

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PARAGUAY

**INSTITUTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES
IN SMALL AND MEDIUM-SIZED ENTERPRISES**

(PR-M1002)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Daniel Shepherd (MIF/OPS), Project Team Leader; Carlos Ortiz and Myriam Escobar Genes (COF/CPR); Eva Ramos (Consultant); Antonio Gaspar (MIF/DEU); Cristina Price (LEG); and Milena Gaviria (MIF/OPS), who assisted in the production of this document.

CONTENTS

I.	EXECUTIVE SUMMARY	1
II.	BACKGROUND.....	2
	A. Socioeconomic conditions in Paraguay	2
	B. Corporate social responsibility	2
	C. CSR in value chains	3
	D. Problem to be addressed	3
	E. Proposed actions.....	4
III.	PROJECT OBJECTIVES AND COMPONENTS	6
	A. Project objectives	6
	B. Project components	6
	1. Component I: Developing the local capacity of CSR service providers	6
	2. Component II: Heightening awareness and implementing CSR in SMEs that participate in the value chains of large companies	7
	3. Component III: Promoting and disseminating the project and its outcomes ...	9
IV.	EXECUTING AGENCY AND EXECUTION MECHANISM	10
	A. Executing agency	10
	B. Execution mechanism	10
V.	COST AND FINANCING	11
VI.	BENEFITS AND RISKS	12
	A. Benefits	12
	B. Risks	13
VII.	MONITORING AND EVALUATION	13
	A. Monitoring and oversight	13
	B. Evaluations	14
VIII.	SOCIAL AND ENVIRONMENTAL IMPACT	14
IX.	SPECIAL CONTRACTUAL CONDITIONS.....	15

ANNEXES

Annex I	Logical framework
Annex II	Summary of itemized budget
Annex III	Table of other MIF and Bank projects

APPENDIXES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL FILES

Preparation:

Annex IV	Operating Regulations and description of project activities
Annex V	Organizational structure of the project
Annex VI	Itemized budget
Annex VII	Letters of commitment from large companies
Annex VIII	Procurement plan

ABBREVIATIONS

ADEC	Asociación de Empresarios Cristianos [Association of Christian Entrepreneurs]
CESI	Committee on Environment and Social Impact
SMEs	Small and medium-sized enterprises
CSR	Corporate social responsibility

**INSTITUTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN
SMALL AND MEDIUM-SIZED ENTERPRISES**

(PR-M1002)

I. EXECUTIVE SUMMARY

Executing agency and beneficiary:	Asociación de Empresarios Cristianos [Christian Entrepreneurs Association] (ADEC)		
Beneficiaries:	The direct beneficiaries of the activities and resources of this project are the 56 SMEs making up the value chain of large firms that will receive technical assistance to improve their management and competitiveness. The indirect beneficiaries are: (i) eight large companies that will improve the management of their chains of suppliers, distributors, or points of final sale; (ii) 20 local consultants who will be trained to provide technical assistance; and (iii) the interest groups that stand to benefit from the implementation of corporate social responsibility practices in Paraguayan enterprises, such as employees and local communities in whose environment the participating companies do business.		
Financing and source:	Nonreimbursable (Small Enterprise Development Facility - III-A)		
	MIF:	US\$359,450	
	Local contribution:	<u>US\$140,550</u>	
	Total:	US\$500,000	
Objective:	The general objective of the project is to help make Paraguayan small and medium-sized enterprises (SMEs) more competitive. The purpose of the project is to facilitate the adoption of corporate social responsibility (CSR) policies and practices in SMEs belonging to the value chain of large companies.		
Execution timetable:	Execution:	36 months	
	Disbursement:	42 months	
Environmental and social review:	The Committee on Environment and Social Impact (CESI) reviewed and approved the program summary on 1 July 2005 (CESI meeting 23-05), with two recommendations: (i) the eligibility criteria for participating large firms will need to include compliance with environmental standards (see paragraph 3.7); and (ii) the project document should explain the selection criteria for participating companies, the selection process, and the strategy for disseminating good CSR practices (see paragraphs 3.8, 3.13, and 3.15).		

Special contractual conditions:	As conditions precedent to the first disbursement of the contribution, the executing agency must have: (i) designated the project manager; and (ii) formed the project Advisory Committee.
Relevant initiatives by other international agencies:	The United States Department of Commerce is supporting an initiative to promote ethical practices in Paraguayan companies (see paragraph 2.12).

II. BACKGROUND

A. Socioeconomic conditions in Paraguay

- 2.1 Paraguayan industry is faced with a situation in which its share of the country's GDP and employment has been declining significantly and its sustainable competitiveness has been diminished due to numerous factors. The investment climate is unfavorable, mainly because of an uncertain legal environment, and economic activity is characterized by a high degree of informality. Companies invested little in technological improvements, training, and research and development during the 1990s; as a result, the vast majority of industries work with outdated technology and use defensive strategies in order to survive in the marketplace. This low level of technology and lack of technical and professional training for their human resources results in the use of inefficient inputs, which in turn leads to high production costs and makes businesses less competitive.

B. Corporate social responsibility

- 2.2 Although there is no universally accepted definition of corporate social responsibility (CSR) or of its scope, the concept can be understood as a model of business management that attempts to reconcile the creation of value for stockholders with the creation of value for society as a whole—that is, it attempts to combine profit generation with the implementation of ethical principles, good governance, and environmental and social issues. Thus, organizations are meeting their social responsibility when they devote attention to the impact they have on their interest groups (stockholders, customers, employees, suppliers, the environment, and the community) and also take the expectations of these groups into account in their decision-making and management processes, thereby avoiding relationships of convenience. CSR has two dimensions: an internal dimension, which includes human resource management and health and safety in the workplace; and an external one, which includes relationships with business partners, suppliers, consumers, and local communities, as well as the protection of

human rights and the environment. In implementing these measures, a company can secure tangible benefits in terms of better use of resources and improved productivity. Moreover, the companies that have introduced CSR measures are able to achieve benefits in terms of the relationship with stakeholders concerned with the corporate image.

C. CSR in value chains

- 2.3 The influence that large businesses have on their suppliers and customers that are small and medium-sized enterprises can be an effective tool for encouraging SMEs to implement CSR measures. With the increasing demand for CSR and market competition, large firms are very interested in being perceived by consumers as socially responsible. This has led them to begin implementing CSR management systems. Most current CSR standards require that a company manage its relationships responsibly with other companies throughout their value chain and implement supplier evaluation and selection systems based on social and environmental criteria. As a result, Paraguayan SMEs that do not implement CSR measures may lose their competitive edge if they are excluded from local or global supply chains. In Paraguay there is an enormous gap between the CSR practices of large companies and the actual ability of local SMEs to meet required standards. This gap will exist as long as specific efforts are not supported to help SMEs implement CSR as a management tool. This support will help SMEs to avoid missing market access opportunities, and should include efforts to strengthen local professional capacity in terms of the acquisition of knowledge about CSR and its application to SMEs.

