

PROGRAM FOR EXPORTER INFORMATION ON THE INTERNET

(TC-00-03-03-3)

EXECUTIVE SUMMARY

Executing agency:	Proexport Colombia	
Beneficiaries:	The direct beneficiaries of the project will be existing or potential Colombian exporters. The universe of potential beneficiaries is estimated at 5,431 enterprises.	
Objectives:	The main objective of the project is to improve, expand, and disseminate the content of the Intelexport system and to develop and promote the provision of services to exporters, to help expand exports of nontraditional products in Colombia.	
Specific components:	(i) Redesign and improve the Intelexport system; (ii) supply the system on a continuous basis with relevant, useful information for existing and potential exporters; (iii) disseminate the system among Colombian exporters and importers abroad; and (iv) extend the benefits of the system to other countries in the region.	
Financing:	MIF	US\$1,500,000
	Local counterpart:	US\$1,500,000
	Total:	US\$3,000,000
Terms:	Execution period:	24 months
	Disbursement period:	30 months
Exceptions:	None.	
Special contractual clauses:	As conditions precedent to the first disbursement, Proexport will submit to the satisfaction of the Bank: (i) evidence that the project director has been appointed and the project coordinator hired in accordance with the terms and conditions previously agreed upon with the Bank; (ii) the operating plan for year one; and (iii) the terms of reference for hiring consultants.	
Environmental and social review:	The Committee on Environment and Social Impact reviewed the project on 5 May 2000 (TRG 16/00), and recommended that: (i) factors be taken into account that could facilitate the participation of women-operated SMEs; and (ii) the Intelexport system include	

issues relating to environmental and social regulation in export markets, and emphasizing export opportunities for "green" products.

I. COUNTRY AND PROJECT ELIGIBILITY

- 1.1 On 29 October 1993 the Donors Committee declared Colombia eligible for all forms of MIF financing. The project will be financed by MIF within the context of its Technical Cooperation Facility (Facility I), since the project will help to supply Colombian exporters with information on foreign markets that they now lack. The information offered via the Internet by Proexport, an agency of Colombia's Ministry of Foreign Trade, will thus become a vital part of the Government of Colombia's strategy to promote exports as a way to stimulate the Colombian economy.

II. BACKGROUND

A. The role of nontraditional exports in the government's strategy

- 2.1 The Government of Colombia has assigned a leading role to the export sector in its strategy for development, growth, and job creation. The National Development Plan (Law 508 of 1999) frames the need to strengthen the nation's supply of exports; promote technological innovation and export competitiveness; improve quality; modernize the State's services to the export sector; and expand the management capacity of microenterprises.
- 2.2 Within this general policy framework, the goal of the Strategic Export Plan devised by the Ministry of Foreign Trade (Mincomex) is to double the level of nontraditional exports over the next four years, by developing an export culture, increasing, diversifying, and regionalizing the supply of exports, improving the competitiveness of export activities, and through greater incentives for foreign investment with export potential. In this strategy, supplying information that is useful to exporters plays a fundamental role, with two types of diversification as its objective: (i) to introduce new exporters into markets that are already being served, promoting the consolidation and expansion of the supply of exports in markets presently being served, by providing updated information on demand for Colombian products, and (ii) to export to new markets, providing information about market opportunities that will enable entrepreneurs to diversify their exports.

B. Exports and economic recovery

- 2.3 In 1999, Colombia experienced its first recession in more than six decades, with GDP falling by 4.5%. The unemployment rate reached record levels (20% of the economically active population). Domestic demand fell at an even greater rate: domestic consumption fell 6% in 1999, and private investment dropped by more than 30%. This domestic contraction motivated many entrepreneurs to seek new channels for selling their products abroad, to compensate for the lack of demand within Colombia.

- 2.4 After reaching a low point in the second quarter of 1999, the economy is recovering gradually. The economy is expected to grow by approximately 3% during the current year, and by at least 4% in 2001. However, this return to economic growth is based on foreign demand for traditional exports, capitalizing on improvements in the terms of trade. In order to maintain this recovery in the medium term, nontraditional exports must be strengthened, thereby reducing the volatility of Colombia's foreign accounts.

