

SMALL AND MEDIUM-SIZED ENTERPRISE INITIATIVE FOR LATIN AMERICA
AND THE CARIBBEAN

(TC-97-09-10-8-RG)

EXECUTIVE SUMMARY

REQUESTING AGENCY: At the Bank's initiative

MIF FACILITY: Small Enterprise Development Facility (III)

EXECUTING AGENCY: Bolívar Program Association (Caracas, Venezuela)

BENEFICIARIES: Borrowing member countries of the Bank

FINANCING:	Modality:	Grant
	MIF:	US\$4,800,000
	Cash contribution:	US\$2,300,000
	Own income in cash:	<u>US\$1,050,000</u>
	Total:	US\$8,150,000

TERMS:	Execution period:	24 months
	Disbursement period:	30 months

ENVIRONMENTAL/
SOCIAL REVIEW: The executing agency will seek opportunities to increase awareness among and provide advisory services to SMEs, trade associations, and public or private institutions on systems for environmental management, industrial waste treatment, international standards and harmonization of regulations for environmental protection (see paragraph 5.1).

OBJECTIVES: To help the region's businesses — particularly small and medium-sized enterprises (SMEs) — become more competitive.

DESCRIPTION: The project will consist of three programs:

1. A national program (US\$3,275,000) which will include: (i) responding to general enquiries and providing businesses with specialized technical assistance through private consulting firms; (ii) carrying out "Operation ENLACE" to help enterprises find international business partners; (iii) strengthening new, more efficient activities by the ONEs and restructuring the ONE network; and (iv) organizing national or subnational events to promote dialogue between

the public and private sectors and elicit specific proposals for promoting SMEs.

2. A subregional program (US\$600,000) which will include sponsoring two business seminars in two of the following subregions: (i) Mexico, Central America, and the Dominican Republic; (ii) the Andean Group; (iii) the Caribbean; and (iv) the Southern Cone.
3. A program for coordination of regional activities and international representation (US\$750,000) which will include, among other, activities for quality control programs to improve services at the national and subregional levels, and establishment of a system for management, planning, and management control.

BENEFITS:

The program is expected to produce benefits in four separate areas:

- a. It will provide 200 SMEs with access to a network of specialized professional offices, through the Bolívar Program, and will launch a partnership search for 400 national or international business partners, resulting in 100 new international partnerships and improving the competitiveness of the enterprises.
- b. It will help SMEs increase their participation in subregional markets and initiate dialogue to resolve problems affecting intraregional trade in specific sectors.
- c. The Bolívar Program network of National Offices (ONEs) will be consolidated and will be coordinated with Reference Centers and other international institutions.

RISKS:

The following risks have been identified:

- a. Weakness of the financing scheme. This risk will be offset by a solid track record of the provision of the counterpart contribution in kind demonstrated in the past. In addition, estimates of earnings under the program are deemed fairly conservative, based on the relatively small number of income-generating activities in each ONE. Lastly, the incentives created by use of the *pari passu* disbursement system will supplement a special effort on the part of the Bolívar Program to achieve greater income than in the past.

- b. Project sustainability and continuity. The sustainability of each of the income-producing activities and ONEs can be verified through the accounting and management oversight system established during program startup. This will make it possible to distinguish between activities that yield a return and those that do not. For the promotional activities, policy discussions, and institutional liaison financed under the program, the General Secretariat must submit a work plan for generating the resources needed to cover the possible operating deficit that the Bolívar Program may incur once the MIF financing ends.
- c. Evaluation of project results, especially in conducting cost-benefit analyses for certain components. This risk will be mitigated through the professional input of the project management unit, the establishment of a management control mechanism, and the use of evaluation methods specially designed for this project.

