

CAPACITY-BUILDING FOR SMALL AND MEDIUM-SCALE ENTREPRENEURS IN CENTRAL AMERICA AND PANAMA

(TC-99-02-06-3)

EXECUTIVE SUMMARY

Executing agency:	National Empretec offices to be established on the initiative of the following national promoters, who will act temporarily as local counterparts. In <u>El Salvador</u> : La Constancia S.A. (Grupo Agrisal); <u>Guatemala</u> : Bancafé (Grupo Financiero del País); <u>Panama</u> : Fundación para el Desarrollo de la Libertad Ciudadana.	
Project number:	TC-99-02-06-3	
Beneficiaries:	Entrepreneurs in El Salvador, Guatemala and Panama	
Financing:	Modality:	Nonreimbursable (Facility II)
	MIF	US\$1,800,000
	Local counterpart:	US\$ 900,000
	Total:	US\$2,700,000
Objectives:	<p>The general objective is to create sustainable capacity to promote entrepreneurship in the three countries, strengthening the entrepreneurial spirit and formal-sector business initiatives. This will contribute to job creation and economic development. The project will support introduction of the entrepreneurial training methodology developed by UNCTAD's Empretec program, which is based on changes in behavior and attitudes. The specific objectives are to: (a) create operating structures in each country (Empretec offices) trained to successfully apply behavioral methodologies to develop entrepreneurship; and (b) build up the capacity of new and existing entrepreneurs and other institutions exposed to modernization processes to undertake new business ventures. The inclusion of women entrepreneurs is a cross-cutting objective of the entire project and special steps will be taken to inform women about the project and encourage them to participate in all of its activities.</p>	
Description:	<p>The project's components are:</p> <ol style="list-style-type: none"> Creation of institutional capacity. This component consists of establishing an Empretec office, cofinanced and backed by 	

business groups and relevant institutions in each country, and selecting and training the certified technical experts needed to make each office sustainable.

2. **Training of trainers.** Training and certification of professionals in the three countries in applying Empretec's behavioral methodology in a fully autonomous fashion.
3. **Training for new entrepreneurs.** Training for people with promising entrepreneurial profiles to enable them to acquire the behaviors and attitudes needed to undertake new ventures, including the creation of new businesses and the execution of existing business projects.
4. **Special courses.** Application of the Empretec methodology in courses to develop entrepreneurial behavior in specific situations such as: (i) privatization of public businesses or services; (ii) government reform processes and outsourcing; (iii) new exporters; (iv) agricultural entrepreneurs; (v) groups of women entrepreneurs; and (vi) other groups such as indigenous entrepreneurs, young university graduates, technology-based entrepreneurs and others.

Terms:	Execution period:	36 months
	Disbursement period:	48 months

Special contractual conditions:

Prior to the first disbursement of the contribution, each temporary executing agency will present evidence to the Bank's satisfaction that: (i) an agreement has been reached with the United Nations Conference on Trade and Development (UNCTAD) for the use of Empretec methodology in its respective country; (ii) UNCTAD has granted authorization to Empretec Uruguay to participate in the project; (iii) the program director has been hired in accordance with terms of reference agreed upon with the Bank; (iv) the preliminary business plan and a timetable for the project have been prepared as agreed upon with the Bank (paragraphs 4.5, 4.6, 4.8, and 4.9).

For disbursement of the resources for components 2, 3, and 4, each executing agency will present evidence to the Bank's satisfaction that: (i) a national Empretec office has been established and is operating; (ii) new UNCTAD and the new Empretec office have agreed on the use of Empretec methodology; and (iii) the new national Empretec office has agreed to carry out its obligations under the project as executing agency (paragraphs 4.2 and 4.7).

Each temporary executing agency will have a period of 12 months from the entry into force of the agreement with the Bank to set up the

national Empretec office and start operations (paragraph 4.2). Once the provisions set forth in Article 2 (i) and (ii) of the General Conditions have been fulfilled, the MIF may disburse up to US\$10,000 per country to facilitate the executing agencies' compliance with the special conditions precedent.

Conditions for execution

Each temporary executing agency will contract the services of Asociación Empretec Uruguay as a temporary support unit for execution of the project, pursuant to the requested exception to the procurement policy (paragraph 4.5)

Recognition of expenses from the counterpart:

The Bank may recognize, as part of the local counterpart funds, up to US\$2,500 per country in expenses incurred by the temporary executing agencies since July 1, 1999, in the process of establishing the national Empretec offices (paragraph 4.4).

Exceptions to Bank policy-procurement of goods and services:

It is proposed that Empretec Uruguay be contracted to act as a temporary support unit for execution of the project, as established in paragraphs 3.7 and 4.5.