C. The major issues

- 2.5 Because until last year the size of the domestic market was relatively large and stable, most local businesses have not become involved in strategies to conquer foreign markets. As a result, the overall behavior of Colombia's export sector was dominated by a few primary products, and their performance, in turn, was influenced by external factors and by discoveries of natural resources. However, economic analyses suggest a high level of competitiveness for a large number of nontraditional products.
- 2.6 At the same time, traditional and nontraditional exports are geographically concentrated to a significant extent on a few foreign markets. For example, more than half of all Colombian exports are directed to the United States. Therefore, the balance of trade and macroeconomic stability depend to an excessive degree on the vitality of a single country, which makes Colombia quite vulnerable to external shocks.
- 2.7 There are clear signs that a change in culture is occurring among Colombian enterprises, which are becoming more open to globalization. In order to take advantage of this emerging change in mentality, it is essential to have knowledge of and experience in penetrating foreign markets. Therefore, it is vitally important to establish flexible and reliable mechanisms that enable exporters to have access to the necessary information.
- 2.8 Proexport Colombia, which is responsible for promoting nontraditional Colombian exports, has taken a first step in this direction by implementing an initial phase of the Market Intelligence project ("*Intelexport*"; <http://www.intelexport.com.co>). While this prototype has been well received, given the need to have flexible information tools available to expand the supply of exports in medium-sized cities in Colombia, this first phase has also revealed many shortcomings in the system, particularly in that: (i) it offers mainly macroeconomic information and partial sector information on the terms of general market access, but it does not provide adequate or customized information, which is really what exporters need; (ii) the response to exporters' requests for information is slow or nonexistent; Proexport's resources are stretched to the limit, leading to dissatisfaction within the entrepreneurial community; (iii) data collection mechanisms are deficient since the system has been based on information purchased or copied from other entities; and

(iv) the problem of the system's financial and institutional sustainability has not yet been resolved.

- 2.9 MIF support will focus on improving and consolidating the Market Intelligence System by providing technical assistance that will allow for constant improvement in the products and services provided, making them sustainable and more directly responsive to exporters' real needs. MIF support will also finance the effort to publicize the system among trade associations and exporting companies. Lastly, due to its innovative approach, disseminating this experience among other countries in Latin America and the Caribbean is considered important.

III. OBJECTIVES AND ACTIVITIES

A. Objective

- 3.1 The main objective is to improve, expand, and publicize the content of the Intlexport system, and to promote and facilitate the provision of services to exporters, in order to expand exports of nontraditional products in Colombia.
- 3.2 The specific objectives are to: (i) redesign and improve the Intlexport system; (ii) supply the system on a continuous basis with information relevant and useful for existing and potential exporters; (iii) publicize the system among Colombian exporters and importers abroad; and (iv) extend the benefits of the system to other countries in the region.

B. Components

- 3.3 In order to accomplish these objectives, the project's activities have been organized into four components that correspond directly to the specific objectives: (i) system adaptation; (ii) system consolidation through development of a system to compile information with value added; (iii) dissemination of the system and establishment of Exporter Services Centers (CAE); and (iv) dissemination of the Intlexport experience to other countries in the region. Lastly, a component (v), project administration, is under consideration
- 3.4 **Component I – Adaptation of the Intlexport system (US\$364,360).** The functioning of the system's pilot phase was evaluated during the analysis of the operation. A set of recommendations was drawn up that would yield substantial improvements in the system's operation and in the benefits it provides. These recommendations may be categorized into four basic activities: (i) increasing the value of the information provided; (ii) standardizing data acquisition and management procedures; (iii) ensuring the system's institutional sustainability; and (iv) guaranteeing continuous improvement in the quality of services.

- 3.5 ***Increasing the value added of the information provided.*** In this activity, the system will be redesigned to make it possible to: (i) incorporate into the system any information not available from conventional sources that may be useful for exporters (for example, price levels, directories of importers of exportable products, logistics within importing countries); (ii) create a *single virtual window* through which Colombian exporters can access all relevant national and international sources of information on foreign trade, via Proexport, and (iii) develop an electronic catalog of export company products, and design and implement an electronic transactions system, enabling exporting Colombian SMEs to offer their products via the Internet in a simple and accessible manner, giving them an opportunity to engage in e-commerce (B2B).
- 3.6 ***Standardizing data acquisition and management procedures.*** In order to give the system stability and to make it independent of eventual changes in system management staff, it is essential that data acquisition, management, and dissemination procedures be standardized. A list of variables and internal procedure manuals must be created, and specific information must be contained in them, such as the level of publicity, the level of access according to user type, information transfer to third parties, the operating conditions that appear in the data supply contracts signed with the owners of data sources, etc.
- 3.7 ***Ensuring the institutional sustainability of the system.*** Presently, the pilot phase of the Intalexport system lacks adequate economic and institutional sustainability. Economic sustainability is lacking because the services are offered without charge. Institutional sustainability is lacking because of persistent doubts concerning its legal position within Proexport. This activity will conduct: (i) a study of costs and the fees to be charged for the many services offered, differentiating by type of service offered and the client seeking that service; (ii) a legal analysis of the activities undertaken by Intalexport; this activity reviews certain legal factors from the perspective of Colombian and international law which affect each of the services offered in a different manner; and (iii) a legal/institutional analysis of Intalexport's future administrative options, from setting up an independent private company to forming a more or less autonomous area of Proexport.
- 3.8 ***Guaranteeing continuous improvement in the quality of services.*** The system's usefulness to Colombian exporters, as well as its sustainability, will depend ultimately on the quality of the services offered. It is essential that mechanisms be provided to ensure that improving quality is one of the guiding principles of Intalexport's operations. To that end, the project will finance: (i) support for specialized consulting to establish an internationally recognized continuous quality improvement system within Intalexport (ISO 9000-2000); and (ii) certification by a specialized company of the system established within Intalexport, as well as periodic recertification of the system.