**THE BANK'S
REGIONAL POLICY:**

This program is consistent both with the Bank's general strategy for supporting SMEs in the region (GN-1885 corr.) and with the specific business development policies prepared for several countries in the region. Thus, the present program will supplement the Bank's operations and those of the MIF (technical-cooperation projects and loans) designed to develop SMEs.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Special conditions precedent:

Programs 1, 2, and 3: Entry into force of the Operating Regulations, submission of the annual business plan and table showing source and application of funds for the first year, and evidence that the independent firm to act as project management unit has been hired (see paragraphs 3.11 and 3.14-3.15).

Program 3: Submission of the work plan for obtaining additional resources to supplement those of the Bank (see paragraph 3.14) and submission of evidence that the system for budgetary control and project management has been implemented and that the management unit has been hired (see paragraph 3.11).

Contractual conditions:

Disbursements: The resources of the MIF contribution will be disbursed in the following manner:

- Program 1: through (i) an initial advance of 25% of the funds; and (ii) subsequent advances proportional to the results achieved during the respective six-month period, according to the *pari passu* arrangement established under the project (see paragraph 3.24).
- Program 2: according to Bank procedures and subject to submittal of the payment schedule to be included in the business plan, justification of expenditures, and fulfillment of the *pari passu* (see paragraphs 3.25-3.26).
- Program 3: through (i) an advance of up to US\$30,000 once the general conditions precedent are fulfilled, and (ii) subsequent disbursements of up to 25% of the program resources, subject to fulfillment of the special conditions precedent (see paragraph 3.27).

Subregional offices: Within two months following signature of the contract, the names of the ONEs that are to serve as subregional offices must be presented to the Bank (see paragraph 3.12).

Reports: The reports specified in paragraph 3.28 must be duly submitted.

Final evaluation: A final evaluation of the project must be carried out (see paragraph 6.2).

I. BACKGROUND

A. Experience under Bolívar Programs I and II

- 1.1 The importance of small and medium-sized enterprises (SMEs) to the region's economies is demonstrated by the fact that they constitute some 95-99% of the total number of businesses, provide 60-85% of employment and account for 30-50% of the region's gross national product. The competitiveness of SMEs and their adaptation to the new free trade environment is therefore crucial to the economies of the region, both because they make up the vast majority of the private sector and due to the impact their activities have on such vital factors of production as employment.
- 1.2 The Bolívar Program [Programa Bolívar], which will act as the executing agency for this project, has gained considerable experience since 1992 with the execution of operation ATN/SF-3939-RG for US\$4.2 million and the second phase of its implementation with support from Bank and MIF operations ATN/SF-4755-RG (US\$4.7 million) ATN/ME-4756-RG (US\$4 million).
- 1.3 The objective in the first phase of the Bolívar Program was "to promote cooperation among the countries of Latin America and the Caribbean in promoting the introduction of new technology in the region's productive enterprises to improve their efficiency and competitiveness". In its evaluation report on Bolívar Program I (RE-211), EVO reviewed the program's logical framework and, in essence, reached the following conclusions for each component of the operation: (a) establishment of a business system: duly accomplished with the creation of 17 Bolívar Program National Commissions, 14 ENLACE National Offices (ONEs) and over 40 decentralized offices ("antennae"); (b) establishment of the dissemination mechanism: duly accomplished through publication of quarterly bulletins and presentations at fora and conferences; (c) generation of business cooperation projects: achieved in part with the submission of 691 business proposals (307 of which received a positive response) and 93 letters of intent; (d) stimulation of financial resources: achieved in part but not sufficiently; and (e) startup of a plan for self-financing: not accomplished, since the plan drawn up in 1994 was not successful and had to be reformulated (see Annex I).
- 1.4 The second phase of the program financed by the IDB Group has achieved and at times surpassed the goals established for each of the three subprograms of which it is composed, as indicated in the report on Bolívar Program activities released in June 1997. Of the three subprograms, the one for institutional and operational development of the Bolívar Program was assessed in terms of National Commissions and new ENLACE offices established, agreements signed with other entities, implementation of information systems and dissemination of program activities, participation in events,