D. Problem to be addressed

- 2.4 In the socioeconomic conditions described above—high levels of poverty and inequality, a sluggish economy, low levels of investment in research and development, a lack of technology and labor force training, and a high degree of informality in the economy—Paraguayan companies are faced with the pressing need to find their way back to the path towards growth and competitiveness. Certainly, one of the best ways to meet this goal and make these companies sustainable is by creating competitive advantages through investment in human resource development and greater social responsibility. The challenge that Paraguayan companies will face in the medium term consists of four fundamental factors: (i) increasing productivity and lowering production costs; (ii) finding new markets or market niches; (iii) improving the quality of processes and products; and (iv) improving the quality of human resources.
- 2.5 The supply of social responsibility practices from companies is very limited for a number of reasons:

- (i) Lack of awareness of the benefits of CSR and of how to implement good CSR practices. Few business leaders in Paraguay have a clear understanding of the concept of CSR, and many companies believe that by making charitable donations they are fulfilling their social commitment.
- (ii) Lack of specialized knowledge and technical assistance to undertake CSR programs. There are no trained professionals who can provide technical assistance to companies in implementing CSR programs both internally and externally (human rights, labor rights, and the environment).

2.6 The demand for good practices is not enough of an incentive for entrepreneurs to consider CSR as an opportunity to become more competitive. Without a clear understanding of the importance of CSR among the public, the business sector feels no pressure from consumers, investors, or the community, and does not take a proactive approach to future changes. However, as was the case with quality management and later with environmental issues, a lack of social responsibility among businesses can eventually become an additional nontariff barrier for Latin American exports. For example, it is becoming a widespread practice in the United States, Canada, Japan, and the European Union to require companies to observe socially responsible standards of conduct. As a result, these companies can be expected in the medium term to demand the same from their suppliers. Paraguayan SMEs that are suppliers and clients of large companies lack the skills to incorporate CSR into their management as well as an understanding of how to do it.

E. Proposed actions

2.7 The Asociación de Empresarios Cristianos [Christian Entrepreneurs Association] (ADEC) is a business organization with experience in CSR, as a result of the direct assistance it provided to project development with companies in a project carried out in 2001-2003 along with the Centro de Información y Recursos para el Desarrollo [Center for Development Information and Resources] (CIRD), the AVINA Foundation, and the United Nations Development Programme (UNDP). The objective of the present initiative is to promote the concept of CSR in Paraguayan society and to channel values and practices in the business sector—through knowledge transfer and technical guidance in the creation of more favorable conditions for sustainable human development. As a result of this program, ADEC now has a guide, *Guía de Primeros Pasos hacia la Responsabilidad Social Empresarial* [Guide to First Steps in Corporate Social Responsibility], which helps to explain those aspects of CSR that are the most developed in Paraguay. In addition to a pilot plan, work was done on the assessment and implementation of plans to make improvements in nine companies.

- 2.8 The present project seeks to address the lack of competitiveness among Paraguayan SMEs by encouraging public appreciation of ethical business practices and CSR practices and by promoting the implementation of such practices through measures that are shown to be profitable and to contribute to business competitiveness. To this end, the project calls for working with large companies—both Paraguayan and multinational—that have business relationships with SMEs as suppliers, distributors, and points of sale, in order that they may use their influence to encourage these SMEs to implement CSR measures.
- 2.9 A strategy will be used whereby large companies and the SMEs related to their value chains will commit to forming mutually beneficial strategic partnerships that will allow them to become more competitive by introducing CSR-based improvements in one or more of the following areas: (i) corporate governance (ethics and transparency); (ii) human resource management (quality of work environment); (iii) relationships with customers through product quality and customer service policies; (iv) relationships with suppliers; and (v) relationship with the community.
- 2.10 The MIF's contribution to this process lies in helping to establish a productive collaboration between large companies and the SMEs participating in their value chains, by focusing on the implementation of CSR measures in SMEs, through catalytic financing to complement contributions from local institutions and large companies. The main expected outcome is more responsible performance within SMEs, leading to greater competitiveness. This project is the sixth one in the MIF cluster "Promoting Competitiveness through Corporate Social Responsibility" (document MIF/GN-94). Also, by focusing on value chains, this project benefits directly from the MIF's previous experience in developing CSR in value chains.
- 2.11 Furthermore, it is related to another Bank initiative, "Business Development Program for Small and Medium-sized Enterprises" (PR-0100), the objective of which is also to make SMEs more competitive. This initiative is designed to achieve this objective by promoting the demand for business development services and implementing competitiveness development plans (CDPs); by strengthening and broadening the supply of business development services to SMEs; and by strengthening support mechanisms related to a dialogue between the public and private sectors on the country's priorities in terms of competitiveness and the availability of relevant information. The assessments and the CDPs generated as part of this project leave open the opportunity of the project addressing CSR-related issues. Thus, a complementarity with the present MIF project can be seen to exist.
- 2.12 Another noteworthy initiative is the Pacto Ético Comercial [Business Ethics Pact] (PEC) that came about in Paraguay at the invitation of the United States Department of Commerce, whereby Paraguay was asked to become the third country in Latin America to develop a good-governance program on ethical practices in the business affairs of the private sector covered by civil society. Hence,

the aim is to establish the cornerstone of the project and, to this end, two institutions were selected—the Cámara de Anunciantes del Paraguay [Paraguayan Advertisers Association] (CAP) and the Paraguayan-American Chamber of Commerce (AMCHAM)—along with the United States Embassy in Paraguay. The PEC initiative is expected to complement the MIF project by helping to raise interest among large companies in incorporating ethical standards and CSR practices into their operations.

III. PROJECT OBJECTIVES AND COMPONENTS

A. Project objectives

- 3.1 The general objective of the project is to help make Paraguayan small and medium-sized enterprises (SMEs) more competitive. The purpose of the project is to facilitate the adoption of corporate social responsibility (CSR) policies and practices in SMEs that belong to the value chain of large companies.
- 3.2 The project has been divided into three components in order to pursue these goals: (i) developing the local capacity of CSR service providers; (ii) heightening awareness and implementing CSR in SMEs that participate in the value chains of large companies; and (iii) promoting and disseminating the project and its outcomes.