- 3.9 **Component II – Consolidation of the system (US\$1,733,580).** In order for the system to develop its full potential, it must offer detailed and personalized information in response to each exporter's particular needs. The most efficient way to use existing resources to achieve this goal is to integrate Colombia's trade offices into the Intalexport system, converting them into data collection centers for the respective countries in which they are located. To that end, the following activities are planned: (i) training of trade office personnel; (ii) data collection pilot plan; and (iii) development of customized services.
- 3.10 ***Training of trade office personnel.*** This activity includes: (i) a procedure manual so that trade offices may interact with Intalexport using established procedures and protocols, as well as quality indicators for the services provided; and (ii) the design and implementation of a suitable training program for trade office personnel who will be responsible for running the Intalexport system. Proexport will provide financing and will offer various training courses in Bogotá for key trade office and embassy personnel posted in the 20 markets offering the greatest potential for Colombia.
- 3.11 ***Data collection pilot plan.*** Developing a manual of procedures and offering basic training to key trade office personnel will provide some basic minimums for the overall network. However, this is far from sufficient for markets and products where relations between Intalexport and exporters are expected to be most concentrated. Therefore it is recommended that a pilot plan be developed in eight trade offices and in the sectors with the greatest potential for exporters. The following activities will be undertaken: (i) a consultant study to determine which nontraditional export products have the greatest potential, as well as which markets have the greatest potential for those products; (ii) selection and training of eight market analysts who will be permanently posted to the trade offices in the selected countries, to be financed in decreasing increments by the MIF (100% in the first year and 50% in the second) for countries in the region and by Proexport (100% of such financing) for countries outside the region; and (iii) selection of sector specialists in the selected products/markets; these specialists will be hired for three months of consulting work to provide Intalexport with detailed information (prices, sources of data, distribution channels, among others). At the same time, they will train market analysts in obtaining information, in order to ensure that the information is kept current, and they will help draw up a list of consultants available for that market.
- 3.12 ***Development of customized services.*** When requests for support or information exceed the abilities of the market analyst, it is recommended that export companies be offered a directory of potential consultants who may be able to provide what they need. The company will have to subscribe to this service, which is offered and mediated by Proexport. However, as a mechanism to encourage companies to use this sort of service, the project will offer 50% cofinancing of the cost during the

first year of project execution. An evaluation system will also be set up to assess the quality of the services provided by the outside consultant.

3.13 **Component III – Dissemination of the system among exporters (US\$257,425).**

The intent of this component is to extend the benefits of the system to all exporters located throughout Colombia, drawing on the support of Chambers of Commerce and business associations. Therefore, the aim is to: (i) publicize the system through publicity conferences in at least 10 of Colombia's Departments; (ii) design, print, and distribute user's guides to exporters; (iii) set up several exporter services centers at the main Chambers of Commerce and business associations, as a physical space to accompany the virtual space of Intellexport; these centers will be staffed by a person with appropriate training in managing the system to help solve problems for entrepreneurs, as well as two computer terminals connected to the Internet, and a printer, to allow access to the system on the part of entrepreneurs who do not have adequate hardware; and (iv) train exporters in system use, through special short-term courses given at the services centers by the individual trained in the activity outlined above.

3.14 **Component IV – International dissemination of the system (US\$166,900).**

When the components outlined above are completed and when at least the mid-term evaluation planned within the project is done, it is advisable that the results of the project be disseminated in other countries in the region. In all probability, this will be the region's most advanced information system for exporters using the Internet, and it will be the result of procedures that can be replicated fully in other Latin American countries. Dissemination of the project to other countries in the region will increase regional knowledge of this innovative experience, and will facilitate the exchange of information and the transfer of knowledge among the region's promotion organizations. Additionally, the Ibero-American Network of Foreign Trade Promotion Organizations was founded in 1999 for the purpose of deepening relations among member organizations. As a sign of its regional leadership in this area, Proexport directs the working group on market intelligence.

