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MULTILATERAL INVESTMENT FUND

MEXICO

**TOURISM DEVELOPMENT FOR MSMEs
IN THE TEQUILA REGION**

(ME-M1016)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Santiago Soler (MIF/OPS); Carmen Altés (SDS/ENV); María Elena Nawar (MIF/DEU); Alberto Bucardo (COF/ME); Javier Cayo and María Cristina Landázuri (LEG); and Federico de Arteaga (MIF/OPS), Project Team Leader.

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ABBREVIATIONS

CESI	Committee on Environment and Social Impact
CRT	Consejo Regulador del Tequila [Tequila Regulatory Board]
CTT	Consejo Turístico de Tequila [Tequila Tourism Board]
FJC	Fundación José Cuervo [José Cuervo Foundation]
MSME(S)	Micro, small, and medium-sized enterprise(s)
PCR	Project Completion Report
PPMR	Project Performance Monitoring Report
T Symbol	Tequila Symbol - www.distintivot.org.mx
TT Symbol	Tequila Tourism Symbol

TOURISM DEVELOPMENT FOR MSMEs IN THE TEQUILA REGION

(ME-M1016)

I. EXECUTIVE SUMMARY

Beneficiary country:	Mexico								
Executing agency:	Consejo Regulador del Tequila [Tequila Regulatory Board] (CRT).								
Beneficiaries:	<p>The project will directly benefit at least 1,400 people as follows: a) awareness-raising and training for 1,000 individuals and members of organizations on the development and management of tourism products for the Tequila Trail; b) awareness-raising for 50 public sector representatives on the role of municipios in tourism management; c) Tequila Tourism (TT) symbol certification of 150 micro, small, and medium-sized enterprises (MSMEs); d) cofinancing for 150 MSMEs for technical assistance; and e) microloans for 100 MSMEs. With respect to indirect beneficiaries, the establishment of a systematized tourism trail is expected to generate a general improvement in the quality of life of the 90,000 inhabitants of the Tequila Region's municipios included on the Trail (Santa Cruz/Magdalena, Amatitán, Arenal, and Tequila) through economic opportunities generated by increased tourism.</p>								
Financing:	<table> <tr> <td>Modality:</td><td>Nonreimbursable (Facility IIIa)</td></tr> <tr> <td>MIF¹</td><td>US\$1,572,370 (50%)</td></tr> <tr> <td>Executing agency</td><td>US\$1,562,400 (50%)</td></tr> <tr> <td>TOTAL</td><td>US\$3,134,770</td></tr> </table>	Modality:	Nonreimbursable (Facility IIIa)	MIF ¹	US\$1,572,370 (50%)	Executing agency	US\$1,562,400 (50%)	TOTAL	US\$3,134,770
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TOTAL	US\$3,134,770								

¹ The MIF contribution includes US\$30,000 for cluster coordination activities.

Objectives:	<p>The goal of the project is to help increase the competitiveness of MSMEs (in tourism and related sectors) in the Tequila Region, and to implement the Tequila Region's strategic development plan. The purpose is to use the concept of the Tequila Trail to build a network of enterprises to promote tourism. Based on a common vision, these enterprises will develop and market tourism products and services in line with national and international market demands. To this end, the project will include the following components: 1) Design of a Trail in the Tequila Region and an organizational model; 2) Development of tourism products and training; 3) Pilot program to support MSMEs; 4) Promotion and marketing; and 5) Definition of public/private coordination mechanisms and financing for the operation of the Trail.</p>	
Execution schedule:	Execution period:	42 months
	Disbursement period:	48months
Special contractual conditions:	<p>Conditions precedent to the first disbursement of MIF resources: (i) the Coordinating Unit Coordinator will be selected; (ii) the cooperation agreement between the CRT and the José Cuervo Foundation (paragraph 5.1) will be signed; (iii) the Steering Committee will be established; and (iv) the Steering Committee will put the Operating Regulations into effect, as agreed with the project team, and present them to the Bank.</p>	
Exceptions to Bank policies:	None.	
Coordination with other official development agencies:	There are no similar projects financed by other financial institutions.	
Environmental and social review:	<p>The Committee on Environment and Social Impact (CESI) reviewed the project at its meeting on 4 November 2005. The responses to CESI observations have been incorporated into the document (paragraph 8.1).</p>	

II. BACKGROUND

- 2.1 Worldwide, the word “tequila” is associated with the beverage of the same name. Yet the word means so much more, since it is associated with a number of concepts that have entered the collective consciousness of all things Mexican, like charro, mariachi, and the beverage itself. Mexico exports over 100 million liters of tequila annually, and the beverage enjoys the protection of an Appellation of Origin¹ managed by the Consejo Regulador del Tequila [Tequila Regulatory Board] (CRT). The industry devoted to its production, from the planting and harvesting of agave to the beverage’s distillation and marketing, employs over 300,000 people, and the Tequila Region is its primary production zone. Tequila is the heart of the agave landscape,² which is currently in the study phase for declaration as a UNESCO “World Heritage” site in 2006 in the category of “cultural landscapes.” The region has a population of 90,000, of which 10,000 work in agave production. The area is home to at least ten tequila distilleries open to the public, offering guided tours—some of which have made major investments to attract tourists—and 590 MSMEs: hotels, restaurants, craft industries, and other service providers. The municipio of Tequila is currently the leading tourist attraction, and has been dubbed a “Pueblo Mágico” [Magical Town],³ as part of a Federal Tourism Department program. In 2005, over 59,000 domestic and international tourists⁴ visited Mundo Cuervo alone, the visitors center at one of Mexico’s leading tequila distilleries,⁵ but this figure doubles if we consider the flow of visitors to other tequila distilleries. The growing volume of tourists has contributed to the creation of small transportation enterprises, hotels, and restaurants in the area’s municipios; but these enterprises are not integrated into tourism offer to be able to reach the market, do not apply industry quality standards, or engage in systematic promotional activities. One positive initiative is the CRT’s T Symbol,⁶ which is granted to businesses, restaurants, and bars selling tequila whose owners and/or staff have completed training aimed at an in-depth understanding of the world of tequila, and have met certain quality standards.

¹ In addition to the municipios covered by the project, the Tequila appellation includes others in Jalisco (where most are located), as well as municipios in Guanajuato, Michoacán, Nayarit, and Tamaulipas.

² Agave is the plant from which tequila is made.

³ A program of Mexico’s Federal Tourism Department, the objective of which, among others, is to highlight the tourism value of towns in order to develop an innovative, original tourism offering serving growing demand for culture, traditions, adventure, and extreme sports in natural settings, or the simple but unique daily routine of rural life. (www.sectur.gob.mx/work/resources/LocalContent/12566/2/CriIncProg.pdf)

⁴ International tourists represent 30% of the total.

⁵ There are 48 distilleries on the Trail.

⁶ The T symbol was developed in 2003. It grew out of the agave-tequila production chain’s need to spread authentic tequila culture. Its objectives include the promotion of the tequila culture in the different consumption centers through certification of the authenticity of the tequilas served, as well as protection of consumer health by preventing the marketing of adulterated beverages.