B. Project components

1. Component I: Developing the local capacity of CSR service providers (MIF US\$23,920; local counterpart US\$1,250)

- 3.3 The objective of this component is twofold: (a) to determine the methodology that large companies should follow to support the adoption of CSR practices by the SMEs in their value chains, as well as the methodology to be used by SMEs to begin instituting CSR practices in their operations; and (b) to develop the local capacity of CSR service providers to help the companies participating in the project implement this methodology. To accomplish this objective, the following activities will be included: (i) designing a methodology for instituting CSR practices in SMEs that participate in the value chains of large companies; (ii) designing training modules for consultants and companies; and (iii) selecting, training, and certifying consultants in CSR.
- 3.4 One of the first activities of the project will be to design the methodology for implementing a program for developing suppliers (supplier development program—SDP), distributors, and final points of sale among SMEs belonging to the value chain of a large company (SDP methodology). Also, a methodology will be designed to make it easier to introduce CSR practices in SMEs (CSR methodology). This methodology will be general in nature and applicable to

companies in any sector, and will be documented in a handbook. This methodology will also be general in nature and will be documented in a handbook. These handbooks will be used as a basis for raising awareness and conducting training among consultants and companies for CSR implementation in large firms and SMEs. To facilitate the training process, educational materials will be designed as well, based on the handbooks.

- 3.5 The handbooks will be prepared by an international consultant with CSR-related experience in SMEs and, to the extent possible, with experience in CSR management in the supply, distribution, and sales chains of large companies. The handbook for these chains will contain instructions for implementing a supplier development program to help strengthen the relationships between a company and its suppliers, distributors, and final points of sale. The CSR handbook will include instructions for planning, implementing, monitoring, and improving CSR in SMEs. In both cases, the handbooks will include indicators to help monitor outcomes at each large company for its value chain and at each individual SME. The methodology must be accessible to local consultants, large companies, and participating SMEs, and the methodology should be based on the following principles: (i) best practices; (ii) gradual implementation of CSR practices; and (iii) simplicity, so that the methodology may be useful to all.

2. Component II: Heightening awareness and implementing CSR in SMEs that participate in the value chains of large companies (MIF US\$153,350; local counterpart US\$82,000)

- 3.6 The objective of this component is to implement CSR measures in SMEs in the value chain of large companies, including primary and secondary suppliers, distributors, and final points of sale. For the purpose of implementing CSR in SMEs, the project includes several steps: (i) selecting, raising awareness among, and training for SMEs; (ii) implementing CSR in SMEs, monitoring progress, and developing cases studies in value chains.
- 3.7 There will be two groups of participating large companies (with each group including four companies). Large companies will be selected, based on their CSR-related experiences and internal activities (recognition as a CSR leader, compliance with social and environmental laws and standards, etc.) and on their willingness to invest in these initiatives for the SMEs that make up their supply chain. After securing commitments from the large companies, an awareness-raising and training workshop will be announced and conducted for key personnel in the large companies (managers from purchasing, quality, etc.). The workshop will be facilitated by a consultant, and will offer tools for large companies to develop strategies for cooperating with suppliers, distributors, or final points of sale in their value chain and thus promote the adoption of CSR practices in these enterprises. As CSR is introduced in SMEs, the participating large companies are expected to contribute with technical experts who will participate in activities designed to

strengthen the SMEs. Also, each large company is expected to contribute US\$1,200 per participating SME (for a total of US\$8,400, on average, per value chain), thereby taking on approximately 30% of the project cost for technical assistance provided to each SME.

- 3.8 After holding the training workshop for large companies, project personnel will hold a series of working meetings with each large company to develop a map of suppliers, distributors, and final points of sale that are also SMEs, identify those considered critical, and select a target group of seven SMEs for each value chain. The criteria for selecting beneficiary SMEs are that they: (i) be small or medium-sized enterprises, according to the definition used in this project; (ii) be duly formed and legally authorized to operate by Paraguayan authorities; (iii) be critical factors in the production processes of the large companies to whose value chains they belong; (iv) belong to sectors that are economically important for the region and the country; (v) show a commitment to complying with environmental, social, and legislation laws and regulations; (vi) sign a contract with the ADEC agreeing to the terms of the consulting services and including authorization for the publication and dissemination of outcomes; (vii) meet the deadlines previously set forth in the agreement; and (viii) duly make payments pursuant to the terms of the agreements.
- 3.9 The technical assistance for each SME will be carried out in the following phases: (i) project planning and training; (ii) evaluation and assessment; and (iii) improvement planning—the consultant, in conjunction with the SME, will develop an improvement plan identifying priority areas for intervention, based on the SME's needs and the agreements reached with the large company; (iv) implementation of improvement measures designated as priority; and (v) monitoring, including the designation of indicators for each SME to measure its progress. To facilitate the taking of measurements at the beginning of the technical assistance, their initial or baseline value will be established in order to compare them with the values obtained after implementing the CSR improvement plan. These indicators and their baseline values should be recorded in the consultant's assessment report. Each consultant will prepare a semiannual monitoring report describing the progress that has been achieved and containing recommendations for ensuring the success of the project. At the end of the technical assistance, each consultant will prepare a report on the confirmed end status of the enterprises, the options for improvement that were considered, those that were implemented, the indicators that give the best picture of the confirmed changes and the economic, social, and environmental benefits that were obtained. The beneficiary SMEs will pay the equivalent of 10% of the amount agreed in the project as the consultant's payment for monitoring the introduction of CSR measures.

3. Component III: Promoting and disseminating the project and its outcomes (MIF US\$23,950; local counterpart US\$15,900)

- 3.10 The objective of this component is to familiarize the business sector, the public sector, and civil society organizations with the advantages and benefits that can be gained by implementing a CSR approach to business management. To accomplish this objective, efforts will be developed to raise awareness about, report on, and publicize project activities, so as to promote a positive attitude among the various stakeholders toward the implementation of CSR concepts in business management.
- 3.11 For the first activity of this component, a company will be hired to design a logo and graphic materials to create an identity for the project and publicize its services, outcomes, and benefits that have been achieved through its activities in Paraguay. Project materials will be used in conferences, seminars, workshops, visits, meetings, and presentations in order to disseminate the purposes and products of the project, as well as to report its outcomes to other companies and sectors. Also, the materials will include inputs and ideas from similar CSR-related projects of the MIF cluster in other countries. A website will be designed for the project and linked to that of the ADEC; this will help disseminate important information about the project. This website will be updated on a monthly or quarterly basis to publicize new events and information on participating companies and links to other cluster projects and CSR initiatives to disseminate the project internationally.
- 3.12 A kickoff event will be launched to publicize the project, its components, its benefits, and how others can participate in it. The target group for this event will be entrepreneurs—from small, medium-sized, and large firms—as well as trade union officials, government officials and leaders, providers of consulting services, private development organizations, universities, the media, and other institutions. To familiarize the chief beneficiaries with the costs and benefits of CSR, an internationally renowned expert will be invited to speak about the benefits of CSR.
- 3.13 In order to increase its impact, the project will include an activity to achieve greater social recognition for the SMEs most committed to social responsibility, with the incentive of an improved business reputation. To this end, the ADEC will create a special category for SMEs as part of the existing CSR Award and will publicize the good practices of the winning enterprise in this special category through the award brochure and articles in the media.
- 3.14 In order to disseminate the concept of CSR and raise public awareness, speaking engagements and workshops have been planned at universities, trade union organizations, sports clubs, media companies, etc. Also, project members are expected to be able to participate in international events in order to publicize the project and learn from similar initiatives. At the end of the project, eight case studies will be developed—one for each participating value chain—and these case

studies will be included in the final version of the implementation handbooks emanating from the project.