3.15 To this end, the following activities will be undertaken: (i) a regional workshop on market intelligence, with the participation of international experts in the field and members of trade promotion organizations from at least 15 countries in the region; (ii) technical support for the regional market intelligence committee, to strengthen exchanges of information and the standardization of technology platforms among the various trade promotion organizations; and (iii) the addition of users abroad, to be handled exclusively by Proexport, so that the benefits of the system may be extended to potential exporters from other countries that do not have a national system of similar quality.

3.16 **Component V – Project administration (US\$238,400).** The administration of such a project is complex, requiring multiple contracting, the preparation of work plans, benchmarks, monitoring reports, etc. In order to ensure proper execution of

the project, this component, which is shared by all other components, must be carried out. Proexport will make a project director available, with the relevant logistical and administrative support. MIF, in turn, will finance a technical coordinator who will support the work of the director.

IV. PROJECT EXECUTION

A. Executing agency

- 4.1 Proexport Colombia promotes nontraditional exports and is part of Mincomex. It is responsible for the non-financial promotion of exports, and works in parallel with Bancoldex, the second-tier bank responsible for export credits. Proexport operates under private law and consists of a joint Advisory Board chaired by Mincomex. It has staff members in Colombia and abroad.
- 4.2 Financially, Proexport is independent of the budgetary restrictions to which may public institutions are now subject as a consequence of the national fiscal consolidation policy. Proexport has its own assets made up of a trust fund for export promotion (Fiducoldex), which was created in 1992 with resources derived from taxes on foreign trade that were abolished in the early 1990s. For 2000, it has an overall budget of Col\$52 billion (approximately US\$25 million). As a result of a structural adjustment program in recent years, operating costs were able to be reduced substantially. Personnel costs now account for less than 25% of total costs.
- 4.3 As a result of the initial phase of the market intelligence project, it is now operating as a department of Proexport Colombia. An advisory committee composed of representatives of the government and representatives of the various sectors and associations of the production and export sector has been established. The functions of the committee include: (i) providing feedback on business needs and priorities, as the representative of system users; (ii) advising on improvements in system programming and operation; (iii) evaluating and advising on implementation of the platform; and (iv) proposing the addition of new elements and services to the system.
- 4.4 Two Proexport initiatives complement the project very well: (i) the *Expopyme* project, presently being implemented by Proexport to boost exports of small and medium-sized enterprises. Its promotional plans will be support by analysis of the information provided by the market intelligence system; and (ii) the joint effort by Proexport and Telecom (the state telecommunications company) to connect all Colombian export companies to the Internet at no charge. This initiative is being carried out in the context of the "Connectivity Agenda", the government policy to ensure mass use of information technology in Colombia.

- 4.5 As the executing unit for the project, Proexport Colombia will be responsible for: (i) maintaining separate, specific bank accounts for management of the MIF and local counterpart contributions to the program; (ii) preparing disbursement requests and the respective supporting documentation and submitting them to the Bank, with respect to both the MIF and local counterpart contributions; (iii) maintaining an adequate accounting and financial management system and internal oversight for project resource management that will generate the necessary documentation to support eligible expenditures and the financial statements and reports; (iv) maintaining proper records of the documentation supporting expenses incurred with project resources; and (v) preparing the semiannual reports on the status of the revolving fund and audited financial statements on project expenditures and submitting them to the Bank.

B. Period of execution and disbursement schedule

- 4.6 The project will be executed over a 24-month period, and disbursement will take place over 30 months. This period is considered relatively short but sufficient given the status of project preparation. Disbursements of technical cooperation resources will be made by means of a revolving fund equal to 10% of the total MIF contribution, as provided in Bank procedures. MIF contributions will be disbursed *pari passu* with local contributions.

C. Beneficiaries

- 4.7 The direct beneficiaries of the project are Colombian exporting companies and potential exporters. The total number of potential beneficiaries is estimated at approximately 5,431 companies (1999 data) included within the Comprehensive Export Promotion Plan of the Ministry of Foreign Trade and Proexport-Colombia. Most of these are small and medium-sized enterprises. These companies may be categorized as follows: (i) 2,086 companies presently exporting, which exported goods valued at over US\$100,000 in 1999; (ii) 1,898 enterprises, which are entering the export field and exported US\$10,000 to US\$100,000 in goods in 1999; (iii) 1,447 enterprises with export potential, which exported less than US\$10,000 in goods in 1999.
- 4.8 The objective is that in the third year, 80% of the first group, 60% of the second group, and 40% of the third group of enterprises will know and use the system, which translates into 3,387 companies using market intelligence services (62.7% of overall coverage), thereby benefiting directly from the project.

