

INTER-AMERICAN DEVELOPMENT BANK

TECHNICAL COOPERATION PROFILE REGIONAL

Project name:	Inter-American Forum on Microenterprise 2008-2010		
Project number:	RG-T1505		
Country team:	Alfredo Giró Quincke, (MIF/MIF); other members: Lene Mikkelsen (MIF/MIF); Susana Buenaño (MIF/MIF); Gerónimo Frigero (LEG)		
Executing agency:	Multilateral Investment Fund of the Inter-American Development Bank		
Beneficiaries:	Borrowing IDB member countries		
Financing plan:	IDB (Fund for Special	US\$	600,000
	Operations, net income):		
	Other Contributions:	US\$	1,800,000
	Total:	US\$	2,400,000
Tentative dates:	Profile:	March 2008	
	QRR:	March 2008	
	Approval:	April 2008	

I. BACKGROUND AND PROBLEM STATEMENT

- 1.1 The microenterprise sector in Latin America and the Caribbean has proven to be a dynamic and diverse vehicle for economic development. Within the framework of the initiative of the Bank to focus on Opportunities for the Majority, microenterprise development has been identified as an important instrument to secure financial democracy and entrepreneurial opportunities for the many poor and low-income people that find themselves at the base of the economic pyramid.
- 1.2 Being a leader in the microenterprise development efforts, the Bank has taken the initiative to organize an annual Inter-American Forum on Microenterprise. The Microenterprise Forum provides a unique venue for leaders and experts in microenterprise development, practitioners and support organizations to meet and discuss best practices and strategies to promote and support the microenterprise sector, and is increasingly recognized as an unparalleled opportunity to acquire knowledge of the latest developments within the sector. Equally important, the Forum provides an essential meeting place for networking and business deals between private sector investors and MFIs, and numerous participants list the Forum as their primary business event of the year. For an overview of previous events see www.iadb.org/foromic.

- 1.3 Although direct impact is not measured from this event, the evaluation reports carried out during and after the Forum show not only that participants apply lessons learned from the Forum in their daily work, in their strategies and their planning, but also that they share the experience with clients and colleagues. Evaluations also show that numerous participants return year after year. The importance of the Forum is emphasized by the fact that numerous institutions organize networking events simultaneously with the Forum. The importance is further evident from the growing number of international donors that are interested in contributing to the Forum, either resources or technical input. The Bank proposes to organize the Inter-American Forum on Microenterprise in 2008, 2009, and 2010, each year in a different country.

II. PROGRAM OBJECTIVES AND DESCRIPTION

A. Objectives

- 2.1 The general objective of this program is to gather the entities, institutions and individuals working in microenterprise development, and provide a venue that facilitates not only the discussion of how to improve the livelihoods and businesses of microenterprises through sharing of knowledge and experiences, but also of how to continuously expand the client base as well as the scope of services to reach further down to populations that are at the lower and lowest economic levels in society.
- 2.2 The specific objectives of the Microenterprise Forum are: (i) to disseminate best practices and good methodologies for developing and expanding the microenterprise sector; (ii) to instigate dialogues about policy measures to support the microenterprise sector; (iii) to create regional and national networks to ensure improved access to information and knowledge; and (iv) to facilitate networking and business meetings within the sector to increase dynamic linkages and cooperation within the region.

B. Description

- 2.3 There are three main components to developing a successful Microenterprise Forum, and each component has a number of activities: (i) the preparation of the Forum, which is the main part of the project, and includes developing an agreement with the local counterpart; fundraising among local, regional, and international institutions and donors; coordination of content and presenters for the various technical roundtables, workshops and plenary sessions; identification and hiring of a local logistics firm; organization of the marketing of the event through the set-up of a website; preparation of the publication of the yearly forum Magazine, and the hiring of a local evaluation firm to carry the evaluation during and after the event; (ii) the execution of the Forum, which includes the coordination of all the events taking place during the one week of the event; and (iii) the evaluation of the Forum and the dissemination of results.
- 2.4 With the objective of presenting the most important and relevant topics at the Forum, the content is determined during a process, in which field experts, the microenterprise development experts of the Bank, and practitioners from the region are consulted for recommendations for topics. These topics fall into the categories of Microfinance,

Opportunities for the Majority, and Entrepreneurship and Markets. The Forum will include topics that focus on: (i) where the microfinance industry is going with emphasis on responsible banking and indebtedness, on depth and outreach, and on innovative microfinance products and services; (ii) mechanisms to support and improve the economic and entrepreneurial opportunities for the majority; (ii) the instruments and methodologies applicable to the microenterprise sector in order to improve their competitiveness and successful inclusion in the world markets, and (iii) the necessary steps to develop national and local environments for the long-term development of successful microenterprise sectors.