number of business proposals negotiated through the office network, and the resources raised to cofinance the program. Assessment of the second subprogram, for the provision of services and cooperation with private-sector organizations, was based on networking of institutions under the program, the number of private-sector Reference Centers incorporated into the program, and the specific services rendered to private-sector organizations. The third subprogram, which was designed to incorporate the Central American region into the program network of offices, was deemed fully successful in all countries of the subregion (see Annex I). A contract to conduct the formal evaluation of the second phase has recently been let by the Bolívar Program and the consultant's report received by the Bank. Upon completion of the second phase, the financial statements of the Bolívar Program were audited.

- 1.5 During the period since the program first began, and in addition to its specific accomplishments under operations financed by the Bank, the Bolívar Program has made a number of intangible gains as well, reflected in the consolidation of an institution with a high profile in the region, important international connections, and a position of influence among regional institutions. Now that the stage devoted to the construction and organization of the Bolívar Program has been completed, and its activities have been disseminated internationally, the time has come to focus on more concrete projects directly linked to business activities at the subregional and national levels. The focus should be reflected in the setting of tangible, measurable goals based on specific operational results and the generation of resources that will make a significant contribution to the financing of program activities.

B. Parameters of the new operation

- 1.6 The experience gained under the program has led to a number of lessons learned which will allow this new operation to build on existing strengths and accrued capital while at the same time correcting weaknesses identified in the past. Among the strengths and abilities demonstrated by the Bolívar Program in its earlier operations are the following:
 - a. Ability to stimulate interest and organize business events. The "Bolívar Fora on Latin American Enterprises" are designed as venues where public-sector officials, businessmen, and representatives of the financial, technology, academic, and other sectors can meet and discuss policies and programs, both within the region and elsewhere, raising public awareness of the importance of small and medium-sized enterprises and have generated initiatives and agreements between institutions for SME development. This activity supplements the Bank's

financial support for the Fora which totaled US\$550,000 ^{1/}. The scope of the Fora and the financing they have attracted will make subsequent financing by the MIF unnecessary.

- b. Networking of offices and contact points. Establishment of a network made up of 18 ENLACE National Offices and over 100 "antennae" in most of the countries in the region, along with 15 Reference Centers located in other parts of the world, is making it possible to mount activities at the regional level which would be impossible without such networking. This organizational infrastructure represents a powerful intangible asset, financed largely with local counterpart funding and volunteer help, to which still greater value added may be added through new activities.
- c. The ability to influence high-level policy-making in the public and private sectors by promoting institutional linkages and opening new fields of cooperation, at the international level in both cases. Examples of this ability are the large number of institutional agreements formalized under the program, participation in meetings of heads of State and similar events at the highest levels, and the ability to coordinate networks such as that linking parliamentarians, establishing connections which then develop their own dynamics.

1.7 Among the weaknesses detected in the program, which will be the focus of special attention under the proposed operation, are the following:

- a. Difficulty generating resources through the sale of its services. This weakness is due on the one hand to difficulties in billing and collecting for the provision of services to locate international business partners, a service in which the program must compete with publicly-funded or heavily subsidized operators. Moreover, it is impossible to bill for promotional or public awareness activities as such. Similarly, despite its demonstrated skill in generating institutional consensus, the program has not been able to obtain contributions in kind from the institutions involved.
- b. Lack of an efficient method of exercising budgetary control and supervision has made it impossible to conduct a cost-benefit analysis of each of the activities carried out at each cost center under the program, which in turn prevents objective priority-setting for future activities. This difficulty arises in part from the wide range of activities carried out under the program through a large number of offices, making it difficult

^{1/} Of this amount, US\$435,000 was provided under regional technical cooperation projects (ATN/SF-5039-RG, ATN/SF-5420-RG, and ATN/SF-5734-RG, respectively).

to attribute costs to specific activities, and in part to the fact that the necessary funds and accounting methods have not been applied.

