, commercial, and economic stability maintained.</li> <li>• No natural disaster, security, and public health events occur to directly affect business tourism activities in the region.</li> </ul>
To strengthen the business and institutional structure to position the city/region of Medellín and the metropolitan area as a destination for business tourism, trade fairs, and conventions.	<p>36 months into the project:</p> <ul style="list-style-type: none"> <li>• At least 300 MSMEs are fully benefiting from the project activities.</li> <li>• At least 15 groups of MSMEs increase their sales by an average of 15% from the baseline.</li> <li>• The 15 groups increase their productivity by 5% on average from the baseline.</li> <li>• The number of business events and conventions held in Medellín and its metropolitan area has increased by at least 30%.</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline and indicators monitoring system.</li> <li>• Quarterly and final project status reports (PSRs)</li> <li>• Midterm review and final evaluation.</li> <li>• Local public policy documented and approved.</li> <li>• Public-private regional plan document</li> <li>• Statistics on sales and productivity growth according to project monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>• The Medellín city council approves the public policy.</li> <li>• A public-private governance model is in place.</li> </ul>

Summary of objectives	Indicators	Means of verification	Assumptions
<p><b>I. Development of a methodology to attract business events to Medellín.</b></p> <p>The purpose of this component is to identify local assets that could be harnessed to promote the image of Medellín and Antioquia as a business centre, and the obstacles that hinder this.</p>	<p><b>In month 18</b> A consensus-based methodology has been defined</p> <p><b>By month 12</b> At least one public-private collaboration agreement is in place to implement the methodology with at least five related entities.</p> <p><b>In the first 12 months</b> At least 4 awareness raising events are held with 600 participants At least 8 training events are held with groups of an average of 30 people.</p> <p><b>After 36 months</b> At least 90% of the program committed for the project has been fulfilled. At least 1 work plan is in place based on the committed program.</p>	<ul style="list-style-type: none"> <li>• Methodology for attracting business events.</li> <li>• Record of attendance and training reports.</li> <li>• Interagency agenda.</li> </ul>	<p><b>For all components:</b></p> <ul style="list-style-type: none"> <li>• Business interest in developing partnering actions and initiatives is maintained.</li> <li>• There is a favorable environment for permanent coordination of actions between firms and institutions.</li> <li>• There is an adequate level of coordination between the participating institutions.</li> </ul>
<p><b>II. Coordination of strategic economic sectors defined for Medellín and Antioquia with the business tourism sector.</b></p> <p>The purpose of this component is to contribute directly to enterprise competitiveness and new product development, through training events and specialized consulting services and the development of joint intersector events.</p>	<p><b>In month 18</b> At least 5 joint initiatives from the strategic economic sectors have been financed. There is at least one curriculum proposal to implement training programs in the universities.</p> <p><b>In month 24</b> The remaining 5 joint initiatives funded from the strategic economic sectors are in place.</p> <p><b>In month 30</b> There are at least 15 partnering groups with their work plan 90% implemented. At least 3 universities have started a training program on business and tourism.</p> <p><b>In month 36</b> At least 90% of the plan has been executed.</p>	<ul style="list-style-type: none"> <li>• Projects presented.</li> <li>• Work timetable for approved projects.</li> <li>• Budget execution report.</li> <li>• Attendance lists and minutes of meetings.</li> <li>• Document containing the university training program.</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational, financial, and partnering capacity exists for firms to be able to implement the projects.</li> <li>• Universities maintain their interest in links with the project.</li> </ul>

Summary of objectives	Indicators	Means of verification	Assumptions
	At least 15 partnering groups have increased their sales by an average of 15% and their productivity by an average of 5% from the baseline.		
<p><b>III. Development of public-private initiatives to position Medellín as a business destination.</b></p> <p>The purpose of this component is to position and promote Medellín with a view to increasing business tourism, by exploiting sectors defined as strategic.</p>	<p><b>By month 18</b> The 5 consulting services for reviewing regulations will be completed.</p> <p><b>In month 24</b> Adjusted tourism regulations in place. The design of tourism contents has been finalized and firms identified for inclusion in the city's technological platform. There are at least 2 innovative public-private initiatives Medellín tourist products have been designed.</p> <p><b>In month 30</b> A public policy on tourism has been approved by the Medellín City Council.</p> <p><b>In month 36</b> At least 1 Antioquia municipio, apart from Medellín, adopts the public policy. At least 1 public policy proposal has been presented to the Departmental Government (<i>Gobernación</i>) of Antioquia. Public-private regional plan to position the city-region as a business destination at least 90% executed.</p>	<ul style="list-style-type: none"> <li>• Document containing adapted tourism regulations.</li> <li>• Document containing the public policy.</li> <li>• Tourism contents included in the Medellín Digital platform.</li> <li>• Innovative proposals from the firms.</li> <li>• Portfolio of business tourism products.</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational, financial, and partnering capacity exists to implement the public-private initiatives.</li> <li>• There is an adequate level of coordination between public and private sector representatives.</li> </ul>