- 2.2 In 2005, the state of Jalisco's Development Department prepared a strategic development plan for the Tequila Region⁷ that, in addition to the municipio of Tequila, includes those of Santa Cruz/Magdalena, Amatitán, and Arenal, as well as the sector's actors. This project aims to organize the private sector so it can lead the region's tourism development and collaborate with tourism authorities to ensure the continuity of the plan's execution.
- 2.3 **Problems and opportunities.** Tequila is a brand that is known on the market and, although the beverage is not associated with its geographic origin,⁸ possibilities exist to position the region as a destination, increase demand for tourism, and offer alternative revenue sources to the local population. The following strong points stand out: it is a unique landscape, visitors have the chance to learn how tequila is made, and the state of Jalisco is the birthplace of the charro and mariachi traditions and is also home to other complementary natural and cultural attractions. There are also two major tourist destinations nearby, connected by toll roads, providing an easily accessible potential market that has been underexploited: Guadalajara, Mexico's top convention destination, welcomes over 2 million visitors annually, and Puerto Vallarta, the state's top beach resort attraction, one of Mexico's best known.
- 2.4 All this represents an opportunity to create a tourism trail associated with tequila that offers day trips and short overnight stays to visitors in the nearby tourist centers, and to the local population, as well as a "thematic" tourism offer targeting international market niches, based on the concept of tequila.
- 2.5 To do this, certain weaknesses must be corrected: the lack of organized efforts to develop and promote tourism products that can be actively marketed; and the deficient quality and quantity of tourist service and activity supply. Without leadership or adequate promotion, investment in tourism enterprises is limited, as is the possibility that existing MSMEs will benefit in any significant, organized fashion from the expected growth in tourism.
- 2.6 **Additionality of the MIF project.** This is based on the generation of an integrating concept like a Trail that will promote the competitiveness of participating MSMEs and will generate benefits for the local population by boosting a private sector that is committed to the project and identified with the unique features of the area. Another innovation will be the creation of an organization to promote public-private collaboration in order to coordinate and ensure the implementation of the strategic tourism plan and generate a model that can be replicated in other areas. Another innovative distinguishing factor will be the partnerships with the large

⁷ Includes the following plans and programs: (a) development and tourism; (b) regional development; (c) state urban development; (d) development of the 11 Valles region; and (e) master plans for population centers.

⁸ The core of the agave growing region covers a geographic area delimited by the slope of the Tequila volcano and the ravine of Río Grande de Santiago, and includes the four municipios in the project.

tequila distilleries, which are the primary attractions in each of the municipios on the Trail. They will act in a coordinated manner, facilitating the MSMEs' integration into their production-tourism value proposal, and applying best practices in corporate social responsibility.⁹

- 2.7 The project is in line with the objectives of the Sustainable Tourism as a Development Strategy Cluster, to contribute to the sustainable development of tourism by increasing the competitiveness of MSMEs in the tourism sector. The Bank's strategy with Mexico for the 2002-2006 period includes poverty reduction and the lowering of barriers that limit the competitiveness and efficient development of the private sector.

III. OBJECTIVES AND COMPONENTS

- 3.1 The **goal** of the project is to help increase the competitiveness of MSMEs (in tourism and related sectors) in the Tequila Region, and to implement the Tequila Region's strategic development plan. The **purpose** is to use the concept of the Tequila Trail to build a network of enterprises to promote tourism. Based on a common vision, these enterprises will develop and market tourism products and services in line with national and international market demands. To this end, the project will be organized into five components:
- 3.2 **Component 1: Design of a Trail in the Tequila Region and an organizational model (MIF: US\$174,500; local contribution: US\$32,000).** The purpose of this component is to define the concept of the Trail and raise awareness of its strategic importance among the various actors. The activities to be financed are: the **development of a business plan and a Trail operation manual** to include: (i) mission and vision statements; (ii) organization options; (iii) brand image; (iv) types of members and eligibility criteria; (v) member duties and benefits; (vi) product/market strategy and commercial channel strategy; (vii) customer service system proposal; (viii) design of a management information system to include an internal communications plan; and (ix) design of the Tequila Tourism symbol. The design of the manual will include environmental compliance criteria and the identification of public attractions to be developed; the **organization of awareness-raising seminars** to publicize the initiative of organizing the Trail as a tourist destination and inviting potential members to join the effort; and the **organization of a launch seminar presenting international success stories** in integrated marketing systems (e.g.: Napa Valley wine trail, Canadian product clubs).

⁹ The tequila distilleries will contribute with microloans and investments to meet the need for working capital, purchase of assets, and development of the basic infrastructure necessary to exploit the selected tourist attractions.

- 3.3 The expected results are as follows: (i) all local actors will participate in the design of a Trail organization; (ii) a business plan and operations manual will be designed incorporating principles of corporate social responsibility; (iii) nine public tourist attractions will be identified and recommended for development; and (iv) at least 250 (new and existing) MSMEs will be integrated into the Trail to offer their services.
- 3.4 **Component 2: Development of tourism products and training (MIF: US\$64,400; local contribution: US\$185,100).** This component's purpose is to develop a portfolio of tourism products and services that are marketable over the short and medium terms and managed by local MSMEs, considering the following framework: the Trail, the Tequila appellation of origin, and the status of the *Pueblo Mágico*. Technical assistance will be financed for the development of the tourist attractions along the Trail; this will make it possible to identify functional considerations to be improved as well as small investment projects involving new attractions, including the possibility of granting tourism service concessions to the private sector in public spaces.¹⁰ The following will also be designed and organized: a) Information centers and arts and crafts sales and exhibition centers; b) tour packages marketable by national and international wholesale operators; c) a calendar of events generating reasons to visit the Trail year-round (markets, food and beverage festivals, tasting events, thematic tours, and visits by school groups, and other relevant market segments); d) training of MSMEs in the management of these products and services; e) training in tourism management for the development of new MSMEs; f) public sector awareness-raising of the role of municipios in tourism and public attraction management; and g) education for enterprises and the population along the Trail to increase knowledge of the potential wealth offered by the region from a historical, natural, and cultural point of view. Lastly, signs will be posted along the Trail, which will be financed with counterpart resources, taking into account the regulations of the "Pueblos Mágicos."
- 3.5 The expected results are as follows: (i) at least 10 marketable products, events, and services will be developed; (ii) signs will be posted along the Trail; (iii) 100% of selected MSMEs along the Trail and at least 1,000 people will be trained and have their awareness raised; and (iv) 50 public sector representatives will be trained in tourism management.
- 3.6 **Component 3. Pilot program to support MSMEs (MIF: US\$556,000; local contribution: US\$0).** The purpose of this component is to develop and implement a pilot program to provide financial and nonfinancial support to enterprises having the profile and potential to be part of the Trail. Activities include: a) eligibility

¹⁰ As an example of such development, the Guachimontones site will involve the development for tourism of a set of architectural structures from the Teuchitlán culture, which is currently not being used to its potential. The Guachimontones are concentric architectural structures housing altars, ceremonial courts, and platforms with dwellings or temples, from the Teuchitlán culture (200 to 500 AD), surrounding Cerro de Tequila.

diagnostic assessments to ensure minimum quality and management capacity, applied to 300 MSMEs, which will be required for joining the Trail; a database of Trail members and area tourist attractions will also be compiled; b) **technical assistance** for MSMEs, to provide training and individualized consulting for enterprises that have passed the diagnostic phase, aimed at the development and management of tourism products, and the enhancement of specific aspects of facilities and/or management, benefiting their effective integration onto the Trail, including the identification of ideas for new businesses; and c) **technical assistance for the implementation and TT (Tequila Tourism) symbol certification** for Trail members: The “T Symbol requirements Guide” will be used as a reference, supplemented by specific aspects and standards necessary for the development of “**Tequila Tourism Symbol**” by the project. A **microcredit fund** will be set up outside the structure of contributions under this project, but fully complementing this component. The fund will implement the recommendations of the diagnostic phase with the MSMEs determined to be eligible; using counterpart funds,¹¹ an analysis of their financing needs will be performed with a financial institution, and working capital or production equipment may be financed. Also outside the financing for this project, a **venture capital fund** will be established with local financing, for example, for the purchase or repair of real property to be financed with venture capital from a private investment fund to be established specifically for such purposes under the name “**Tequila Trail Development Investment Fund**.”