1.8 Other lessons learned from past experience can be summarized as follows:

- a. There is a need to better target the program activities and reduce the number of its activities, concentrating on those with the greatest competitive advantages. The program has covered a wide range of activities, from those which initially appeared to have the greatest priority (those involving technology) to others demanded by the companies (general technical assistance) and institutions (organization of fora for discussion and debate) themselves. It is therefore recommended that the program adapt its strategy and products to the areas of greatest demand, which is expected to be achieved with the proposed project through better targeting of the ONE business plans.
- b. The learning process the program has gone through is very important to it as an organization, as is consolidation of an organizational culture capable of accruing experience beyond individual know-how. Developing and sustaining a network of offices is an organizational challenge of the first order, and adapting the program objectives to new demands may imply changes in its organizational structure and management. Such changes will call for external support for project management, as well as reorganization of the office network and concentrating resources in the most competitive ones.
- c. The activities carried out under the program at the international level should help broaden its impact and improve its grasp of current conditions and strengthen its links to the institutional fabric of each country.
- d. The field of subregional markets has received comparatively little attention under the program to date, yet it is this level which offers SMEs the greatest potential to penetrate the international market.

1.9 The IDB Group has also accumulated considerable expertise in the problems confronting SMEs and now possesses substantial experience with operations in this area garnered in the course of numerous MIF technical-cooperation projects and Bank loans and technical-cooperation programs for development of financial and nonfinancial services for SMEs. In addition, the Bank has prepared business development policies in several countries, helping them identify new operations for the promotion of small and medium-sized enterprises.

- 1.10 A number of countries in the region have achieved progress in the design and implementation of policies supporting SMEs, but there have been as yet few attempts to prepare and carry out programs developed in cooperation between the public and private sectors that are both demand driven and designed to be operated by private institutions. The existence of fora for dialogue to promote such public-private sector cooperation is essential for the formulation of business development strategies and the design of policies and programs to promote SMEs. The region therefore needs agents that can play a catalytic role in creating spaces for discussion that will prove useful to the Bank and the countries. With its efficient operation, the program is well placed to enhance the Bank's actions and become such an agent. There is thus an opportunity to draw upon the capital accrued through the program's network of offices and to make use of its potential in policy discussions on SMEs.
- 1.11 It can therefore be concluded that the Bolívar Program warrants MIF support to complete consolidation of the network of offices, streamline its structure and operation, and strengthen its links to both national and subregional institutions. In the process, the program must take advantage of the market niches that it has been able to discover, in order to become self-financing and ensure its sustainability. The program should thus be able to establish the links and generate the resources needed for self-financing, since the proposed operation constitutes the last Bank or MIF operation in support of the Bolívar Program network. 2/

II. OBJECTIVES

- 2.1 The overall objective of the project is to help improve the competitiveness of enterprises in the region, particularly SMEs.
- 2.2 Its specific objectives are to:
- a. Promote public- and private- sector awareness and policy discussions about business development and SMEs by creating fora for dialogue that will enhance the design of policies and operations programs for business development.
 - b. Contribute towards improving access to enterprises to services to help them find international business partners and specialized technical assistance, and towards increasing SME participation in subregional markets.

2/ However, there is nothing to prevent the National Offices from having other interactions with the Bank, such as participating in the preparation or execution of other IDB or MIF operations.

III. DESCRIPTION

A. Programs

- 3.1 The proposed project will include two programs designed to accomplish both specific objectives at the national, subregional, and regional levels and a third program for coordination of the regional activities.