- 3.15 In the final year of the project, and as one of the outcomes, the handbooks for CSR implementation in SMEs and value chains of large companies will be published. These handbooks will have been prepared at the beginning of the project and reviewed by the international consultant after its first year of use. At the end of the project, a major event will be held to disseminate the outcomes and experiences, featuring the participation of other cluster members or relevant organizations.

IV. EXECUTING AGENCY AND EXECUTION MECHANISM

A. Executing agency

- 4.1 The executing agency will be the Asociación de Empresarios Cristianos [Christian Entrepreneurs Association] (ADEC). As such, the ADEC will be operationally, financially, and administratively responsible for the project. The ADEC is a nonprofit organization founded in 1981 and made up of entrepreneurs. The mission of the ADEC is to participate actively in the transformation and development of Paraguayan society and to promote the comprehensive development of entrepreneurs and their social responsibility. Its vision is one of an organization of entrepreneurs inspired by Christian values that fosters the personal transformation of entrepreneurs, an entrepreneurial culture of excellence, social responsibility, and the strengthening of civil society.

B. Execution mechanism

- 4.2 Project execution will be governed by the Operating Regulations, which set forth the scope, terms, and conditions for use of project funds. For project administration, the Administrative Unit will be formed, with a project manager, an administrative assistant, and a part-time accountant. The project manager will be responsible for: (i) ensuring compliance with the contractual conditions and Operating Regulations of the project; (ii) managing project activities in accordance with the annual work plan; (iii) supervising consultants; (iv) monitoring budget management and execution through the appropriate procedures; (v) processing requests for disbursement of the Bank's contribution; (vi) submitting administrative and technical reports to the Bank; and (vii) coordinating necessary actions with institutional partners and other organizations involved. The project manager will be supervised by a representative of the ADEC.
- 4.3 For this project there will be an Advisory Committee made up of experts and representatives from relevant institutions at the national level, and this committee will be responsible for advising and supervising the Administrative Unit to help achieve project goals and objectives. The Advisory Committee will consist of one

- representative each from the ADEC board of directors, the large companies, the SMEs, the Paraguayan Chamber of Commerce and Services, and Columbia University of Paraguay. The Advisory Committee will be responsible for: (i) reviewing the project's annual work plan and making recommendations; (ii) reviewing implementation of the budget; and (iii) supervising compliance with project goals and objectives.
- 4.4 The execution period for the project will be 36 months, and the disbursement period will be 42 months. The Bank will establish a revolving fund for up to 10% of the total amount approved by the MIF/Bank.
- 4.5 **Procurement of goods and services.** In order to engage the services of consultants, and to procure goods and services with MIF funds, the executing agency must comply with all Bank standards, procedures, and policies for the procurement of goods and services for the selection and hiring of consultants, as set forth in documents GN-2349-4 and GN-2350-4, respectively. There is already a procurement plan for the first 18 months of project execution (see Annex VIII in the technical files), and this plan will be updated annually as specified in the Bank's procurement policies.
- 4.6 **Project readiness.** Project design, budget, and planned activities have been prepared in consultation with project participants. In addition, the project already has a draft of the Operating Regulations (see Annex IV in the technical files). The executing agency already has letters of commitment from the four large companies making up the first group and letters of interest from the entities that will be represented on the Advisory Committee for the project (see Annexes VII and VIII, respectively).

V. COST AND FINANCING

- 5.1 The total estimated cost of the project is US\$500,000, divided between: (i) US\$359,450 from the Bank in nonreimbursable MIF financing (Small Enterprise Development Facility: III-A); and (ii) US\$140,550 in counterpart funds to be contributed by the ADEC, of which at least one half will be in cash. Below is a summary of the main items broken down by cost and source of financing:

Budget (in US\$)

Components	MIF	Local counterpart	Total	%
1. Developing local capacity of CSR service providers	23,920	1,250	25,170	5.3%
2. Heightening awareness and implementing CSR in SMEs that participate in the value chains of large companies	153,350	82,000	235,350	49.5%
3. Promoting and disseminating the project and its outcomes	23,950	15,900	39,850	8.4%
4. Project administration	77,010	41,400	118,410	24.9%
5. Evaluation	30,000	--	30,000	6.3%
6. Financial audits	10,000	--	10,000	2.1%
7. Contingencies	16,220	--	16,220	3.4%
Subtotal	334,450	140,550	475,000	100.0%
Percentage	70%	30%	100%	
Cluster activities	25,000	--	25,000	
Total	359,450	140,550	500,000	

5.2 The Bank will use the US\$25,000-equivalent cluster activities item for activities described in paragraph 7.2. That sum will be deducted from the contribution on the effective date of the agreement for this operation, without the need for a disbursement request to the executing agency.

5.3 **Sustainability.** The sustainability of the project is closely tied to its capacity to promote and expand new services offered as part of this initiative. Accordingly, it is expected that during the project the ADEC will consolidate future supply of and demand for CSR-related services in order to ensure the sustainability of project activities. The funds obtained through enrollment fees and sales of materials, less the fees and commissions due to the partners in the initiatives, will be used to sustain the activities following the conclusion of the project. Upon completion of the project therefore, it is expected that there be enough institutional capacity and revenue flow to continue carrying out training and consulting activities. Also, the group of trained local consultants are expected to be in a position to provide their training and consulting services to other local enterprises interested in implementing CSR.

VI. BENEFITS AND RISKS

A. Benefits

6.1 CSR can become an instrument for enterprises to create value and be more competitive by gaining competitive advantages throughout the value chain, based on:

- (i) differentiation, through the innovation of socially and environmentally sustainable products and the development of tangible (price and

quality) or intangible (reputation and image) attributes that help improve market access for the products and increase sales and revenue; and

- (ii) cost reduction, through improved business management, better environmental practices, and investments in economic and social development that help make CSR more attractive and reduce its risks by facilitating access to resource markets (financial, human, etc.) and lowering CSR-related costs.