Table 1: Coverage of Project Beneficiaries

TOTAL COLOMBIAN EXPORTS					PROJECT BENEFICIARIES	
1999						
LEVEL OF EXPORTS	COMPANIES		AMOUNT		Number of companies	% of companies
	Number	% of Total Number	US\$ FOB	% of TOTAL US\$ FOB		
NONTRADITIONAL						
1-10,000	1,447	26.6%	5,614,611	0.1%	579	40
10,001-100,000	1,898	34.9%	74,023,274	1.4%	1,139	60
100,001-500,000	1,050	19.3%	250,951,494	4.9%	840	80
500,001-2,000,000	614	11.3%	634,231,145	12.3%	491	80
2,000,001 +	422	7.8%	4,189,612,529	81.3%	338	80
SUBTOTAL	5,431	100.0%	5,154,433,053	100.0%	3,387	62
TRADITIONAL	74		6,199,948,381			
UNIDENTIFIED	1,552		205,769,269			
TOTAL EXPORTS	7,057		11,560,150,703			

Source: DANE

D. Status of project preparation

- 4.9 The project is at an advanced stage of preparation. This donors memorandum, the logical framework, calendar of activities, a quarterly breakdown of the budget, and estimated future income generated by the Inteleport system were prepared jointly with Proexport. During the analysis mission, the proposed project was discussed and agreed upon with the respective business associations of Colombia. The latter agreed in particular to contribute to and participate in component 3.

E. Social and environmental review

- 4.10 The Committee on Environment and Social Impact reviewed the project on 5 May 2000 (TRG 16-00), and recommended that the following be taken into account: (i) factors that may facilitate the participation of women-operated SMEs; and (ii) inclusion in the Inteleport system of issues relating to environmental and social regulation in export markets, and emphasizing export opportunities for "green" products.
- 4.11 Regarding the first recommendation, the consultant benchmarks, which will include a schedule of rates (see component 1, paragraph 3.7), will include specific mention of investigating the possibility of establishing different rates for users. As for the second point, inclusion of this kind of information in the Inteleport system will be taken into consideration. Additionally, a compilation of relevant information will be included in the benchmarks for market analysts in the pilot plan. Any information concerning environmental and/or social regulations is eligible for financing under the "customized service" subcomponent (see paragraph 3.12).

V. COST AND FINANCING

A. Total cost and financing

- 5.1 The project will cost an estimated US\$3 million, financed in equal proportion by Proexport and MIF using non-reimbursable funds of the Technical Cooperation Facility (Facility I). The following table presents a summary of the budget.

Table 2: Summary Budget of the Project

COMPONENTS	MIF	PROEXPORT	TOTAL	%
I. System adaptation	238,360	126,000	364,360	12.1
II. System consolidation	894,280	839,300	1,733,580	57.8
III. System dissemination	65,200	192,225	257,425	8.6
IV. International dissemination	50,140	116,760	166,900	5.6
V. Project administration	62,800	175,600	238,400	7.9
Audit and evaluation	50,000	20,000	70,000	2.3
Contingencies	139,220	30,115	169,335	5.6
TOTAL	1,500,000	1,500,000	3,000,000	100.0

- 5.2 The great majority of the funds contributed by Proexport (66%) are monetary contributions to the project. There is also a smaller component resulting from the valuation contributions in kind to the project (staffing, offices, communications, and materials made available to the project, managerial and administrative support for the project, etc.). In addition, six percent (US\$86,452) of the counterpart contribution will come from the trade associations participating in component 3 of the project. In any event, Proexport will be responsible to the Bank for contributing the counterpart funds required in this project.
- 5.3 MIF resources will finance mainly the following items: (i) the consultants who will design and implement the system; (ii) the sector specialists in the pilot plan; (iii) in a decreasing manner, the market analysts in the pilot plan and the customized studies; (iv) international dissemination; and (v) coordination and evaluation.
- 5.4 Proexport resources will finance mainly: (i) the training of trade office staff; (ii) the CAEs; (iii) in increasing increments, the market analysts in the pilot plan and, from the start, all analysts located outside the region; (iv) attracting foreign users; and (v) management and auditing.
- 5.5 The procurement of goods and consulting services needed for execution of the project activities will be carried out in accordance with the applicable Bank policies and procedures. Goods and services may only be procured from firms or consultants from member countries of the MIF. The bidding conditions for competitive bidding or restricted bidding must be approved by the technical and

administrative staff linked or assigned to the project, who will also rank the bids received.