Summary of objectives	Indicators	Means of verification	Assumptions
<b>IV. Monitoring, lessons learned, and dissemination</b>  The purpose of this component is to create a system to monitor and evaluate results and systemize lessons learned	<b>After 36 months</b>  The project is known by the public at all levels.  At least 1 event has been held in Antioquia to disseminate the impact results.  The document with the methodology designed on the project has been circulated to the public and private sector.  An international closing event has been scheduled to demonstrate the program's benefits.	<ul style="list-style-type: none"> <li>• Photographic record</li> <li>• Attendance lists</li> <li>• Video of project outcomes</li> <li>• Systemized document of the methodology developed in the project.</li> </ul>	<ul style="list-style-type: none"> <li>• There is interest among other regional institutions to know and replicate the outcomes.</li> </ul>
<b>Activities</b>			
<b>Component I. Development of a methodology to attract business events to Medellín.</b>			
1.1 A study to identify the tourism and business events inventory.  1.2 International business event benchmarking performed.  1.2.1 Nonvirtual consulting service with international participation  1.2.2 Exploratory missions to benchmark cities to learn about good practices.  1.3 Design and implementation of a consensus-based methodology for the city to attract events.  1.3.1 4 awareness-raising events for stakeholders  1.3.2 International consultant  1.3.3 8 training events for stakeholders  1.3.4 Strengthening of the cluster structure, by creating a local governance network to attract businesses	<b>In month 24</b>  4 consultants or 1 consulting firm (nonvirtual) will have been contracted to undertake a tourism inventory  <b>In month 6</b>  An international consulting firm will have been contracted to perform benchmarking.  <b>In month 24</b>  5 missions will have been held with three groups of people.  <b>In month 24</b>  4 awareness-raising events will have been held.  <b>In month 8</b>  An international consultant will have been contracted to design the methodology.  <b>In month 12</b>  At least 8 training events will have been held with groups of 30 people on average.	<ul style="list-style-type: none"> <li>• Tourism and business event inventory</li> <li>• Event attendance lists</li> <li>• Photographic record</li> <li>• Report of exploratory missions</li> <li>• Collaboration agreement between institutions forming part of the local management network.</li> </ul>	Interest among various public and private entities to participate in a consensus-based methodology to attract events.

Summary of objectives	Indicators	Means of verification	Assumptions
<p>1.3.5 Design of a communication channel for the network.</p> <p>1.3.6 Specialized international consulting service to support project execution.</p> <p>1.3.7 Design and implementation of the methodology.</p>	<p><b>In month 12</b></p> <p>A consulting firm will have been contracted to provide support for implementation of the methodology.</p>		
<b>Component II: Coordination of the business tourism sector and economic sectors defined as strategic for Medellín and its metropolitan area.</b>			
<p>2.1 Technical assistance to design and present project initiatives, from strategic economic sectors linked to business tourism.</p> <p>2.2 Implementation of a common fund to finance project initiatives.</p> <p>2.3 Strengthening of partnership mechanisms for groups of firms in the tourism cluster.</p> <p>2.4 Implementation of collective action plans for groups created in the tourism cluster.</p> <p>2.5 Adaptation and implementation of university training programs in business tourism.</p> <p>2.6 Technical assistance for projects</p>	<p><b>In month 6</b></p> <p>1 local firm supporting the design of 20 projects.</p> <p><b>In month 12</b></p> <p>10 initiatives presented.</p> <p><b>In month 24</b></p> <p>15 partnering groups strengthened with training and technical assistance.</p> <p><b>In month 30</b></p> <p>15 plans formulated and being implemented.</p> <p><b>In month 30</b></p> <p>4 universities with at least one training program.</p> <p><b>In month 18</b></p> <p>1 local consultant hired for technical assistance.</p>	<ul style="list-style-type: none"> <li>Proposals presented</li> <li>Fund regulation</li> <li>Record of enrolment of firms and action plans.</li> <li>Technical assistance contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Work is carried out with sectors that are economically important to the region, with the opportunity to develop businesses based on the events organized.</li> <li>The strategic sectors present projects that satisfy the criteria.</li> </ul>
<b>Component III: Development of public-private initiatives to position Medellín as a business destination.</b>			
<p>3.1 Specialized consulting services to review existing tourism regulations.</p> <p>3.2 Consulting services for coordination with the technological platform existing in the city.</p> <p>3.3 Consulting services to adapt individual firms to Medellín Digital</p>	<p><b>In month 12</b></p> <p>5 consulting services.</p> <p><b>In month 12</b></p> <p>1 consulting service to coordinate with the city platform.</p> <p><b>In month 24</b></p>	<ul style="list-style-type: none"> <li>Report on trade fair participation</li> <li>Design of the business tourism product portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Interest among firms to cofinance technical assistance and training activities to enable them to improve their competitiveness.</li> <li>Counterpart funds available to participate in the competitive funds.</li> <li>Availability of Medellín Digital to</li> </ul>