6.2 **Benefits.** The direct beneficiaries of the activities and funds of this project are the 56 SMEs in the value chain of large companies that will receive technical assistance to improve their management and competitiveness. The indirect beneficiaries are: (i) eight large companies that will improve their management of their chains of suppliers, distributors, or final points of sale; (ii) 20 local consultants who will be trained and will provide technical assistance; and (iii) the interest groups that will benefit from the implementation of CSR practices in Paraguayan companies, such as employees and local communities in whose environments the participating companies do business.

B. Risks

6.3 Two primary risks for this project have been identified: (i) the methodology may not be accessible to local consultants, large companies, and participating SMEs due to their complexity or other factors; and (ii) local professionals may not have a sufficient knowledge base to be trained as CSR consultants for SMEs. The first risk can be mitigated by applying lessons from other areas—such as environmental management, where supplier development programs have been under way for years—and from other countries, through initiatives of the MIF cluster and other leading CSR organizations. As for the second risk, two training courses covering basic CSR issues will be offered to local consultants who need special orientation.

VII. MONITORING AND EVALUATION

A. Monitoring and oversight

7.1 The Bank's Country Office in Paraguay will monitor and oversee the project, with technical support provided by the project team. The executing agency will prepare and submit to the Bank progress reports within thirty (30) days following the end of each six-month period, as well as a final report within 30 days following the last disbursement. These reports will adhere to a format previously agreed on with the Bank and will cover project activities and finances, as well as project outcomes, measured against the performance indicators in the logical framework. The Country

Office will use these reports to oversee project implementation and to prepare a project completion report in the three months following the last disbursement.

- 7.2 The Office of the MIF will draw on the cluster activities item to defray the costs of cluster workshops to pay expenses for attendance at cluster events by executing agency staff, to hire a technical advisor, and to carry out associated activities. The technical advisor is to provide assistance to all the executing agencies of the cluster operations and will likewise assist in monitoring work and data gathering for the MIF.

B. Evaluations

- 7.3 Using project funds, the Bank will hire external consultants to perform two evaluations: a midterm evaluation approximately 18 months following after the project becomes eligible for disbursements, or when 50% of funds have been disbursed; and a final evaluation at the end of the execution period. The Bank, in collaboration with the executing agency, will prepare the terms of reference for these evaluations. For the midterm evaluation, the consultant will evaluate: (i) progress in implementing CSR practices in the first group of companies; and (ii) the level of satisfaction of companies participating in Component II. As necessary, the consultant will propose adjustments to the logical framework to better reflect subsequent activities. Based on the results of this analysis, recommendations will be made as to any necessary changes in the use of remaining funds. For the final evaluation, the consultant will evaluate: (i) the percentage of CSR measures implemented in each SME participating in Component II; (ii) the benefits obtained by SMEs participating in the project; and (iii) the geographical area of influence of project activities.
- 7.4 The executing agency will be responsible for gathering and analyzing relevant information to monitor, on an ongoing basis, the main indicators established in the logical framework in Annex I to this document, or as modified by mutual agreement between the Bank and the executing agency. The executing agency and the Bank will use these indicators to supervise and evaluate the project, taking them into consideration when preparing the semiannual progress reports, and the midterm and final evaluations.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 This project is expected to have positive social and environmental effects. By definition, CSR activities are associated with worker health and safety, measures to prevent environmental pollution, community welfare, and other social and environmental issues. Therefore, it is expected that, as a result of project execution, companies will increase their implementation of this type of activity in order to enhance their public image among consumers and expand their markets, to use

resources as efficiently as possible, and to reinforce the impact of social and environmental public policy.

- 8.2 The Committee on Environment and Social Impact (CESI) reviewed and approved the program summary on 1 July 2005 (CESI meeting 23-05) with two recommendations: (i) the eligibility criteria for participating large firms should include compliance with environmental standards (see paragraph 3.7); and (ii) the project document should explain the selection criteria for participating companies, the selection process, and the strategy for disseminating good CSR practices (see paragraphs 3.8, 3.13, and 3.15).

IX. SPECIAL CONTRACTUAL CONDITIONS

- 9.1 As conditions precedent to the first disbursement, the executing agency must have: (i) designated a project manager; and (ii) formed the Advisory Committee for the project.

**PARAGUAY: INSTITUTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SMALL AND MEDIUM-SIZED ENTERPRISES
(PR-M1002)
LOGICAL FRAMEWORK**

Narrative summary	Indicators	Means of verification	Assumptions
Goal			
To help make Paraguayan small and medium-sized enterprises (SMEs) more competitive	At the end of the project: <ul style="list-style-type: none"> - A 3% increase in competitiveness factors in participating companies. 	<ul style="list-style-type: none"> - Comparison of key competitiveness indicators (productivity and sales) for participating SMEs at beginning and end of project - ADEC's data collection and monitoring system 	<ul style="list-style-type: none"> - There is a positive correlation between CSR and competitiveness. - Macroeconomic conditions do not worsen.
Purpose			
To facilitate the adoption of CSR policies and practices in SMEs that belong to the value chain of large companies	At the end of the project: <ul style="list-style-type: none"> - At least 56 SMEs participating in the value chains of eight large companies (an average of seven SMEs per large company) implement good CSR practices through strategic partnerships with their customers. - At least 50% of the SMEs have reported 5% improvement in CSR indicators according to the goals agreed on in the action plan of each SME. 	<ul style="list-style-type: none"> - Comparison of key CSR indicators for the SMEs at the beginning and end of the project - Semiannual and final reports from the ADEC - Midterm and final reports from the external consultant 	<ul style="list-style-type: none"> - The large companies and the SMEs in their value chains promptly implement CSR practices.
Components			
1. Development of local capacity of CSR service providers	After the first six months of execution: A methodology for CSR awareness-raising and training in supply and distribution chains is available for large companies and SMEs.	<ul style="list-style-type: none"> - Published management handbooks - List of trained consultants 	<ul style="list-style-type: none"> - There are local consultants who have the basic relevant knowledge and are interested in being trained in CSR.