Program 1: Dissemination of support services and programs for SMEs at the national level (MIF contribution: US\$3,275,000)

- 3.2 The purpose of program 1 will be to facilitate the provision of services for SMEs, particularly helping companies find international partners and to promote discussions at the national level on policies and programs for SMEs. To this end the Bolívar Program must reinforce the links between its National Offices (ONEs) and private-sector institutions in each country and restructure the offices according to the strengths of each one and their capacity to develop innovative, income-generating activities.
- 3.3 Activities under this program will include those being carried out by the ONEs and antennae operated under the Bolívar Program, the importance of which lies in the Bolívar Program experience in the use of the ENLACE system to identify international business partners, its ability to attract counterpart resources and volunteers, and its capacity to recruit companies to attend subregional and international events. The activities carried out by individual ONEs will depend upon circumstances and the existence of competitive mechanisms, demand for services, comparative advantages, etc., in each country. Each ONE must draw up an annual business plan listing its objectives under each activity. These documents will then be incorporated into the annual business plan for the project as a whole (see paragraphs 3.14 and 3.28(a)). Once approved by the Bank, the business plan of each ONE will be forwarded to the respective Country Office so that the activities can be coordinated with other Bank Group operations. The activities to be financed by the MIF under this subprogram will be the following:
- a. Advisory and referral services for SMEs. This activity will include responding to enquiries of a general nature from businesses and referring them to specialized technical assistance through private consulting firms. As a rule, the ONEs will not provide services directly, but will act as intermediaries with consulting firms in exchange for a fee. This intermediation service will be provided free of charge to the user companies, and there will be no charge for information on Bolívar Program activities or for basic advisory services.

The intermediation fee will only be collected from the consulting firms that provide services to companies referred to them by the Bolívar Program. The services thus offered may be information, technological assistance and advice on trade, management strategy, quality control, environmental management, international marketing, and so forth. It is estimated that initially the Bolívar Program network of offices will act as intermediary for approximately 125 business service contracts per year during the life of the project, charging an average fee of US\$1,000 per contract.

- b. Use of the ENLACE system to identify international business partners. This activity will include use of the ENLACE system through the Bolívar Program network of offices, which now have accrued considerable experience, and organization of business missions. The ENLACE system will gradually computerize its operations and complete connections to all of the offices in the network. Initially, during the project execution period, some 200 partnership identification proposals are expected to be generated each year, at an average of US\$250 per proposal, which will result in the creation of 50 business partnerships at an average of US\$1,000 per partnership. In addition, at least two business missions will be organized each year, generating some US\$25,000 in additional resources annually for the Bolívar Program.
- c. Development of new activities in the ONE network. This component is designed to provide special support to the ONEs that submit proposals based on their individual experience and capacity, in order to convert them into centers of excellence in such areas as the dissemination of technology, modernization of production processes, dual training and skill certification, subcontracting, and computer science. Development of these centers of excellence is expected to have a demonstration effect in the network. The funds for this component will be allocated by the Bank, according to ONE proposals. Up to five ONEs are targeted for this component. The following selection criteria will be used to allocate the resources: the capacity demonstrated by each ONE; specialization and quality of the proposals; leverage of other resources; linkage to private subregional networks; return; and innovation. The MIF contribution for the activities under this component will be made on a one-time basis, since they are supposed to be self-sustaining. A portion of the funds earmarked for this component may be used to supplement the adjustments necessary for restructuring of the ONEs so as to favor the most competitive ones.
- d. Raising awareness, dissemination, and discussions for SMEs. This activity will include organization of national and subnational events to promote public- and private- sector dialogue and propose specific SME development programs, as well

as preparation and dissemination of Bolívar Program subregional events.