B. Sustainability

- 5.6 A three-year projection of estimated income has been prepared, based on the following activities: (i) sale of banners within the system; (ii) subscriptions for access to the electronic catalog; (iii) technical assistance for adjustment and adaptation of the system in other Latin American countries, in coordination with the respective foreign trade promotion agencies; (iv) income for customized consulting services; and (v) publications generated based on Inteleport inputs. Based on these sources, it is expected that the system, once fully operational, will be self-sustaining and will even generate the resources necessary for its eventual expansion. A relatively modest amount (US\$357,000) is expected to be generated in the first year (2001), and will increase to approximately US\$1,665,000 in the medium term (2003). These income figures do not include potential fees for "routine" access (see 3.7 (i)). Therefore, the project will be financially sustainable.

VI. RATIONALE AND RISKS

A. Rationale

- 6.1 At present, Colombian exporters do not have a system of uniform and updated information that enables them to consult on an ongoing basis with regard to the market opportunities for their products in the international arena. Given this lack of information, they engage in expensive and risky export activities because they are unaware of the demands and competitive characteristics that their products must meet. The Inteleport system will serve as the main portal for foreign trade, bringing together the Colombian export community by developing a set of modules intended to inform, guide, and assist exporters in their search for information – from basic information to information that will enable them to identify foreign commercial opportunities in real time. In order to achieve this medium-term objective, MIF support is needed to study, design, disseminate, and consolidate Inteleport, so that it can be sustainable, comprehensive, flexible, and replicable.
- 6.2 With MIF assistance, Inteleport will be developed so that it can offer the opportunity of accessing personalized information with high added value, in accordance with specific needs. Inteleport will also serve as a single virtual window where exporters can meet all their information needs, accessing systems of all Colombian organizations with information on foreign trade. Finally, MIF support is essential for disseminating this pioneering system among other countries in the region.

B. Risks

6.3 Three risks have been identified that may affect project execution:

6.4 ***Political risk.*** The project may be affected by changes in management positions at the Ministry of Foreign Trade and at Proexport itself, which could result in its reorientation toward new interests or a minimizing of its importance within the foreign trade sector. In order to reduce this risk, an Advisory Board has been created for the project, with representatives from various entrepreneurial trade associations.

6.5 ***Economic risk.*** During the pilot phase, the products have been offered free of charge. The development of new products and services requires that a fee structure be created by type of client and product, to ensure that the project will generate its own resources for attaining self-sustainability and the ability to expand in time. This risk will be mitigated by project execution itself (see paragraph 3.7).

6.6 ***Risk of exporter dissatisfaction.*** There are two responses by exporters that could trigger difficulties in the gradual implementation of the project. The first risk is the design and development of products and services that have low added value for entrepreneurs; the second is the fact of generating a high level of expectation with the products offered, generating a demand that exceeds the response capacity of Market Intelligence. To mitigate these two reactions on the part of exporters, a fee structure is being contemplated that is adjusted to the type of product, the resources involved, and the type of client making the request. Additionally, the development of a pilot plan for market analyses is under consideration (see paragraph 3.11), to ensure that there is sufficient capacity to respond to requests generated by a greater demand for personalized information. To achieve adequate coverage and training among clients, within the scope of the system, plans call for working with multipliers within the main trade groups and associations in Colombia. A large part of what is required can be channeled through them.

VII. EVALUATION AND MONITORING

A. Monitoring

7.1 The project's primary monitoring instrument will be the progress reports that the Proexport submits to the Bank. Proexport will submit (technical and financial) progress reports 30 days after the end of each semianual period. These quarterly reports must include information on the technical assistance received, and the results of that assistance; information on the training activities carried out, and their results; performance indicators based on the indicators included in the logical framework; reasons and corrective actions taken if any of the targets is not achieved; and financial performance, with reference to the status of the

procurement of goods and the hiring of consultants. Additionally, an operating and financial plan of action will be submitted each year for the following period of execution. Proexport will submit to the Bank the annual financial statements of the project, audited by an independent auditing firm acceptable to the Bank, within a 90-day period following the end of each fiscal year.

- 7.2 The Bank's Country Office in Colombia will monitor project implementation by means of progress reports, consultants' reports, disbursements, and the financial statements that Proexport must submit to the Bank, in addition to the results of the evaluations provided for in the project.