- 3.7 The expected results are as follows: (i) at least 300 MSMEs will undergo the eligibility diagnostic process; (ii) 150 MSMEs will receive cofinancing for the procurement of customized technical assistance; (iii) 50 MSMEs will receive microloans for working capital, purchase of machinery and equipment, and infrastructure investment; (iv) 150 Trail members will earn TT certification, and at least 30 new tourism and crafts-based MSMEs will become certified under the TT Symbol by the end of the project; and (v) 50 MSMEs will receive venture capital investments.
- 3.8 **Component 4: Promotion and marketing; (MIF: US\$150,000; local contribution: US\$1,008,500).** This component is aimed at positioning the Trail in commercial sales markets and channels, generating effective demand for the product. The project will finance: a) technical assistance for the development of a marketing plan, including a product/market strategy for the Trail, identifying national and international market niches, and developing a database of contacts for access to them; as well as a joint marketing and promotion plan; d) technical assistance for the design and applications of the Trail brand and the TT Symbol, including a corporate identity manual with standards of use; b) the cost of familiarization trips for local and international tour operators and travel agencies;

¹¹ Outside the structure of contributions to this project, the executing agency has made a firm commitment to establish a US\$1,000,000 microcredit fund and a US\$2.5 million investment fund.

- c) the cost of press tours for national and international journalists, aimed at generating promotional coverage; e) the design of promotional literature as a guide to the destination and a promotional brochure; f) the design of a website, including a business plan for its operation and maintenance; and g) a communications and public relations plan, the implementation of which will primarily be financed from counterpart funds.
- 3.9 The expected results are as follows: (i) a marketing plan will be put into operation; (ii) 30 local and 15 international enterprises will participate; (iii) 100 national travel agencies and 100 national and 10 international journalists will participate in the familiarization and press trips; (iv) a trademark or brand will be in use and positioned on the national market; (v) a website will be operating; (vi) 80% of local tour operators will offer the Trail among their destinations; and (vii) six international operators will demonstrate a firm intention to offer the Trail among their destinations.
- 3.10 **Component 5: Definition of public/private coordination mechanisms and sustainable financing for the operation of the Trail (MIF: US\$37,750; local contribution: US\$0).** The purpose of this component is to establish the Tequila Tourism Board as a mechanism to ensure coordination among large enterprises and MSMEs, and between the public and private sectors, to promote sustainable local development through tourism. The activities to be financed are: a) consulting services to define the bylaws and internal regulations of the Tequila Tourism Board (CTT), including aspects of public/private coordination and a mechanism for financing the operation of the Trail over the medium and long terms; b) technical assistance for the management of the Component 3 microcredit fund, which will be managed by the CTT to ensure the project's continuity; and c) a financing system for communications, public relations, and training activities, among others, once all the MIF funds have been used. This component is closely linked to Component 1, with a different scope of action: while Component 1 is focused on the design of the concept and operating procedures for the Trail, this component focuses on interagency coordination for its effective management. The CTT will be established at the outset of the project to support its execution.
- 3.11 The expected results are as follows: (i) the Tequila Tourism Board will be established; (ii) an action plan will be designed to establish interagency coordination; and (iii) a long-term financing program will be in place.

IV. PROJECT COST AND FINANCING

- 4.1 The cost of the project is estimated at US\$3,134,770. The MIF will contribute US\$1,572,370, through nonreimbursable resources from Facility III-a. The balance of US\$1,562,400 will be the responsibility of the executing agency as the local counterpart contribution, of which at least 50% will be in cash. The MIF will also

finance US\$30,000 for cluster activities, to be used for coordination of the Sustainable Tourism as a Development Strategy Cluster, in accordance with document MIF/GA-14-1. This amount will be deducted from the MIF contribution as of the effective date of the technical cooperation letter of agreement for this operation, and will not require a disbursement request from the executing agency. The MIF will finance the costs of technical assistance, and the design of promotion tools and training and will partially finance administrative expenses. The estimated budget is provided in the following table.

(in U.S. dollars)

Components/budget categories	MIF contribution	Local contribution	Total
Component 1	174,500	32,000	206,500
Component 2	64,400	185,100	249,500
Component 3	556,000	0	556,000
Component 4	150,000	1,008,500	1,158,500
Component 5	37,750	0	37,750
Coordination and logistics	408,000	262,400	670,400
<i>Subtotal</i>	<i>1,390,650</i>	<i>1,488,000</i>	<i>1,720,150</i>
Contingencies 4%	41,720	74,400	116,120
Baseline, midterm, and final evaluations	70,000		70,000
Audits (4)	40,000		40,000
TOTAL	1,542,370	1,562,400	3,104,770
Cluster coordination activities	30,000		30,000
GRAND TOTAL	1,572,370	1,562,400	3,134,770
Percentages (excluding cluster activities)	50%	50%	100%

- 4.2 **Sustainability** is framed in two contexts. **For participants**, each of the components includes actions that reinforce sustainability, particularly Component 3, which provides MSMEs with financial and nonfinancial technical assistance and potential access to credit and venture capital to ensure the continuity of the undertakings and their connection with the other MSMEs on the Trail. **For the project**, sustainability is based on the “model” that will be used to define and manage the Trail, which is characterized by the interaction of the components. This model will establish a precedent that can subsequently be replicated in other municipios. The executing agency must present its sustainability strategy in a **workshop** one year prior to completion of the project, with the participation of Bank and sector representatives. This workshop will aim to examine the potential for the Trail to continue to be managed autonomously after termination of MIF support.
- 4.3 The results are expected to be sustainable, and the model implemented for the design and management of the Trail is expected to continue operating effectively

and to expand its presence after project completion. For such purposes, the project will finance a business and marketing plan that will guide Trail activities once the execution period is complete. Considering the strengthening of the executing agency's capacity in terms of support for tourism development, through the hiring of specialists, together with the existing management and marketing capacity, it is expected that the Trail can continue to operate in the future.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 The Consejo Regulador del Tequila [Tequila Regulatory Board] (CRT) will be the executing agency, and in order to secure counterpart financing, it will sign a collaboration agreement with the Fundación José Cuervo [José Cuervo Foundation] (FJC).¹² CRT is a nonprofit nongovernmental organization founded in 1994, made up of micro, small, medium, and large enterprises, and with honorary advisors from public agencies involved in the tequila production chain.¹³ The FJC's mission is to contribute to raising and substantially enhancing the living standards of the population of Tequila and the agave production areas, by promoting and developing programs with a high social content and impact. In the prior institutional analysis undertaken by the Bank, the institutions' balance sheets were reviewed, and showed adequate capacity to cover the project's administrative and financial needs. The CRT has the capacity to sign an agreement with the Bank as executing agency, and the FJC will sign the same agreement as a collaborating institution.
- 5.2 The coordinating unit will be physically located at CRT headquarters. CRT will provide the space and equipment necessary for its operation. It will be staffed by a full-time coordinator hired with project resources, who will be supported by a part-time specialist with a background in tourism, financed with project resources, and a part-time accountant, financed with counterpart resources.
- 5.3 A **Steering Committee** will be formed with representatives of the CRT, the FJC, and other participants, and its primary responsibility will be the selection of the project coordinator, implementation of and compliance with the Operating Regulations, and supervision of execution through the approval of semiannual progress reports and work plans.
- 5.4 The **Tequila Trail Tourism Board** will be formed by inviting the main actors in the agave/tequila production-tourism chain and public and private institutions with recognized standing to participate in order to ensure technical, financial, and

¹² It is also hoped that other parties interested in participating will sign on to this agreement. This will be part of CRT's mission. To date, two additional tequila producers have demonstrated an interest in some form of participation. For purposes of the budget presented for this project, the FJC will provide most of the counterpart in cash; additional contributions from other participants will serve to expand the scope of the project activities.

¹³ See www.crt.org.mx

political support. Its primary functions will be: (i) to contribute national and international expertise in the local supply of tourism products and the market related to the project, and integrate it into the various initiatives being promoted; (ii) to provide guidance on specific issues related to the subject matter; (iii) to help identify, and potentially provide, additional technical assistance resources for the long term; and (iv) to provide investment and credit resources to complement the project and thus ensure its sustainability. Through the project coordinator, the executing agency will act as technical secretary, organizing at least four meetings annually. Twice a year, the Board will organize open information sessions on project advances, and may establish **special working groups** or **technical committees** to support its work, for which it may hire the specialists or technicians it deems necessary. Lastly, to support the coordinating unit in the execution of the various components and activities, a tourism consultant specialized in marketing and promotion will be financed to divide his or her time among the various component activities as required.