Program 2: Support for SME participation in subregional markets
(MIF contribution: US\$600,000)

- 3.4 The purpose of this program will be to increase the commercial operations and business partnerships of SMEs and to improve the institutional and policy framework for SMEs in subregional markets. The program will include sponsoring two business seminars in two of the following four subregions: (i) Mexico, Central America and the Dominican Republic; (ii) the Andean Group, including Venezuela, Colombia, Ecuador and Peru; (iii) the Caribbean, including Trinidad and Tobago; and (iv) the Southern Cone, including Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay.
- 3.5 The Bolívar Program has developed considerable expertise in bringing together potential business partners and preparing international contracts. Program 2 will make use of this experience to organize two business seminars at the subregional level. This will require: (i) defining the specific objectives and sector focus of each seminar, in accordance with opportunities for inter-company cooperation in the selected subregions; (ii) renting or reserving space in trade shows in a country in the subregion for subsequent marketing of individual booths to participating companies; (iii) organizing the participation of exhibitor companies willing to establish cooperation agreements with other companies in the subregion; (iv) drawing up profiles of enterprises most likely to meet the requirements of the exhibitor companies, identifying firms that fit these profiles, organizing their attendance at the respective business seminar and arranging individualized meetings; (v) organizing concurrent workshops in technical fields relevant to the subregion and sectors; and (vi) evaluating the results achieved.
- 3.6 The meetings organized will necessarily have to have cooperation and co-financing from financial institutions, business associations and government agencies in the subregion, but companies and institutions from outside the subregion may also be allowed to participate, provided they make a financial contribution for their attendance. The proposed project will cover a portion of the costs for organizing the business seminars, but will not pay the direct costs incurred by participating companies.
- 3.7 The seminars will also promote the establishment of institutional links between public- and private-sector entities for cooperation on policies and programs which relate to either specific problems addressed in the concurrent workshops or topics which the business associations wish to include under negotiations for trade or harmonization of standards.

- 3.8 The indicators used to measure the results of these activities will be as follows: (i) the number of firms participating in the seminars that pay their own direct costs; (ii) the volume of business generating by the seminars; (iii) the number of enterprises that initiate commercial or cooperative operations as a result of their participation in the seminars; (iv) the cooperation agreements generated; and (v) the institutional cooperation agreements signed, provided they include a definite, specified economic content. Upon completion of the first subregional seminar, a report detailing its results will be prepared [paragraph 3.29(c)] and must be submitted to the Bank for approval prior to release of disbursements for the activities to be carried out for the second seminar.

Program 3: Coordination of regional activities and international representation (MIF contribution: US\$750,000)

- 3.9 The goal of this program is to maintain basic uniformity with respect to the other programs, coordination and restructuring of the National Offices and international representation in the Bolívar Program. The General Secretariat will monitor and oversee the quality of the services rendered at the national and subregional levels and compile individual country experiences. Duties in the area of international representation will include maintaining contacts with international Reference Centers, negotiating network-wide cooperation agreements with agencies of the international community, and publicizing the activities of the Bolívar Program.
- 3.10 The General Secretariat will also coordinate regional network initiatives undertaken by civil society organizations involved in SME development, as it has done in the past. ^{3/} Nevertheless, the networks will have to seek financing in the form of contributions from their membership or through specific projects.
- 3.11 Management Strengthening. Ensuring the sustainability of the activities required for the provision of services to companies will be an explicit objective of the project. Accordingly, the project will include a specific budgetary allowance for an international consulting firm to be hired to act as project management unit (PMU). The PMU will help implement a system for accounting and management control information to determine costs per activity, allocation of resources, and the degree to which each activity has achieved self-financing. The duties of the PMU will be to: (i) design an accounting information system; (ii) assist the General Secretariat in harmonizing the business plans; (iii) monitor budget execution;

^{3/} As one of the results under the Fora on Latin American Enterprises, the Bolívar Program has developed and partially financed a banking liaison group; legal, parliamentary, and university networks; and networks for female and indigenous entrepreneurs.

(iv) certify that the MIF contribution is being used in accordance with the business plans approved by the General Secretariat and the Bank for each program and in each ONE; (v) certify fulfillment of the *pari passu* established in paragraphs 3.24-3.27; (vi) make the necessary payments; and (vii) make recommendations to reduce the costs of operating and reorganizing the Bolívar Program. The budget management and control system must be maintained throughout the life of the project. The hiring of the firm to act as PMU, together with the design, development, and implementation of a management and control planning system, will be a general condition precedent for the program. The Bank will use program funds to have the bidding conditions prepared for the selection and hiring of the PMU.