III. PROJECT COST AND FINANCING

A. Financing of the Microenterprise Forum

- 3.1 Based on previous years, it is estimated that the total cost of a Forum is US\$800,000. Of this, the Bank will contribute US\$200,000 from the Fund of Special Operations (FSO, net income). The remaining other contributions US\$600,000 will be generated from fundraising among other local and international organizations (approximately US\$350,000), as well as through registration fees (another approximately US\$150,000). As this TC proposes to fund the Forum over a period of three year, a total of US\$2,400,000 (3 X US\$800,000) is budgeted.
- 3.2 The Bank contribution of US\$200,000 per year is contingent upon the commitment of the proposed host country to contribute the local counterpart in the amount of US\$100,000.
- 3.3 Over the years, the Forum on Microenterprise has created important alliances with regional and international donor organizations, such as the Spanish Agency for International Cooperation (AECI), the Corporación Andina de Fomento (CAF), The Central American Bank for Economic Integration (CABEI), the German Technical Cooperation (GTZ), and the US Agency for International Development (USAID), among others. The financial support of these organizations is instrumental in bringing about the Forum, and secures a commitment from institutions that are important partners for the IDB in microenterprise development¹.
- 3.4 As an *exception to standard Bank procedures*, retroactive financing up to 10% of FSO contribution (category 1) as of February 15th, 2008 is requested in order to cover some of the expenses related to the coordination of technical and logistics issues (payment of consultants and travel costs).

B. Budget of the Microenterprise Forum

- 3.5 The estimated budget is as follows:

¹ Based on contributions for the Inter-American Forum on Microenterprise in previous years, the Forum is expected to receive funds on a yearly basis from AECI (approx. US\$85,000 per year), GTZ (approx. US\$10,000 per year), and CAF (approx. US\$25,000 per year), among others.

Consolidated budget per year and in total

Component	IDB	Other	Per Year	Total
1. Preparation of Microenterprise Forum	US\$ 60,000	US\$130,000	US\$190,000	US\$570,000
2. Realization of Microenterprise Forum	US\$ 110,000	US\$340,000	US\$450,000	US\$1,350,000
3. Evaluation and Dissemination of Results	US\$ 30,000	US\$130,000	US\$160,000	US\$480,000
Total	US\$200,000	US\$600,000	US\$800,000	US\$2,400,000

- 3.6 30% of the Bank's contribution will be used for the preparation of the Forum. In the realization of the Forum, 55% will be funding the participation of speakers, and 15% will be funding the evaluation during and after the Forum, as well as the dissemination of results. The funding raised outside of the Bank will be directed mainly towards the social events of the Forum, as well as other costs.

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

C. Executing Agency

- 4.1 The Bank will be the executing agency for this operation through the Multilateral Investment Fund (MIF/MIF) with support from the Bank's country office in the host country of each Forum. The basic responsibility for the project shall remain with the MIF/MIF. The Bank is the suitable executing agency, given its status as a leader within microenterprise development, as well as its capacity to reach out to the microenterprise sector as a whole.

D. Executing Structure

- 4.2 The MIF will contract a consultant for a period of 190 days for each Forum to serve as the overall coordinator of the Microenterprise Forum (see also 2.3), who will be financed with counterpart resources. The coordinator will be responsible for all activities, but will focus on the technical content of the Microenterprise Forum (panels, presenters, and moderators), the Microenterprise Awards process, the local and international fundraising, the evaluations process, and the dissemination of outcomes of the Forum. In addition, the MIF will contract a consultant, who will be responsible mainly for the logistics of the event, as well as the communication and marketing of the Forum. The consultants will carry out missions to the host country prior to the Forum to make sure preparations are executed according to the plan. The MIF will contract an assistant as well as a technical person to lend support to the two consultants, above all during the Microenterprise Awards process, but also for other types of administrative tasks to be determined.

- 4.3 The MIF will contract a logistics firm locally in the host country that will be responsible for local logistics, including registration, travel and accommodation coordination, organization of social events, as well as the panel logistics. This contract as well as any other contract within this program will be carried out according to Bank procurement rules.
- 4.4 Each Forum will have an execution period of 14 months, and the disbursement period will be 14 months as of project approval.

V. MAJOR ISSUES

- 5.1 One of the issues identified in the preparation and implementation of the Microenterprise Forum is that MIF will have to raise a total of US\$350,000 per year from other sources (see 3.1). The Bank will work together with the local counterpart to identify and approach both international and local organization for the additional funds.
- 5.2 Another issue identified in the preparation process of the Microenterprise Forum is about assuring that the quality and content of panel presentations be up to the expected standards. In order to mitigate this potential risk, all presentations will be analyzed and selected by Bank internal and external microenterprise experts, lead by MIF. Also, these coordinators will be in on-going communication with the panelists to ensure that the agreed content be presented at the Forum.

VI. ENVIRONMENTAL AND SOCIAL ISSUES

- 6.1 No negative environmental impact is anticipated from this regional technical cooperation. It is suggested that the issue of environmental and social protection be included in the panel discussions about the development of micro and small enterprises during the Microenterprise Forum. To comply with the ESR procedures, this project has been classified as Category "C".
- 6.2 It is perceived that the Forum may bring about positive social impact in the longer term from the dissemination of best practices and experiences in developing micro and small enterprises, which lead to better conditions and performance of these enterprises and benefits low-income segments of the population.

Approved by: 
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Date: MAR 21 2008

Approved by: 
Otaviano Canuto, Vice President, VPC

Date: MAR 27 2008

MSB.