- 5.5 **Execution period.** The project is expected to be executed over 42 months, with a disbursement period of 48 months.
- 5.6 **Project readiness.** The project has been agreed upon in terms of its objectives, components, and activities. The executing agency has submitted a letter undertaking to contribute the counterpart funds, at least 50% of which will be in cash. The main eligibility criteria have also been agreed upon for the various components and activities; and profiles have been defined for the coordinating unit staff. Terms of reference have been developed for the primary consultants and the Operating Regulations have been drafted.
- 5.7 **Procurement of consulting services and goods.** The procedures the coordinating unit will follow for the procurement of consulting services will comply with Bank procedures for such purposes in accordance with the *Policies for selection and contracting of consultants financed by the IDB* (document GN-2350-4). Individual consultants will be contracted for consulting services and will be selected on the basis of the Bank's policies. Procedures must ensure transparent, competitive processes that obtain the most economic costs. Procurement of goods will be carried out in accordance with the *Policies for the procurement of works and goods financed by the IDB* (document GN-2349-4). The proposed procurement plan, to be updated annually, can be found in the technical files.

VI. MONITORING AND EVALUATION

- 6.1 The Bank's Country Office in Mexico will be responsible for supervision and control activities, compliance with contractual clauses, and the processing of disbursement requests, and will receive the audited financial statements. Through the coordinating unit, the CRT will file semiannual status reports with the Country

Office, according to the Bank's standard reporting requirements.¹⁴ A **Closing Workshop** will be scheduled for the end of execution, to evaluate the results achieved and actions required to increase the project's impact.

- 6.2 Audits will be conducted annually, and upon completion of execution. In collaboration with the executing agency, the Bank will contract consulting services to conduct evaluations and establish the baseline of the indicators and the results monitoring system at the beginning of the project; this consultant will participate in the Closing Workshop. Two evaluations will be conducted: one when 50% of the resources have been disbursed or when 50% of the execution period has passed, whichever occurs first, and the final evaluation, three months prior to completion of project execution. Based on the indicators in the logical framework and the progress reports, the evaluations will determine whether there were any significant disparities in the execution of activities, will recommend corrective measures, and will focus on lessons learned and how they are shared among projects in the Sustainable Tourism as a Development Alternative Cluster.

VII. PROJECT BENEFITS AND RISKS

- 7.1 **Benefits.** The project will contribute to developing a tourism trail in selected municipios to promote tourism, bringing enterprises and municipios together with a common vision to develop and market tourism products and services in line with national and international market demand. This will result in an increase of at least 80% in tourist visits; an increase of 100% in local spending on products and services offered by the Trail; and at least 250 direct new jobs among MSMEs.
- 7.2 **Beneficiaries.** The project will benefit at least 1,400 actors (individuals and members of organizations) on the Trail as follows: a) awareness-raising and training for 1,000 actors on the development and management of tourism products; b) awareness-raising for 50 public sector representatives on the role of municipios in tourism management; c) Tequila Tourism (TT) symbol certification of 150 MSMEs; d) investments in 150 MSMEs; and e) 100 MSMEs will receive microloans.¹⁵ With respect to indirect beneficiaries, the activities aimed at the commercial development of attractions, performance of the diagnostic assessments, customized technical assistance for the MSMEs, and the integration of the local community into a systematized tourism trail, are expected to generate a general improvement in the quality of life of the 90,000 inhabitants of the municipios along the Trail through the positive effects on the preservation of the region's natural and cultural resources, and the enhanced economic opportunities generated by tourism.

¹⁴ Progress reports dated 30 May and 30 November.

¹⁵ The last two from local microcredit and investment funds (paragraph 3.6).

- 7.3 **Risks.** One of the main risks is the possible resistance of the local population to participation in Trail activities, due to ignorance of its benefits. However, the project has the support of major private sector enterprises and the local government and project activities are expected to raise the population's awareness of the value of the products and services being developed through a systematized trail, turning a group of problems into a set of integrated solutions. Another risk is a lack of government investment, particularly from the federal level, for the continuity of the strategic development plan. In this regard, the CRT and the leading tequila producers have participated in the design of the plan, and the authorities have committed budget resources to its implementation. A third risk is that the large tequila manufacturers, which are the enterprises with the largest presence in the various municipios, may be the primary beneficiaries of the project. In this regard, special care will be taken in the design of new services to ensure that they are rendered by MSME Trail participants.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 No negative environmental or related social impacts are anticipated. It is expected that positive impacts will be generated by increasing awareness among the local population of the value of their natural and cultural heritage. In its meeting of 4 November 2005, the Committee on Environment and Social Impact (CESI) suggested that environmental and social management considerations be incorporated into the production, marketing, and responsible consumption of the products. These recommendations have been addressed in Component 1, Design of a Trail and its organizational model. Furthermore, with respect to agave protection, another suggestion involved the concern that certain wild agave species would be overexploited. This concern has been addressed since the CRT has a strategic model for agave conservation. In addition, since UNESCO's listing of the Tequila agave landscape as a World Heritage site is being processed, the rules required for its conservation will be respected.

LOGICAL FRAMEWORK ME-M1016

Objectives	Indicators	Means of verification	Assumptions
Goal			
To help increase the competitiveness of MSMEs in the Tequila region. ¹	<p>By the fifth year after project completion, the following is expected:</p> <ul style="list-style-type: none"> • An increase of at least 80% in tourist visits • An increase of at least 100% in local spending on products and services offered by the Trail • 250 direct new jobs for MSMEs. <p><i>* Definition and projected estimate of the value of the indicators to be developed by the evaluation consultant, who will be contracted at the start of the project.</i></p>	<ul style="list-style-type: none"> • Mexican National Institute for Geographic and Demographic Statistics • Surveys and final evaluation carried out by the executing agency. 	No extreme circumstances occur that have a negative impact on the Mexican tourism industry.
Purpose			
To build a network of enterprises in the Tequila region to promote tourism that, based on a common vision, will develop and market tourism products and services in line with national and international market demands.	<p>By the end of the project:</p> <ul style="list-style-type: none"> • A network of at least 300 MSMEs offering products/services along the Trail, with 150 certified for the Tequila Tourism symbol (TT) • A Trail with nine types of defined, posted attractions (distilleries, train, Guachimontones,² agave landscape and 	<ul style="list-style-type: none"> • Baseline and monitoring of indicators • Midterm and final evaluations by external consultant • Project 	<ul style="list-style-type: none"> • Federal, state, and municipal governments make investments and maintain infrastructure, promotion, and public services in accordance with the 2030 Strategic Plan. • The main actors with an influence on the Trail's

¹ Includes Santa Cruz, Arenal, Amatitán, Tequila, and Magdalena.

² Archeological sites with circular structures built by the Teuchitlán culture.