Narrative summary	Indicators	Means of verification	Assumptions
	<p>After the first year of execution:</p> <ul style="list-style-type: none"> - At least 20 local consultants have been trained in CSR in value chains of large companies and SMEs. - At least ten local consultants have received training and are listed on the project website. <p>After the second year of execution:</p> <ul style="list-style-type: none"> - At least 20 additional consultants have been trained in CSR in value chains of large companies and SMEs. - At least ten additional consultants are listed on the project website, for a total of 20 consultants. 	<ul style="list-style-type: none"> - Project website - Semiannual and final reports from the ADEC 	
<p>2. CSR implemented in the SMEs that make up the value chains of large companies</p>	<p>After the first year of execution:</p> <ul style="list-style-type: none"> - At least 32 people (one per large company and SME) have been trained to implement good CSR practices. - Project data collection and monitoring system has been implemented. <p>After the second year of execution:</p> <ul style="list-style-type: none"> - At least 32 people (one per large company and SME) have been trained to implement good CSR practices. <p>At the end of the project:</p> <ul style="list-style-type: none"> - At least 56 SMEs that participate in the value chains of eight large companies (seven SMEs per large company) implement good CSR practices in at least two key areas of improvement agreed on in the action plan of each SME. 	<ul style="list-style-type: none"> - List of enterprises enrolled and trained - Annual and final progress reports for each SME - Annual and final progress reports for each value chain - Semiannual and final reports from the ADEC - Midterm and final evaluation reports from the external consultant 	<ul style="list-style-type: none"> - The CSR methodology is accessible to the large companies and participating SMEs.

Narrative summary	Indicators	Means of verification	Assumptions
3. CSR concept and project outcomes promoted and disseminated	<p>After the first six months of execution:</p> <p>At the end of the project:</p> <ul style="list-style-type: none"> - At least 400 people have participated in at least one of the planned dissemination events. - At least 5,000 people have been reached by dissemination efforts through the printed press. - Nine case studies (one per chain) have been developed and disseminated. - Project website is updated and operating. 	<ul style="list-style-type: none"> - List of event participants - List of articles published and certification of press run for the media outlets utilized - Semiannual and final reports from the ADEC - Midterm and final evaluation reports from the external consultant 	<ul style="list-style-type: none"> - There is interest in CSR among entrepreneurs, professional associations, universities, the media, etc.

Narrative summary	Indicators	Means of verification	Assumptions
1.1 Designing a methodology for instituting CSR practices in SMEs that participate in the value chains of large companies	<p>After the first six months:</p> <ul style="list-style-type: none"> - A handbook for strengthening CSR in relations between large companies and the SMEs that participate in their value chains has been developed. - A handbook for strengthening CSR in microenterprises and SMEs has been developed. - A CSR progress reporting and monitoring system for each SME and each value chain has been included in the corresponding handbooks. 	<ul style="list-style-type: none"> - CSR handbook on relations between large companies and SMEs - CSR handbook for SMEs - Reporting and monitoring system (SMEs, value chains, and project) 	
1.2 Designing training modules for consultants and companies	<p>After the first six months:</p> <ul style="list-style-type: none"> - A consultant training module based on the handbook for strengthening CSR in relations between large companies and participating SMEs in their value chains has been developed. - A consultant training module for consultants based on the handbook for strengthening CSR in microenterprises and SMEs has been developed. 	<ul style="list-style-type: none"> - Educational materials on CSR in relations between large companies and SMEs - CSR educational materials for SMEs 	
1.3 Selecting, training, and certifying consultants in CSR	<p>After the first year:</p> <ul style="list-style-type: none"> - Training course for at least 20 local consultants has been implemented. <p>After the second year:</p> <ul style="list-style-type: none"> - Training/continuing education course for at least 20 local consultants has been implemented. - A database of at least 20 consultants providing CSR services is available. 	<ul style="list-style-type: none"> - List of trained consultants - List of consultants completing continuing education - Database of consultants providing CSR services 	

Narrative summary	Indicators	Means of verification
Component 2. CSR implemented in SMEs that participate in the value chains of large companies		
Activities		
2.1 Raising awareness among and training participating large companies	<p>After the first six months of the first year:</p> <ul style="list-style-type: none"> - At least eight employees of large companies have been trained at a workshop (two per large company). <p>After the first year:</p> <ul style="list-style-type: none"> - At least four large companies are participating in the project and have one person trained to work with the SMEs in their value chain on strengthening their CSR. <p>After the first six months of the second year:</p> <ul style="list-style-type: none"> - At least eight employees of large companies have been trained at a workshop (two per large company). <p>After the second year:</p> <ul style="list-style-type: none"> - At least four new large companies are participating in the project and have one person trained to work with the SMEs in their value chain on strengthening their CSR. 	<ul style="list-style-type: none"> - List of event participants - Minutes of meetings with companies
2.2 Selecting, raising awareness among, and training participating SMEs	<p>After the first six months:</p> <ul style="list-style-type: none"> - At least four large companies have identified their critical suppliers and distributors with the help of a consultant and have identified key interventions in their value chain. - At least 56 SME managers have been personally contacted by key personnel from large companies (14 per large company). - At least 28 SME employees have been trained at a workshop. <p>After the first year:</p> <ul style="list-style-type: none"> - At least 28 SMEs are participating in the project and have one person trained to work with large companies on strengthening their CSR. <p>After the second year:</p>	<ul style="list-style-type: none"> - Map of critical suppliers - Letters sent and list of calls made - List of event participants - Minutes of meetings with companies

Narrative summary	Indicators	Means of verification
	<ul style="list-style-type: none"> - At least four new large companies have identified their key suppliers with the help of a consultant. - At least 28 new SMEs are participating in the project and have a person trained to work with large companies on strengthening their CSR. 	
2.3 Implementing CSR in SMEs, monitoring progress, and developing case studies	<p>After 18 months of execution:</p> <ul style="list-style-type: none"> - At least 28 SMEs have a CSR assessment and a CSR action and monitoring plan with a baseline of key competitiveness and CSR indicators. - At least 28 SMEs have implemented good CSR practices in at least two identified key areas of improvement, through strategic partnerships with their large-company customers. - 28 annual monitoring and improvement meetings and reports are available (one for each participating SME). <p>After 30 months of execution:</p> <ul style="list-style-type: none"> - At least 28 new SMEs have a CSR assessment and a CSR action and monitoring plan with a baseline of key competitiveness and CSR indicators. - At least 28 new SMEs have implemented good CSR practices in at least one identified key area of improvement, through strategic partnerships with their large-company customers. - 28 annual monitoring and improvement meetings and reports are available (one for each participating SME). <p>At the end of the project:</p> <ul style="list-style-type: none"> - 56 case studies are available (one for each participating SME). 	<ul style="list-style-type: none"> - Assessments - CSR action plans - SME annual reports - Case studies