Summary of objectives	Indicators	Means of verification	Assumptions
<p>3.4 Competitive innovation fund for public-private project initiatives.</p> <p>3.5 Participation in international trade fairs to promote the city as a business destination, based on specific knowledge of each cluster.</p> <p>3.6 Consulting service to design Medellín tourism products.</p>	<p>60 firms adapted to Medellín Digital.</p> <p><b>In month 24</b></p> <p>1 fund set up to finance initiatives.</p> <p><b>In month 36</b></p> <p>6 international trade fairs visited.</p> <p><b>In month 18</b></p> <p>Consulting service to design tourist products.</p>		<p>include information on firms participating in the project.</p>
<b>Component IV: Promotion, monitoring and dissemination of results</b>			
<p>4.1 Management of project communication</p> <p>4.1.1 Design of communication campaign</p> <p>4.1.2 Implementation of communication campaign</p> <p>4.2 Development of program baseline</p> <p>4.3 Implementation of a system for monitoring the progress of activities and their impact.</p> <p>4.4 Documentation and systemization of the experience</p> <p>4.5 Departmental promotion seminar</p> <p>4.6 International project closing seminar</p> <p>4.7 Participation in MIF events and other similar activities.</p>	<p><b>In month 2</b></p> <p>The project communicator has been hired</p> <p><b>In month 3</b></p> <p>The communication campaign has been designed.</p> <p><b>After 12 months</b></p> <p>Baseline constructed.</p> <p><b>After 12 months</b></p> <p>Monitoring system constructed.</p> <p><b>After 36 months</b></p> <p>Project documentation systemized.</p> <p><b>By month 36</b></p> <p>At least 1 event has been held in Antioquia to disseminate impact results.</p> <p><b>In month 36</b></p> <p>One international closing event scheduled to demonstrate the benefits of the program.</p>	<ul style="list-style-type: none"> <li>• Communication management report.</li> <li>• Progress and final report.</li> <li>• Chamber of Commerce monitoring reports</li> <li>• Manual of the experience published.</li> <li>• Attendance record and seminar reports</li> </ul>	<ul style="list-style-type: none"> <li>• Interest from other regions to adopt the lessons learned from the project in this region.</li> </ul>