Objectives	Indicators	Means of verification	Assumptions
	<p>haciendas/production facilities, Tequila volcano, valley/mountains, mariachi/charros, opal and obsidian mines, craft workshops)</p> <ul style="list-style-type: none"> • A line of at least ten marketable products integrated under the trail concept • Image and association of “Tequila” as a quality tourist destination • Operational and financial sustainability of the Trail. <p>By the end of 24 months:</p> <ul style="list-style-type: none"> • Network of at least 50 enterprises offering products/services along the Trail, with 25 certified for the Tequila Tourism symbol (TT) • A Trail with two types of defined, posted attractions (distilleries, train, Guachimontones, agave landscape and haciendas/production facilities, Tequila volcano, valley/mountains, mariachi/charros, opal and obsidian mines, craft workshops) • A line of at least three marketable products integrated under the trail concept 	<p>Completion Report (PCR)</p> <ul style="list-style-type: none"> • Project Performance Monitoring Report (PPMR) • Executing agency progress and final reports • Records of the sustainability and completion workshop • Surveys of commercial channels. 	<p>operation commit to participate.</p>

Objectives	Indicators	Means of verification	Assumptions
Components			
<p>1. Design of a Trail in the Tequila region and an organizational model.</p> <p>The purpose of this component is to define the concept of the Trail at all levels (corporate image, standards and regulations, boundaries, among others); provide it with a defined, participatory organization, and raise awareness of its strategic importance among the various actors.</p>	<ul style="list-style-type: none"> • Business plan and operations manual drafted and approved by month six of year one. • MSMEs and other actors have heightened awareness through four annual events held in each of the 4 municipios (total 64). • Nine attractions are identified and recommended for development in month 12. • 40 key public/private actors join the Trail concept as members in each of the four years. • At least 250 MSMEs (new and existing) participate in the Trail throughout the project. • One launch seminar in month three. 	<ul style="list-style-type: none"> • Monitoring and evaluation system and baseline reports • Executing agency progress and final reports • Midterm and final evaluations by external consultant • PPMR • PCR • Attendance records in project database and records of events. • Inspections by MIF country specialist. 	<p>Institutions and MSMEs maintain interest in participation in the Trail.</p>
<p>2. Development of tourism products and training.</p> <p>This component's purpose is to develop a portfolio of tourism products and services that are marketable over the short and medium terms.</p>	<ul style="list-style-type: none"> • At least 10 products/events and services are defined and marketable by month 24. • 100% of MSMEs on the Trail and at least 1,000 people are trained and with awareness raised by the end of the project. • 50 public sector representatives have participated in awareness-raising activities by month 12. 	<ul style="list-style-type: none"> • Executing agency progress and final reports • Midterm and final evaluations by external consultant 	<ul style="list-style-type: none"> • The stakeholder institutions and MSMEs are participating and providing information as planned and on schedule. • There is a critical mass of members sufficient to develop tourism packages.

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> Attraction managers have recommendations for development by month 24. 	<ul style="list-style-type: none"> PCR PPMR Inspections by MIF country specialist Training events record in project database. 	
<p>3. Pilot program to support a MSMEs.</p> <p>The purpose of this component is to develop a pilot program to provide financial and nonfinancial support to enterprises having the profile and potential to be part of the Trail.</p>	<ul style="list-style-type: none"> 300 MSMEs undergo diagnostic process (125 annually) and 30% meet minimum criteria by month 42. 150 MSMEs receive cofinancing for custom technical assistance by month 42. 100 MSMEs receive microloans for working capital, purchase of machinery and equipment, and infrastructure investment by month 42. 150 Trail members are certified under TT standards (50 by month 18 and 100 by year four). At least 30 new tourism and craft MSMEs are TT-certified by the end of the project. 100 MSMEs receive venture capital investment by month 42. Six technical assistance providers (universities) participate in assistance for MSMEs by month 42. 	<ul style="list-style-type: none"> Executing agency progress and final reports Midterm and final evaluations by external consultant PCR PPMR Inspections by MIF country specialist. 	<ul style="list-style-type: none"> Stakeholder institutions and MSMEs participate and request support.

Objectives	Indicators	Means of verification	Assumptions
<p>4. Promotion and marketing.</p> <p>This component is aimed at positioning the Trail (including its attractions) in commercial sales markets and channels, generating effective demand.</p>	<ul style="list-style-type: none"> • Operational marketing plan implemented beginning in year three. • 45 tour operators (30 national and 15 international), 100 national travel agencies, 110 journalists (100 locales and 10 international) participate by the end of the project. • Brand in use beginning in year three. • Penetration and positioning of the brand on the national market by year four. • Materials designed by month 24. • Website in operation beginning in month 12. • 80% of local operators offer the Trail among their destinations beginning in month 24. • Eight international operators offer the Trail among their destinations by month 36. 	<ul style="list-style-type: none"> • Analysis reports • Executing agency progress and final reports • Midterm and final evaluations by external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • The stakeholder participants are participating and providing information as planned and on schedule. • The market is adequately informed about the Trail and demand is generated for available packages.

Objectives	Indicators	Means of verification	Assumptions
<p>5: Definition of public/private coordination mechanisms and financing for operation of the Trail.</p> <p>The purpose of this component is to establish a mechanism to ensure coordination among entrepreneurs and MSMEs, among large enterprises and MSMEs, and between the public and private sectors, to promote sustainable local development.</p>	<ul style="list-style-type: none"> Establishment of the Tequila Tourism Board and first meeting by month six. Action plan approved by month 12 and implemented during project execution. 	<ul style="list-style-type: none"> Analysis reports Executing agency progress and final reports Midterm and final evaluations by external consultant PCR PPMR 	<p>Board members participate as planned and on schedule.</p> <p>Representatives of the primary tequila producers and other leading actors contribute to a fund thereby helping to cofinancing the project's counterpart contribution.</p>
Activities			
<p>1. Design of a Trail in the Tequila microregion and an organizational model (US\$174,500)</p> <p>1.1 Technical assistance for design of the Trail and a business plan; organizational model and operations manual.</p> <p>1.2 Awareness seminars for Trail participants in its various municipios.</p>	<p>1.1 Consulting services for business plan, organization model, and operations manual, contracted and implemented by month six.</p> <p>1.2 Sixty-four awareness-raising seminars organized and held in the various municipios along the Trail (four each year).</p>	<ul style="list-style-type: none"> Financial reports Progress reports Consulting contracts Executing agency semiannual and final reports Midterm and final evaluations by external 	<p>Institutions and MSMEs maintain interest in the project.</p> <p>Qualified experts are available.</p>

Objectives	Indicators	Means of verification	Assumptions
1.3 A launch seminar presenting international success stories (e.g., wine trail, product clubs	1.3 Launch seminar held in month three.		
2. Development of marketable tourism products and training (US\$64,400) 2.1 Studies with recommendations for commercial implementation (potential concessions for public attractions, e.g. Guachimontones); 2.2. Design of packages to be marketed by national and international wholesale operators; 2.3. Development of a concept and calendar of events; 2.4. Training of MSMEs in managing these products and services through courses and workshops considering existing situation and structuring the value chain; 2.5. Training in tourism management for the creation of new MSMEs; 2.6. Raising public sector awareness of the role of municipios in tourism management; 2.7. Education of Trail members to increase knowledge of wealth offered by the trail in terms of history, nature, and culture.	2.1 Consulting services for the development of tourist attractions on the Trail by year two. 2.2. Consulting services on the design of tour packages by month 24. 2.3. Consulting services to develop a concept and calendar of events by year three. 2.4., 2.5, and 2.7. Consulting services to design courses, teach courses, and develop materials by year one. 2.6. Eight seminars organized and held to raise public sector awareness of the role of municipios in tourism management by month 12.	<ul style="list-style-type: none"> Financial reports Progress reports Consulting contracts Executing agency semiannual and final reports Midterm and final evaluations by external consultant PCR PPMR 	<ul style="list-style-type: none"> MSMEs maintain interest in the project. Qualified experts are available.

Objectives	Indicators	Means of verification	Assumptions
<p>3. Pilot program to support MSMEs (US\$556,000)</p> <p>3.1. Entrepreneurial potential test;</p> <p>3.2. Custom technical assistance cofinancing fund for MSMEs;</p> <p>3.3. Microcredit fund;</p> <p>3.4. Technical assistance for implementation and certification of TT standard for Trail members;</p> <p>3.5. Venture capital fund.</p>	<p>3.1. Entrepreneurial potential test designed and applied to 300 MSMEs in month 42;</p> <p>3.2. Custom consulting services provided continuously, using cofinancing, for the implementation and certification of the TT standard, beginning in year two;</p> <p>3.3. Microloans provided to 100 MSMEs on the Trail by the end of the project;</p> <p>3.4. Consulting services for the implementation and certification of the TT standard undertaken at 200 MSMEs by the end of the project; at least 30 are certified by the end of the project.</p> <p>3.5. Venture capital provided to 100 MSMEs by the end of the project.</p>	<ul style="list-style-type: none"> • Financial reports • Progress reports • Consulting contracts • Executing agency semiannual and final reports • Midterm and final evaluations by external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • MSMEs maintain interest in the project. • Qualified experts are available.