B. Evaluations

- 7.3 Two independent evaluations of the project have been planned, one mid-term evaluation and the other upon the project's completion. Of the MIF contribution, US\$50,000 has been set aside for hiring specialized consultants to perform these evaluations. The mid-term evaluation will be conducted 18 months after the project begins or once 50% of the project funds have been committed. It will examine project implementation, and will include any necessary recommendations. The final evaluation will be performed within three months after the final disbursement of the project, and will determine the project's impact and the accomplishment of its objectives as a function of the indicators set forth in the logical framework. The Bank will be responsible for hiring the services to perform the mid-term evaluation.

VIII. EXCEPTIONS TO BANK POLICY

- 8.1 No exceptions to Bank policy are proposed.

IX. SPECIAL CONTRACTUAL CLAUSE

- 9.1 As conditions precedent to the first disbursement, Proexport will submit to the satisfaction of the Bank: (i) evidence that the project coordinator has been hired and the project director appointed, in accordance with the terms and conditions previously agreed upon with the Bank; (ii) the operating plan for the first year; and (iii) the terms of reference for hiring consultants.

LOGICAL FRAMEWORK

OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
PURPOSE			
<i>Contribute to the expansion of exports of nontraditional products in Colombia</i>	<ul style="list-style-type: none"> • Increase in nontraditional exports by 20% annually from 2001 to 2003 • Growth rate of nontraditional exports for system users exceeds the overall rate by at least 10% annually from 2001 to 2003 	<ul style="list-style-type: none"> • Foreign trade statistics from DANE • User surveys 	<ul style="list-style-type: none"> • Sustained increase in international demand. • Stability in the real exchange rate of the peso • Market access conditions are maintained. • No escalation of the internal conflict in Colombia. • The emerging change in attitude on the part of entrepreneurs towards external markets is maintained.
GOAL			
<i>Meet exporter demand for information on foreign markets on a sustainable basis</i>	<ul style="list-style-type: none"> • 40% coverage of exporting firms using the system by year-end 2001 (50% by 2002) • system is financially self-sustainable beginning in 2002 	<ul style="list-style-type: none"> • Semiannual webmaster report • Financial audits of Proexport 	<ul style="list-style-type: none"> • Changes in management at Mincomex and Proexport itself do not lead to a shift in priorities. • The project can be financially sustained without subsidies.
COMPONENT 1: Adjustment of the system			
<i>Redesign and enhancement of the Inteleport system</i>	Inteleport.com.co operates efficiently and sustainably according to international quality standards	<ul style="list-style-type: none"> • Semiannual progress report • Webmaster report • User survey 	<ul style="list-style-type: none"> • Changes in management at Mincomex and Proexport itself do not lead to a shift in priorities.
1. Increase value of information	<ul style="list-style-type: none"> • 750 (1,000) links to related sites annotated • 5,000 (8,000) hits in first (second) year • 100 (200) companies in B2B catalogue in year 1 (2) • Procedures manual 	<ul style="list-style-type: none"> • Semiannual progress report • Semiannual webmaster report • Single window prepared • Procedures manual produced • www.inteleport.com.co 	<ul style="list-style-type: none"> • Continuity in the project management team • Continuity in foreign trade policy • Proper regulation of e-business
2. Institutional sustainability of the system	<ul style="list-style-type: none"> • Legal, economic, and institutional design of the system. • Hiring of consultant-coordinator. 	<ul style="list-style-type: none"> • Report by specialized law firm. • Report on costs and fees • Semiannual progress report • Consultant-coordinator's contract 	<ul style="list-style-type: none"> • Political will to support the system, to ensure that the private sector plays a leading role.
3. Ongoing improvement in process quality	<ul style="list-style-type: none"> • ISO 9000-2000 certification. 	<ul style="list-style-type: none"> • Certification by an accredited firm • Renewal of certification every six months. 	<ul style="list-style-type: none"> • Willingness to implement changes in procedures to comply with the standard.
COMPONENT 2: System consolidation through development of a system to compile information with value added			
<i>Feed the system consistently and permanently with topical, useful, timely information according to exporter demand</i>	Inteleport.com.co is supplied with primary, customized information on a timely and economical basis, according to pre-established, transparent standards.	<ul style="list-style-type: none"> • Semiannual progress report • Webmaster report • User survey • Consultant registry 	<ul style="list-style-type: none"> • There is a critical mass of consultants available for the market studies • There is a satisfactory willingness to pay for the service on the part of the beneficiary companies.
1. Training	<ul style="list-style-type: none"> • 20 staff members from trade offices abroad trained. • 8 market analysts trained in foreign trade. 	<ul style="list-style-type: none"> • Semiannual progress report. 	<ul style="list-style-type: none"> • The 14 directors of trade offices make the annual visit.
2. Implementation of the pilot plan for capturing primary information.	<ul style="list-style-type: none"> • Pilot plan implemented in at least 5 (8) countries at the end of the first (second) year. 	<ul style="list-style-type: none"> • Work contracts of analysts and specialists. • List of local consultants. • Sector and market studies. • Semiannual progress report. 	<ul style="list-style-type: none"> • Cooperation of the MRE. • Availability of consultants. • Budget cuts will not affect embassies and trade offices participating in the program.
3. Customized services	<ul style="list-style-type: none"> • 50 consultations in the first year. • 75 consultations in the second year. 	<ul style="list-style-type: none"> • Semiannual progress report. 	<ul style="list-style-type: none"> • Demand on the part of exporters.

OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COMPONENT 3: Establishment and dissemination of Exporter Services Center			
Disseminate information on Colombian exporters and importers abroad	Number of Colombian entrepreneurs served by Intalexport.com.co and number of hits by importers abroad	<ul style="list-style-type: none"> List of participants in dissemination events User survey Number of monthly hits CAE activity reports 	<ul style="list-style-type: none"> Cooperation with business associations is maintained. Entrepreneurs remain interested.
1. Public information conferences	<ul style="list-style-type: none"> 30 conferences and other events in 10 different departments, scheduled at least as follows: 5 in each quarter starting in the second half of year 1 An average of 30 enterprises per event. 	<ul style="list-style-type: none"> Semiannual progress report. List of participants. 	<ul style="list-style-type: none"> Interest on the part of entrepreneurs, and support from local business associations.
2. Exporter services	<ul style="list-style-type: none"> Preparation of a user's manual. Training of 25 trainers. Starting in the second half: 5 Exporter Services Centers each half, until there are 20 in at least 10 Departments. Starting in the second half year of execution: at least 5 quarterly conferences/workshops held by previously trained employees at chambers of commerce and trade associations, teaching entrepreneurs how to use the system. An average of 20 enterprises will attend each event. Minimum of 250 enterprises individually served per half year in the network as a whole. Installation of 30 terminals for online access to the system, covering all 20 CAEs. 	<ul style="list-style-type: none"> Online and printed user's manual. Semiannual progress report. List of participants in the training courses. Agreements with chambers of commerce and trade associations. Progress reports of the CAEs and the chambers and associations. Training reports by officials of the chambers and associations. 	<ul style="list-style-type: none"> Cooperation on the part of chambers of commerce and trade associations. Institutional stability of the associations and trade groups. The resources of the Chambers of Commerce are maintained.
COMPONENT 4: International dissemination of the system			
<i>Extend the benefits of the system to other countries in the region</i>	Replication of the Proexport experience in other countries in the region	<ul style="list-style-type: none"> Agreements with export promotion agencies in other countries in the region 	<ul style="list-style-type: none"> The interest and cooperative spirit expressed by export promotion agencies in other countries in the region is maintained.
1. Regional Market Intelligence Conference	<ul style="list-style-type: none"> Regional presentation workshop with 30 international participants from at least 15 countries in the region. 	<ul style="list-style-type: none"> Semiannual progress report. List of participants and workshop agenda. 	<ul style="list-style-type: none"> Interest on the part of other countries.
2. Support for a Regional Market Intelligence Network.	<ul style="list-style-type: none"> Creation of a Regional Market Intelligence Committee. Agreements for information exchange and the standardization of technology platforms. 	<ul style="list-style-type: none"> Consultant's report on event preparation Minutes of the meeting forming the Regional Network. 	<ul style="list-style-type: none"> Interest on the part of other countries.
3. Attracting foreign users	<ul style="list-style-type: none"> Publicity campaign in at least 3 countries, through 10 conferences abroad. 25 foreign companies registered each year, starting with the third half-year of execution. 50 (100) consultations with importers abroad in year 1 (2). 	<ul style="list-style-type: none"> International expansion plan. Semiannual progress report. Register of companies. 	<ul style="list-style-type: none"> Interest on the part of entrepreneurs abroad.

PROPOSED RESOLUTION

COLOMBIA. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE
INTERNET-BASED INFORMATION PROGRAM FOR EXPORTERS

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Proexport Colombia, 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 the Internet-Based Information Program for Exporters.
2. That up to the amount of US\$1,500,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to resources of the Technical Cooperation Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.