## CO-M1060- ANNEX 2. DETAILED BUDGET

9/8/2009					LOCAL COUNTERPART			TOTAL in US\$
	Unit	Quant.	V. Unit. Dollar	MIF	Cash (1)	Kind (2)	Subtotal	TOTAL
<b>COMPONENTS/ACTIVITIES</b>								
<b>Component 1. Development of a methodology to attract business events</b>								
Study to identify the business tourism and events inventory (months)	1	3	2,500	7,500			0	7,500
International business events benchmarking performed (between LAC and Colombia)				150,000	0	0	0	150,000
Specialized benchmarking consulting service	1	3	25,000	75,000			0	75,000
Exploratory missions to find out about good practices in benchmark cities.	3	5	5,000	75,000			0	75,000
Design and implementation of a consensus-based methodology for the city to attract events.				37,600	128,600	88,900	217,500	255,100
4 awareness-raising events among participants	1	4		37,600		38,300	38,300	75,900
International consultant	4	3	2,300	27,600			0	27,600
Space for 150 people	1	4	2,500	10,000			0	10,000
8 training events for stakeholders					35,600	13,600	49,200	49,200
Materials	30	8	50			12,000	12,000	12,000
Space	1	8	200			1,600	1,600	1,600
International consultant	1	4	4,900		19,600		19,600	19,600
Support consultant	1	8	2,300		16,000		16,000	16,000
Strengthening of the cluster structure by creating a local management network to attract businesses (consulting service)	2	12	5,000		53,000	37,000	90,000	90,000
Design of methodology	1	4	10,000		40,000		40,000	40,000
International consulting service to support project execution	1	5	4,150	20,750			0	20,750
<b>Subtotal Component 1</b>				<b>215,850</b>	<b>128,600</b>	<b>88,900</b>	<b>217,500</b>	<b>433,350</b>
<b>Component 2. Coordination of economic sectors defined as strategic</b>								
Technical assistance to design and present project initiatives from strategic economic sectors linked to business tourism.	1	20	1,500		30,000		30,000	30,000
Establishment of a fund to cofinance 10 joint ventures.	1	10	25,000	250,000			0	250,000
Strengthening of partnership mechanisms among groups of firms established in the region's business tourism cluster.	1	15	24,000	252,000	27,500	80,500	108,000	360,000
Implementation of action plans of the partnering groups formed.	1	15	15,000		105,000	120,000	225,000	225,000
Measurement of productivity for partnering groups.	1	15	7,150		57,250	50,000	107,250	107,250
Adaptation and implementation of university training programs in business tourism.	1	4	4,500		15,000	3,000	18,000	18,000
Technical assistance for projects.	1	42	2,000	84,000			0	84,000
<b>Subtotal Component 2</b>				<b>586,000</b>	<b>234,750</b>	<b>253,500</b>	<b>488,250</b>	<b>1,074,250</b>
<b>Component 3. Development of public-private initiatives to position Medellín as a competitive location.</b>								
Specialized consulting services to revise the existing tourism regulations.	2	5	3,000		30,000		30,000	30,000
Consulting services to coordinate with the existing technological platform (Medellín Digital)	1	1	30,000		30,000		30,000	30,000
Consulting services to adapt individual firms to Medellín Digital	1	60	600		36,000		36,000	36,000
Competitive innovation fund for public-private initiatives.	1	2	50,000	100,000			0	100,000
Participation in international trade fairs to promote the city as a business centre, based on the specific knowledge of each cluster.	1	6	7,000		40,000	2,000	42,000	42,000
Design of a portfolio of Medellín products.	1	5	12,000		30,000	30,000	60,000	60,000
<b>Subtotal Component 3</b>				<b>100,000</b>	<b>166,000</b>	<b>32,000</b>	<b>198,000</b>	<b>298,000</b>

<b>Component 4. Promotion, monitoring, and dissemination of outcomes.</b>								
Management of project communication.				<b>38,000</b>	<b>113,000</b>	<b>0</b>	113,000	<b>151,000</b>
Communicator	1	1	83,000		83,000		83,000	83,000
Design of communication campaign	1	1	30,000		30,000		30,000	30,000
Implementation	1	1	38,000	38,000			0	38,000
Development of the program baseline	1	6	8,850	4,400	1,600	47,100	48,700	53,100
4.1.2 Implementation of a system for monitoring the progress and impact of activities	1	4	5,000	10,000	10,000		10,000	20,000
Documentation and systemization of the experience	1	3	2,000	6,000			0	6,000
Promotion seminar in the department	1	1	7,000	7,000			0	7,000
International project closing seminar	1	1	21,500	10,750	5,375	5,375	10,750	21,500
Participation in MIF and other international events	1	3	2,500	7,500			0	7,500
<b>Subtotal Component 4</b>				<b>83,650</b>	<b>129,975</b>	<b>52,475</b>	<b>182,450</b>	<b>266,100</b>
<b>Project management</b>								
<b>Program executing unit</b>								
Project director	month	42	3,500	147,000			0	147,000
Financial and accounting support		42	1,500		18,783	44,217	63,000	63,000
Administrative expenses		42	450			18,900	18,900	18,900
Secretariat		42	900		22,680	15,120	37,800	37,800
Subtotal Executing unit				<b>147,000</b>	<b>41,463</b>	<b>78,237</b>	<b>119,700</b>	<b>266,700</b>
Midterm and final evaluation		2	15,000	30,000			0	30,000
Midterm and final audit		2	7,500	15,000			0	15,000
Contingencies			17,290	17,290			0	17,290
<b>Subtotal</b>				<b>1,194,790</b>	<b>700,788</b>	<b>505,112</b>	<b>1,205,900</b>	<b>2,400,690</b>
Contribution to the impact evaluation account				6,130			0	6,130
Local cluster development				25,000			0	25,000
							0%	
TOTAL				1,225,920	700,788	505,112	1,205,900	2,431,820
<b>Percentage contributions</b>				<b>49.77%</b>	<b>58.1%</b>	<b>41.9%</b>	<b>49.59%</b>	<b>100%</b>