Objectives	Indicators	Means of verification	Assumptions
<p>4. Positioning, promotion, and marketing (US\$150,000)</p> <p>4.1 Technical assistance for the development of an operational marketing plan (promotion and marketing);</p> <p>4.2 Local and international familiarization trips (specialized tour operators and travel agencies, among others);</p> <p>4.3 Invitation to national and international journalists (press tours);</p> <p>4.4 Technical assistance for: trademark design, corporate identity (TT), and usage manual;</p> <p>4.5 Design of promotional, advertising, and marketing materials: a guide and promotional brochure;</p> <p>4.6 Design and maintenance of website;</p> <p>4.7 Communications and public relations plan;</p> <p>4.8 Development of a database of contacts with clubs, associations, and media specialized in wine and food, in various international markets.</p>	<p>4.1 Consulting services for the design of briefings and the marketing plan, completed in year three;</p> <p>4.2 and 4.3 Familiarization trips for tour operators, specialized travel agencies, national and international journalists completed by end of project;</p> <p>4.4 Consulting services for trademark design, corporate identity (TT), and usage manual, completed in year three;</p> <p>4.5 Consulting services for the design of promotional, advertising, and marketing materials, completed in month 24;</p> <p>4.6 Consulting services for the design and maintenance of website completed in month 12;</p> <p>4.7 Consulting services for the design of the communications and public relations plan completed in year three;</p> <p>4.8 Consulting services for the development of a database completed in month eight.</p>	<ul style="list-style-type: none"> • Financial reports • Progress reports • Consulting contracts • Executing agency semiannual and final reports • Midterm and final evaluations by external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • Qualified experts are available. • Institutions and MSMEs maintain interest in the project.

Objectives	Indicators	Means of verification	Assumptions
<p>5: Definition of public/private coordination mechanisms and financing for operation of the Trail (US\$37,750)</p> <p>5.1 Drafting of bylaws and internal regulations for Tequila Tourism Board (public/private)</p> <p>5.2 Technical assistance for fund development and implementation;</p> <p>5.3 Action plan for use of fund (including self-financing of the communications and public relations plan, training, etc.)</p>	<p>5.1 Legal consulting completed in month six;</p> <p>5.2 Consulting completed in month nine;</p> <p>5.3 Consulting completed in month 12.</p>	<ul style="list-style-type: none"> • Financial reports • Progress reports • Consulting contracts • Executing agency semiannual and final reports • Midterm and final evaluations by external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • Qualified experts are available. • Institutions and MSMEs maintain interest in the project.

ITEMIZED BUDGET SUMMARY
MEXICO: TOURISM DEVELOPMENT FOR MSMEs IN THE TEQUILA REGION
(ME-M1016)

Components/budget categories	MIF contribution	Local contribution	Total
Coordination and logistics	\$408,000	\$262,400	\$670,400
Coordination			
Personnel	\$408,000	\$48,000	\$456,000
Project coordinator	\$288,000		\$288,000
Administrative accountant (part-time)		\$48,000	\$48,000
Administrative assistant with tourism background (part-time)	\$120,000		\$120,000
Logistics	\$0	\$214,400	\$214,400
Equipment			
Office space (80 m ² per month* US\$12)		\$46,080	\$46,080
Equipment (US\$120 x 4 x 42 months)		\$20,160	\$20,160
Logistics			
Communications (US\$300/month/person), broadband, telephone, and cellular phone		\$57,600	\$57,600
Coordinator travel			
Travel on the Trail three times per week		\$34,560	\$34,560
Travel within Mexico, 24 trips per year		\$48,000	\$48,000
Component 1. Design of a Trail in the Tequila Region and an organizational model	\$174,500	\$32,000	\$206,500
1.1 Technical assistance for the design of the Trail and a business plan; organizational model and operations manual	\$143,000		\$143,000
1.2 Awareness seminars for Tequila Trail participants in the various municipios on the Trail		\$32,000	\$32,000
1.3 A launch seminar presenting international success stories (e.g.: wine trail, product clubs)	\$9,500		\$9,500
1.4 Technical advisor on tourism (prorated)	\$22,000		\$22,000
Component 2: Development of marketable tourism products and training	\$64,400	\$185,100	\$249,500
2.1 Studies with recommendations for development (potential for public attraction concessions; e.g., Guachimontones as a tourist attraction on the Trail)	\$26,400		\$26,400
2.2. Design of tour packages to be marketed by national and international wholesale tour operators		\$46,200	\$46,200
2.3. Development of a concept and calendar of events		\$46,200	\$46,200
2.4. Training of MSMEs on managing these products and services		\$35,100	\$35,100

Components/budget categories	MIF contribution	Local contribution	Total
2.5. Training on tourism management for the creation of new MSMEs		\$35,100	\$35,100
2.6. Raising public sector awareness of the role of municipios in tourism management	\$16,000		\$22,500
2.7. Education of Trail members to increase knowledge of wealth offered by the trail in terms of history, nature, and culture		\$22,500	\$22,500
2.8 Technical advisor on tourism (prorated)	\$22,000		\$22,000
3. Pilot program to support MSMEs	\$556,000	\$0	\$556,000
3.1 Eligibility diagnostic assessment	\$51,000		\$51,000
3.2. Custom technical assistance cofinancing fund for MSMEs	\$375,000		\$375,000
3.3. Microcredit fund (working capital and infrastructure/machinery & equipment)			
3.4. Technical assistance for the implementation and certification of the symbol to be designed (Tequila Tourism (TT)) for Trail members	\$130,000		\$130,000
3.5. Venture capital fund			
Component 4: Positioning, promotion, and marketing	\$150,000	\$1,008,500	\$1,158,500
4.1 Technical assistance for the development of an operational marketing plan (promotion and marketing)	\$66,000		\$66,000
4.2 Local and international familiarization trips (specialized tour operators and travel agencies, among others)		\$25,500	\$25,500
4.3 Invitation to national and international journalists (press tours) for promotional coverage		\$49,000	\$49,000
4.4 Technical assistance for trademark design, corporate identity (TT), and usage manual	\$15,000		\$15,000
4.5 Design of promotional, advertising, and marketing materials: a guide and promotional brochure	\$7,000	\$910,000	\$917,000
4.6 Design and maintenance of website	\$10,000	\$24,000	\$34,000
4.7 Communications and public relations plan	\$10,000		\$10,000
4.8 Development of a database of contacts with clubs, associations, and media specialized in wine and food, in various international markets	\$20,000		\$20,000
4.9 Technical advisor on tourism (prorated)	\$22,000		\$22,000
5: Definition of public/private coordination mechanisms and financing for operation of the Trail	\$37,750	\$0	\$37,750
5.1 Definition of bylaws and internal regulations for Tequila Tourism Board (public/private)	\$5,250		\$5,250

Components/budget categories	MIF contribution	Local contribution	Total
5.2 Technical assistance for fund development and implementation.	\$5,250		\$5,250
5.3 Action plan for use of fund (including self-financing of the communications and public relations plan, training, etc.)	\$5,250		\$5,250
5.4 Technical advisor on tourism (prorated)	\$22,000		\$22,000
SUBTOTAL	\$1,390,650	\$1,488,000	\$1,720,150
Contingencies	\$41,720	\$74,400	\$116,120
Baseline, monitoring and evaluation system and two evaluations	\$70,000		\$70,000
Audits (4)	\$40,000		\$40,000
TOTAL	\$1,542,370	\$1,562,400	\$3,104,770
Cluster control activities	\$30,000		\$30,000
GRAND TOTAL	\$1,572,370	\$1,562,400	\$3,134,770

RELATED PROJECTS AND MIF PORTFOLIO IN MEXICO

**MEXICO: TOURISM DEVELOPMENT FOR MSMES IN THE TEQUILA REGION
ME-M1016**

A. Similar MIF projects

None

B. Similar or related Bank projects

N/A

C. Projects related to the same sector or beneficiaries

Project number / date of approval	Title of project, executing agency and amount	Date of signature and period of disbursement in months	Amount disbursed	Comments
3 April 2002 EQU/MS-7831-ME	Tourism Sector Auxiliary Industry Fund FEC, Fundación para el Empleo y el Crecimiento [Foundation for Employment and Growth] US\$10,000,000 MIF Contribution	15 May 2003	\$7,504,217	The Fund is operating in a very satisfactory manner. It currently has a broad portfolio of investments in a wide range of enterprises that are very representative of the tourism sector in Mexico. Earnings prospects are very positive when MIF withdraws from the Fund.