Narrative summary	Indicators	Means of verification
2.4 Monitoring progress in value chains and developing case studies	<p>After the first year:</p> <ul style="list-style-type: none"> - Four annual monitoring and improvement meetings and reports are available (one progress report for each participating large company). - Four case studies are available. <p>After the second year:</p> <ul style="list-style-type: none"> - 64 annual monitoring and improvement meetings and reports are available (one progress report for each participating SME and for each value chain). <p>At the end of the project:</p> <ul style="list-style-type: none"> - Eight case studies are available (one per value chain). 	<ul style="list-style-type: none"> - Meeting minutes - Annual value chain report - Case studies
Component 3. CSR concepts and project outcomes promoted and disseminated		
Activities		
3.1 Design and producing graphic materials to promote the project	<p>After the first six months:</p> <ul style="list-style-type: none"> - Brochures, posters, and promotional materials have been developed. 	<ul style="list-style-type: none"> - Promotional materials
3.2 Adapting and maintaining the existing CSR website	<p>After the first three months:</p> <ul style="list-style-type: none"> - A website has been updated. 	<ul style="list-style-type: none"> - The Web
3.3 Holding a project kickoff event	<p>After the first six months:</p> <ul style="list-style-type: none"> - Conference with at least 100 participants from large companies and SMEs. 	<ul style="list-style-type: none"> - List of event participants. - Press articles

Narrative summary	Indicators	Means of verification
3.4 Publicizing the project through the media	<p>After the first year:</p> <ul style="list-style-type: none"> - At least four articles have been published. - At least one CSR supplement (10,000 copies) has been distributed. <p>After the second year:</p> <ul style="list-style-type: none"> - At least four articles have been published. - At least one CSR supplement (10,000 copies) has been distributed. <p>After the third year:</p> <ul style="list-style-type: none"> - At least four articles have been published. - At least two CSR supplements (20,000 copies) have been distributed. 	<ul style="list-style-type: none"> - List of articles published and certification of press run from the media outlets utilized
3.5 Giving talks on CSR in specific sectors (universities, sports clubs, media outlets, professional associations)	<p>After the second year:</p> <ul style="list-style-type: none"> - Awareness was raised among at least 100 people at two events. <p>After the third year:</p> <ul style="list-style-type: none"> - Awareness was raised among at least 100 people at two events. 	<ul style="list-style-type: none"> - List of event participants - Press articles
3.6 Publishing educational handbooks	<p>After the third year:</p> <ul style="list-style-type: none"> - Two educational handbooks have been published with case studies of eight value chains 	<ul style="list-style-type: none"> - Handbooks
3.7 Participating in CSR forums	<p>At the end of the project:</p> <ul style="list-style-type: none"> - Participation in at least three international conferences or forums 	<ul style="list-style-type: none"> - List of outside events
3.8 Creating a special category for SMEs as part of the ADEC's CSR Award	<p>At the end of the project:</p> <ul style="list-style-type: none"> - An award has been created and publicized. 	<ul style="list-style-type: none"> - Diploma

Narrative summary	Indicators	Means of verification
3.9 Holding an event to announce the outcomes and close the project	<p>At the end of the project:</p> <ul style="list-style-type: none"> - A conference with at least 100 participants from large companies and SMEs has been held. 	<ul style="list-style-type: none"> - List of event participants - Articles

**PARAGUAY: INSTITUTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SMALL
AND MEDIUM-SIZED ENTERPRISES (PR-M1002)**

SUMMARY OF ITEMIZED BUDGET

	Total			
	MIF	ADEC		Subtotal
		Cash	In kind	
Component 1: Developing local capacity of CSR service providers	23,920	500	750	25,170
1.1 Designing a methodology for instituting CSR practices in SMEs	13,800	0	0	13,800
1.2 Designing training modules	1,600	0	0	1,600
1.3 Selecting and training consultants in CSR	8,520	500	750	9,770
Component 2: Raising awareness and implementing CSR in SMEs that participate in the value chains of large companies	153,350	69,200	12,800	235,350
2.1 Raising awareness among and training participating large companies	350	200	0	550
2.2 Selecting, raising awareness among, and training SMEs	10,000	1,800	0	11,800
2.3 Implementing CSR in SMEs, monitoring progress, and developing large-company and SME case studies	110,400	67,200	12,800	190,400
2.4 Monitoring overall project progress	2,600	0	0	2,600
2.5 Coordinating CSR implementation activities	30,000	0	0	30,000
Component 3: Raising awareness about CSR and disseminating outcomes	25,170	15,900	0	41,070
3.1 Designing and producing graphic materials to promote the project	8,000	0	0	8,000
3.2 Adapting the project and maintaining the existing CSR website	2,000	3,000	0	5,000
3.3 Holding a project kickoff event	2,900	1,500	0	4,400
3.4 Publicizing the project through the media	6,300	0	0	6,300
3.5 Holding CSR speaking engagements or workshops in specific sectors	0	400	0	400
3.6 Publishing educational handbooks	5,720	0	0	5,720
3.7 Participating in CSR forums	0	7,200	0	7,200
3.8 Creating a special category for SMEs as part of the ADEC's CSR Award	0	300	0	300
3.9 Holding an event to announce the outcomes and close of the project	250	3,500	0	3,750
Project administration	77,010	10,800	30,600	118,410
1. Project administrative personnel	72,000	10,800	10,800	93,600
2. Institutional coordination	0	0	7,200	7,200
3. Support equipment	5,010	0	0	5,010
4. Other expenses	0	0	12,600	12,600
Evaluation	30,000	0	0	30,000
Audit	10,000	0	0	10,000
Contingencies (3%)	15,000	0	0	15,000
Subtotal	334,450	96,400	44,150	475,000
Activities of CSR cluster projects	25,000	0	0	25,000
Total	359,450	96,400	44,150	500,000

**PARAGUAY: INSTITUTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SMALL AND MEDIUM-SIZED ENTERPRISES
(PR-M1002)
RELATED PROJECTS**

A. Similar or identical MIF projects

Project number and approval date	Project title, executing agency, and amount	Signature date and original disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems associated with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/ME-6399-PR 24 February 1999	Business Integration Program Unión Industrial Paraguaya (UIP) US\$1,200,000 from the MIF (reduced to US\$1,110,798)	26 April 1999 48 months (extended by 2 months)	100%	Project satisfactorily concluded (S/P). The participating companies have succeeded in reducing their costs by implementing loss minimization systems.
ATN/ME-9230-PR 9 June 2005	Cleaner Production in Value Chains Centro de Producción Limpia [Center for Clean Production] (Paraguay) US\$460,000 from the MIF	Pending 42 months	0%	Project recently approved.

B. Similar or related Bank projects

Project number and approval date	Project title, executing agency, and amount	Signature date and original disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems associated with execution, including delays, extensions, reformulations, change in executing agency, etc.
PR-0116 20 December 2000	Program to Support the National Environment System Ministry of the Environment US\$8,000,000 from the Bank	17 March 2001 64 months (extended by 20 months)	18%	There are problems related to compliance with clause 4.03(b) of the contract. Due to the “unsatisfactory” rating of progress in project execution, as well as the low percentage disbursed (less than 10% in the past 12 months), this project has been placed on alert status.
PR-0100 19 September 2001	Business Development Program for Small and Medium-sized Enterprises Ministry of Industry and Trade (MIC) US\$10,000,000 from the Bank	8 March 2002 47 months	12%	The activity of strengthening the MIC to provide services as part of component 3 is under way. The MIC is limited in its ability to integrate itself into a program designed around a program coordinating unit and results-based program management agency. There is ongoing tension between the assigned decision-making role of the MIC and the program’s need to respond to the demand of the enterprises.