B. Execution

- 3.12 The executing agency for the project will be the Bolívar Program Association, acting through its General Secretariat and the ONEs in each country, including those which will serve as subregional offices of the Bolívar Program for execution of the subregional program. The General Secretariat shall decide and notify the Bank concerning the selection of the subregions for implementation of the program described in paragraphs 3.4-3.8, and the ONEs chosen to serve as subregional offices, within two months following signature of the loan contract with the Bank. The executing agency will hire, through competitive bidding, a private firm of international repute to act as project management unit.
- 3.13 The ONEs will be responsible for execution of program 1, and the two designated subregional offices will implement program 2. The General Secretariat will conduct program 3 directly, and will be responsible for overall management of the project, plus supervision and coordination of programs 1 and 2. Annex II contains an abstract showing the institutional profile of the Bolívar Program as of June 1997.
- 3.14 The General Secretariat will prepare an annual business plan which will include a list of objectives to be achieved each year under the programs and subprograms, and determine the degree of sustainability required for each program. It must also include a work plan for the Bolívar Program to raise funds from public- and private-sector institutions to cover possible operating deficits that the program may incur once the MIF's financial contribution has ended.
- 3.15 The plan for program 1 must give a breakdown of the objectives for each ONE, including targets for cash revenue from the provision of services and counterpart contributions in kind. The plan for program 2 must include the specific activities to be carried out for the business seminars, quantification of the results expected in terms of the indicators listed in paragraph 3.8, an itemized budget for income and expenditures, and the expected payment

schedule. The plan for program 3 will list the activities to be carried out by the General Secretariat, its expense budget, and the impact that the expenses will have on the cost of the Bolívar Program's other activities.

- 3.16 Approval of the business plan by the Bank will be a condition precedent to the first disbursement.

C. Cost and financing

- 3.17 The total estimated cost of the project is US\$8,150,000, as shown in the following provisional budget:

(US\$ thousands)

	MIF	Counterpart		TOTAL
Component		Contribution in kind	Cash from own income	
<u>Program 1</u>	<u>3,275</u>	<u>1,700</u>	<u>750</u>	<u>5,725</u>
- Intermediation services	1,000	500	250	1,750
- Search for int'l partners	1,100	500	250	1,850
- New ONE activities	875	500	250	1,625
- Raising awareness	300	200		500
<u>Program 2</u>	<u>600</u>	<u>500</u>	<u>300</u>	<u>1,400</u>
- Business seminars				
<u>Program 3</u>	<u>750</u>			<u>750</u>
- Coordination and repres.	450			450
- Management unit	200			200
- Mgt. control and planning	100			100
Audits (2) and evaluation	<u>75</u>			<u>75</u>
Contingencies	<u>100</u>	<u>100</u>		<u>200</u>
Total	4,800	2,300	1,050	8,150

- 3.18 The MIF contribution, to be granted on a nonreimbursable basis will total US\$4,800,000, and will be supplemented with the income generated through provision of services to companies, private operators, and institutions. Estimated income from income generation is US\$1,050,000, and the local counterpart contribution will total US\$2,300,000.

- 3.19 The MIF contribution will finance the following, provided the *pari passu* conditions are fulfilled:

Program 1: Professional honorariums of the ONEs participating in the program, and part of the expenses for travel, publications, administrative support, logistics required under the program, and new activities selected for performance by the ONEs.

Program 2: Part of the coordination and organization expenses of the two ONEs selected to organize the business seminars and of the other expenses relating to these events.

Program 3: All expenses incurred by the General Secretariat, including: (i) honorariums of the Secretary General and coordination staff, (ii) travel expenses for Caracas office staff, (iii) promotional activities, (iv) logistical support, (v) honorariums of the management unit, and (vi) expenses related to the implementation of the management control system.