D. Projects in the Sustainable Tourism Cluster

Project number / date of approval	Title of project, executing agency and amount	Date of signing and period of disbursement and extensions in months	Amount disbursed	Comments
ATN/ME-8382-RG 30 July 2003	International accreditation system and consolidation of national systems for sustainable tourism certification to facilitate SME competitiveness and market access. Asociación Alianza del Bosque Lluvioso (Rainforest Alliance) US\$3,020,000 MIF Contribution	27 October 2003 49 months	38.00%	Assumptions have been maintained and activities are moving forward without problems, exceeding initial targets in some cases.
ATN/ME-8867-PE 22 September 2004	Promoting the development of the Northeast Tourist Circuit to enhance MSME competitiveness. CARETUR Cajamarca and ALAC US\$798,431 MIF Contribution	18 March 2005 54 months	6.00%	The project classification is satisfactory and has improved as it began and continues to satisfactorily execute the activities planned for the six-month period. The institutional problems, although latent, are being managed by the coordinator.
ATN/ME-8977-SU 1 December 2004	Sustainable Tourism Development Conservation International Suriname (CIS) US\$845,000 MIF Contribution	10 March 2005 36 months	0.00%	Classified satisfactory. Project implementation began 10 March 2005. However, the project coordinator resigned in July 2005. The replacement was hired on 1 December 2005. Execution is therefore a bit behind schedule.

Project number / date of approval	Title of project, executing agency and amount	Date of signing and period of disbursement and extensions in months	Amount disbursed	Comments
ATN/ME-8987-RG 8 December 2004	Competitive development of rural tourism in the Andes. Fundación CODESPA US\$2,028,190 MIF Contribution	11 March 2005 54 months	3.00%	Classified satisfactory in general. Notwithstanding the low use of resources, project implementation is considered satisfactory, since project coordination has gained a better understanding of the problems of rural tourism and has established the necessary links for improved performance, which will result in the implementation of international consulting on the selection process.
ATN/ME-9211-BR 25 May 2005	Estrada Real–Network of Tourism SMEs State of Minas Gerais Federação das Industrias do Estado de Minas Gerais-FIEMG & Instituto Estrada Real US\$1,701,740 MIF Contribution	14 July 2005 42 months	0.00%	The program is currently fulfilling conditions precedent. One of the program requirements is the contracting of international consulting services, and this process has caused a delay. It is estimated that all conditions will be met in the month of February.
ATN/ME-9273-BL 30 June 2005	Improving small business competitiveness in the tourism industry Belize Tourism Industry Association US\$580,000 MIF Contribution	N/A 42 months	0.00%	Agreement not yet signed.
ATN/ME-9410-EC 21 September 2005	Sustainable productive sector development in Galapagos Cámara Provincial de Turismo de Galápagos (CAPTURGAL) US\$1,863,616 MIF Contribution	29 November 2005 48 months	3.00%	The project just began activities with the first disbursement.

Project number / date of approval	Title of project, executing agency and amount	Date of signing and period of disbursement and extensions in months	Amount disbursed	Comments
ATN/ME-9466-BH 26 October 2005	Sustainable Tourism Network for SMEs Bahamas Hotel Association (BHA) US\$1,301,292 MIF Contribution	N/A 48 months	0.00%	Agreement not yet signed.
ATN/ME-9512-DR 16 November 2005	Model for Sustainable Tourism Management in Bayahibe Asociación de Hoteles La Romana y Bayahibe (AHB) US\$1,302,480 MIF contribution	4 January 2006 48 months	10%	The project classification is satisfactory. The actions included in the components are part of the AHB's activities plan and in December 2005, the local community and the AHB were very enthusiastic about project execution.
ATN/ME-9563-CO 7 December 2005	Rural tourism development in Territorio Paraiso Fundación Carvajal US\$845,000 MIF contribution	N/A 48 months	0%	Agreement not yet signed.
ATN/ME-9588-GU 14 December 2005	Competitive development cultural tourism indigenous communities Cámara de Turismo de Guatemala US \$1,157,737 MIF Contribution	N/A 48 months	0.00%	Agreement not yet signed.

E. MIF portfolio in Mexico

No.	Document Number	Approval Number	Project Name	Facility	MIF Amount	Total Amount	Disb.%	Approval Date
1			Remittances and Rural Development		\$0	\$0		10/03/2005
2			Information Workshops and Waiting Rooms	I	\$320,000	\$720,000		02/15/2006
3	MIF/AT-128	ATN/ME-5593-ME	Productivity Center in Jalisco	IIIa	\$1,767,550	\$2,745,380	100%	06/04/1997
4	MIF/AT-139-1	ATN/MH-5709-ME	Enterprise-Based Employment Initiatives	II	\$1,259,000	\$1,259,000	100%	10/01/1997
5	MIF/AT-155	EQU/MS-0010-ME	Investment Fund Small Enterprises Environmental Sector	IIIb	\$4,000,000	\$8,000,000		12/10/1997
6	MIF/AT-183	EQU/MS-6040-ME	Venture Capital Fund for Agrobusiness	IIIb	\$3,000,000	\$6,000,000		07/08/1998
7	MIF/AT-187	ATN/MT-6085-ME	Capital Market Development	I	\$1,500,000	\$3,000,000	100%	08/05/1998
8	MIF/AT-19	EQU/MS-0003-ME , ATN/ME-4709-ME	Fund Development of Rural Prod. Projects	IIIb, IIIa	\$6,200,000	\$12,200,000		11/09/1994
9	MIF/AT-202-1	ATN/ME-6239-ME , 8/MS-ME	Rural Microfinancing Modernization	IIIa, IIIb	\$1,500,000	\$2,000,000		11/11/1998
10	MIF/AT-244	EQU/MS-6463-ME	Technical Assistance Guanajuato	IIIb	\$4,000,000	\$12,000,000		04/21/1999
11	MIF/AT-27	ATN/MH-4744-ME	Training Services for Street Youth	II	\$745,000	\$816,000	100%	12/07/1994
12	MIF/AT-303	ATN/MH-6742-ME	Model Implementation of Iso 14001 in Sme	II	\$395,000	\$790,000	100%	11/09/1999
13	MIF/AT-309	EQU/MS-6810-ME , ATN/ME-6811-ME	Integration and Small Enterprises Development	IIIb, IIIa	\$5,370,000	\$14,740,000		12/08/1999
14	MIF/AT-313	ATN/MH-6887-ME	Prof. Non-Governmental Organizations	II	\$2,000,000	\$3,350,000	93%	02/09/2000
15	MIF/AT-326	ATN/ME-6974-ME	Institutional Strengthening of Compartamos	IIIa	\$120,000	\$360,000		05/16/2000
16	MIF/AT-341	ATN/MT-7066-ME	Support to Commercial Conflict Solution	I	\$1,352,500	\$2,231,555	100%	07/26/2000
17	MIF/AT-347	EQU/MS-7085-ME	Zn Venture Trust Investment	IIIb	\$5,000,000	\$20,000,000		08/02/2000