C. MIF projects targeted to the same sector or beneficiaries

Project number and approval date	Project title, executing agency, and amount	Signature date and original disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems associated with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/MT-8083-PR 5 November 2002	Program to Streamline Export Procedures Government of Paraguay, through the Ministry of Industry and Trade (MIC) US\$640,000 from the MIF	12 December 2002 42 months	53%	Yellow flag. Project classified as U/P. Progress has been made in implementing each of the three components; however, there are delays in project execution due to initial difficulties related to compliance with conditions precedent, formation of the executive board, and the appointment of an executive director.

D. Corporate Social Responsibility Cluster projects

Project number and approval date	Project title, executing agency, and amount	Signature date and original disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems associated with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/ME-8381-RG 30 July 2003	Promoting Corporate Social Responsibility Fundación Acción Empresarial US\$1,100,000	15 October 2003 36 months	16%	The project is in its initial phase, and the initial delays are being overcome. The performance indicators show a positive trend, and the assumptions show a high likelihood of occurring.
ATN/ME-8529-CH 3 December 2003	Adoption of Corporate Social Responsibility Practices in Small and Medium-sized Enterprises (SMEs) Pontifical Catholic University of Valparaíso US\$1,250,000	1 March 2004 52 months	17.88%	The project is in its initial phase, and the initial delays are being overcome. The performance indicators show a positive trend, and the assumptions show a high likelihood of occurring.
ATN/ME-8864-ME 22 September 2004	Implementing Corporate Social Responsibility Measures in Small and Medium-sized Enterprises in the Value Chain Anáhuac University US\$1,275,000	28 September 2004 39 months	12.53%	The executing agency has fully complied with the conditions precedent, after selecting the members of the executing unit. The program's public launch event will be held soon.
ATN/ME-8975-CO 1 December 2004	Program to Institute Corporate Social Responsibility Practices in Colombian Small and Medium-sized Enterprises Confederación Colombiana de Cámaras de Comercio US\$1,160,000	N/A 48 months	0%	The agreement has been accepted by Confecámaras. And is expected to be signed in July or August 2005. The assumptions that were identified remain highly likely.

Project number and approval date	Project title, executing agency, and amount	Signature date and original disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems associated with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/ME-9332-BR 3 August 2005	Implementation of corporate social responsibility measures in SMEs Instituto ETHOS de Empresa y Responsabilidad Social US\$1,345,000	N/A 36 months	0%	Signature of the agreement is pending.

E. MIF portfolio in Paraguay

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-38	TC9501281	ATN/MT-4865-PR	Regulatory Framework for the Water and Sanitation Sector	MH	I	22-Mar-95	Completed	940,026	100.00
2	MIF/AT-47	TC9501398	ATN/MT-4983-PR	Private Sector Participation in Energy	VMME	I	9-Aug-95	Completed	955,820	100.00
3	MIF/AT-92-1	TC9503310	ATN/MH-5355-PR	Middle Management Training Program	CIRD	II	25-Sep-96	Completed	1,446,822	100.00
4	MIF/AT-112	TC9601354	ATN/MT-5479-PR	Financial Sector Modernization	BCP	I	15-Jan-97	Completed	1,144,132	100.00
5	MIF/AT-138	TC9603160	ATN/MH-5646-PR	Program for Youth Training and Entrepreneurship	RED RURAL	II	30-Jul-97	Completed	1,260,000	100.00
6	MIF/AT-228	TC9805021	ATN/MT-6357-PR	Insurance Industry Reform	SIDES	I	13-Jan-99	In execution	915,000	59.66
7	MIF/AT-236	TC9503328	ATN/ME-6399-PR	Support to the Enterprises	UIP	IIIa	24-Feb-99	Completed	1,110,798	100.00
8	MIF/AT-257	TC9805211	ATN/MT-6539-PR	Strengthen Conciliation and Arbitration Center	CBCA	I	2-Jun-99	Completed	486,097	100.00
9	MIF/AT-353	TC0005024	ATN/ME-7127-PR	Institutional Strengthening Interfisa	INTERFISA	IIIa	6-Sep-00	Completed	271,746	100.00
10	MIF/AT-362	TC0006011	ATN/ME-7168-PR	Institutional Strengthening Vision	VISION	IIIa	12-Oct-00	Completed	246,765	100.00
11	MIF/AT-378	TC9910057	ATN/MT-7244-PR	Support Development of Public Procurement Policies	SNRE	I	29-Nov-00	In execution	1,260,000	44.24
12	MIF/AT-399	TC9906033	ATN/MH-7358-PR	Competitiveness in the Construction Sector	CAPACO	II	7-Mar-01	In execution	840,000	96.44
13	MIF/AT-403	TC0104034	ATN/MH-7405-PR	Training for Young Entrepreneurs	FUPACODE	II	25-Apr-01	In execution	204,707	97.27
14	MIF/AT-430	TC0103034	ATN/ME-7550-PR	Sustainable Rural Microenterprise	COFI	IIIa	10-Aug-01	Completed	300,000	100.00

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
15	MIF/AT-442	TC0007055	ATN/MT-7674-PR	Strengthening of Consumer Protection	SSEC	I	13-Nov-01	In execution	500,000	69.57
16	MIF/AT-480	TC0203033	ATN/MT-7926-PR	Strengthening the Transparency & the Formalization of the Financial System	SB	I	26-Jun-02	In execution	641,000	12.10
17	MIF/AT-508	TC0110003	ATN/MT-8083-PR	One Stop Shop for Export Facilitation	MIC	I	30-Oct-02	In execution	640,000	53.21
18	MIF/AT-540	TC0205017	ATN/MT-8422-PR	Airport Security	DNAC	I	5-Sep-03	In execution	500,000	40.00
19	MIF/AT-655	PR-M1001	ATN/ME-9230-PR	Cleaner Production in Value Chains	CPL	IIIa	9-Jun-05	Approved	460,000	0.00
							Total MIF Amount		14,122,914	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Paraguay. Nonreimbursable Technical Cooperation ATN/ME-____-PR
Incorporating Corporate Social Responsibility Practices
in Small and Medium-Sized Enterprises

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 the Asociación de Empresarios Cristianos of Paraguay, 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 incorporating corporate social responsibility practices in small and medium-sized enterprises.

2. That up to the amount of US\$359,450, 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.