No.	Document Number	Approval Number	Project Name	Facility	MIF Amount	Total Amount	Disb.%	Approval Date
18	MIF/AT-358	ATN/MT-7139-ME	Productive Integration Program	I	\$2,000,000	\$8,560,000	51%	09/20/2000
19	MIF/AT-440	ATN/ME-7630-ME	Institutional Strengthening of Fincomun	IIIa	\$296,000	\$494,500	71%	10/15/2001
20	MIF/AT-450	ATN/ME-7717-ME	Capitalization of Remittances for Local Economic Development	IIIa	\$1,115,000	\$2,232,000	60%	12/12/2001
21	MIF/AT-459	ATN/MT-7792-ME	Strengthening Savings and Credit Unions	I	\$3,500,000	\$10,125,000	49%	02/20/2002
22	MIF/AT-462	EQU/MS-7831-ME , ATN/ME-7832-ME	Tourism Sector Auxiliary Industry Fund	IIIb, IIIa	\$10,045,000	\$17,215,000		04/03/2002
23	MIF/AT-465	ATN/ME-7834-ME	Investment of Remittances	IIIa	\$460,000	\$920,000	75%	04/04/2002
24	MIF/AT-478	ATN/MT-7921-ME	Reform of Water Supply Sector & Establishment of Regulatory Agency	I	\$1,000,000	\$2,000,000	43%	06/26/2002
25	MIF/AT-509	ATN/ME-8085-ME , EQU/MS-8084-ME	Fondo Chihuahua & Manual of Best Practices for New Ventures Capital Fund Admin.	IIIa, IIIb	\$4,110,000	\$4,110,000		10/30/2002
26	MIF/AT-525	ATN/MT-8243-ME	Convergence with International Accounting Standards on Financial Reporting	I	\$1,700,000	\$3,575,000	66%	03/12/2003
27	MIF/AT-527	ATN/MT-8245-ME	Bankable Property Rights in Mexico	I	\$2,000,000	\$4,000,000	32%	03/12/2003
28	MIF/AT-533	ATN/ME-8378-ME	Expansion of Cleaner Production Centers	IIIa	\$1,000,000	\$2,400,000	38%	07/30/2003
29	MIF/AT-542	ATN/ME-8424-ME	Promotion of Cleaner Production Opportunities in the Bajío Region	IIIa	\$465,000	\$940,000	10%	09/09/2003
30	MIF/AT-548	ATN/ME-8432-ME	Development of Production Chains to Promote Export-Oriented Microenterprises	IIIa	\$1,000,000	\$2,000,000	28%	09/10/2003
31	MIF/AT-56	ATN/MH-5050-ME	Technical Training Electronic Industry	II	\$2,000,000	\$2,800,000	100%	11/01/1995

No.	Document Number	Approval Number	Project Name	Facility	MIF Amount	Total Amount	Disb.%	Approval Date
32	MIF/AT-587	ATN/MT-8654-ME	Support for a Program to Incorporate Business Assets into the Formal Sector	I	\$2,500,000	\$5,400,000	23%	03/10/2004
33	MIF/AT-597	ATN/ME-8764-ME , EQU/MS-8763-ME	Risk Financing for Mexican Early and Medium Stages Technology Firms	IIIa, IIIb	\$5,075,000	\$15,575,000		07/07/2004
34	MIF/AT-611	ATN/ME-8864-ME	Implementing Corporate Social Responsibility Measures in SMEs	IIIa	\$1,275,000	\$2,525,000	18%	09/22/2004
35	MIF/AT-644	ATN/ME-9118-ME	Support for Rural Financial Intermediaries	IIIa	\$675,000	\$1,335,400		03/09/2005
36	MIF/AT-646	ATN/MT-9138-ME	Facilitation of Access to Housing Finance for Recipients of Remittances	I	\$1,700,000	\$3,400,000		03/23/2005
37	MIF/AT-658	ATN/MH-9272-ME	Competency System for Popular Savings and Credit Sector	II	\$745,000	\$2,270,000		06/30/2005
38	MIF/AT-660	ATN/ME-9330-ME , 0095/MS-ME , EQU/MS-9329-ME	New Small Farms and SME-Specialized Financial Institution	IIIa, IIIb	\$5,075,000	\$5,075,000		08/03/2005
39	MIF/AT-666	ATN/MT-9342-ME	Equity Investment by Community Savings and Loan Sector in BANSEFI	I	\$500,000	\$1,000,000		08/05/2005
40	MIF/AT-683	ATN/ME-9465-ME , 0098/MS-ME	Direct Savings by Mexicans Living in USA toward Purchase of Housing in Mexico	IIIa, IIIb	\$5,250,000	\$5,500,000		10/26/2005
41	MIF/AT-702	ATN/ME-9561-ME	Developing New Market Opportunities in the Economic Base of the Pyramid	IIIa	\$2,000,000	\$4,000,000		12/07/2005
42	MIF/AT-78	ATN/MT-5198-ME	Natural Gas Regulatory Framework	I	\$1,500,000	\$3,000,000		04/24/1996
43	MIF/AT-89	ATN/MH-5333-ME	Norms & Certification Program	II	\$3,000,000	\$5,000,000	100%	09/11/1996

No.	Document Number	Approval Number	Project Name	Facility	MIF Amount	Total Amount	Disb. %	Approval Date
44	MIF/GN-91	ATN/ME-9471-ME	International Migration, Remittances and Impact on Rural Communities in Zacatecas	IIla	\$55,000	\$131,500		10/03/2005
			Total MIF Amount		\$98,570,050			

PROCUREMENT PLAN

MEXICO

TOURISM DEVELOPMENT FOR MSMEs IN THE TEQUILA REGION

(ME-M1016)

PROCUREMENT OF CONSULTING SERVICES OVER US\$50,000						
NO.	DESCRIPTION OF ACTIVITIES	COST OF ACTIVITY 48 MONTHS			SELECTION METHOD	IDB REVIEW
	Coordination and logistics	MIF	Local	Total		
1	Project coordinator	\$288,000	\$0	\$288,000	FBS	Prior
2	Administrative assistant with tourism background	\$120,000	\$0	\$120,000	FBS	Prior
	Component 3					
	3.1 Diagnostic assessment of eligibility					
5	<i>Application of test</i>	\$50,000	\$0	\$50,000	QCBS	Prior
	3.2 Custom technical assistance cofinancing fund for MSMEs					Prior
7	<i>Granting of fund</i>	\$375,000	\$0	\$375,000	QCBS	Prior
	3.4 Technical assistance for the implementation and certification of symbol to be defined					Prior
9	<i>TT implementation</i>	\$70,000	\$0	\$70,000	QCBS	Prior
9	<i>Certification</i>	\$60,000	\$0	\$60,000	QCBS	Prior
	Component 4					
	4.1 Technical assistance for the development of an operational marketing plan					Prior
9	<i>Consulting services for design of briefings and marketing plan (132 days * 550)</i>	\$66,000	\$0	\$66,000	QCBS	Prior
	Total procurement	\$1,029,000	\$0	\$1,029,000		
		Selection method				
		CQ: Comparison of qualifications				
		CQS: Selection based on the consultants' qualifications				
		FBS: Selection under a fixed budget				
		LCS: Least-cost selection				
		QBS: Quality-based selection				
		QCBS: Quality- and cost-based selection				
		SSS: Single-source selection				

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-__/_

Mexico. Nonreimbursable Technical Cooperation ATN/___ - ___ - ___ for Tourism
Development for MSMEs in the Tequila Region

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Consejo Regulador del Tequila A.C., and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to a technical cooperation for tourism development for MSMEs in the Tequila region.

2. That up to the amount of US\$1,572,370, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

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

(Adopted on ___ _____ 200_)

LEG/OPR/RGII/IDBDOCS#680259
ME-M1016