- 3.20 MIF resources for programs 2 and 3 may be transferred to program 1 but not vice versa. The MIF contribution may not be used to cover expenses incurred prior to approval of the project by the Donors Committee.

D. Disbursements

- 3.21 MIF disbursements for programs 1, and 2 will be made *pari passu* with local counterpart contributions in kind with the generation of cash income. Higher contributions in kind may not be used to offset cash revenues that are lower than budget estimates.
- 3.22 Any MIF resources that have not been committed upon expiration of the execution period (two years) will be canceled. The deadline for disbursement in full will be 30 months.
- 3.23 All disbursements will be made directly through the management unit. The procedure for each program is described below.

1. National program

- 3.24 Following the Bank's approval of the first annual business plan, the ONEs participating in the program will receive an advance of funds equivalent to 25% of the MIF contribution for this program, for use in starting it up. This disbursement of the 25% advance will simplify project administration, which is complex owing to the number of expense centers. For subsequent disbursements, the ONEs must submit semiannual financial statements through the management unit, accompanied by receipts supporting the information provided and indicating the degree to which the objectives set out in the annual business plan have been accomplished. After conducting such tests as it deems appropriate, the Bank, through the management unit, will disburse advances to cover duly substantiated expenses incurred by the above-mentioned ONEs to each one at six-month intervals, drawing on the established *pari passu* and, in particular, on the revenues obtained under the annual business plan.

2. Subregional business seminars

- 3.25 Disbursements for program 2 will be made according to the payment schedule set forth in the business plan, subject to justification of expenses by the Bolívar Program and fulfillment of the *pari passu* (see paragraph 3.15). Prior to the first disbursement of the contribution for each of the events to be carried out under this program, the Bolívar Program will be required to provide a preliminary program of activities and the commitment on the part of the institutions that are cosponsoring them that they will make the respective counterpart contribution. Disbursement of the last 25% of the contribution for each event will be subject to presentation by the Bolívar Program of justification of expenses and fulfillment of the *pari passu* for each event.
- 3.26 The Bank will make disbursements through the management unit for allocation to the ONEs in charge of the subregional meetings.

3. Coordination and representation program

- 3.27 Once the general conditions precedent have been fulfilled, the General Secretariat will receive up to US\$30,000 to facilitate hiring of the management unit and implementation of the budgetary and management control system. The special conditions for the second disbursement will be as follows: (i) approval by the Bank of the annual business plan and the work plan for seeking alternative sources of financing to replace MIF funds as outlined in paragraph 3.16; (ii) implementation of a budget and management control system; and (iii) hiring of the management unit. As soon as these conditions are fulfilled, the General Secretariat will receive a semiannual advance equivalent to 25% of the MIF contribution.

E. Reports

- 3.28 The executing agency shall submit the following reports to the Bank:
- a. Annual business plan: At the start of each year during project execution, the General Secretariat will submit a proposed annual business plan containing the items listed in paragraphs 3.14 and 3.15. Prior to this, each ONE will have presented its own business plan to the Bank's respective Country Office as a means of ensuring coordination with other Bank activities and for the monitoring of Bolívar Program activities.
 - b. Semiannual progress reports: The management unit will submit semiannual reports to the Bank describing progress under each program and subprogram, and indicating the degree of compliance with or deviation from the business plan, broken down by activity and ONE, particularly with respect to income and expenditures under each subprogram.

- c. Reports on business seminars: Three months after each event is held, the General Secretariat will submit a report on it to the Bank, including a description and detailed evaluation of the results obtained (paragraphs 3.4-3.8).
- d. Annual financial management and audit reports: These reports will be presented within 90 days after (1) the end of the first year of project execution reckoned from the date of the first disbursement; and (2) within 90 days after the final disbursement. The reports will be prepared by a firm of independent public accountants acceptable to the Bank. Their purpose will be to determine the use made of program resources, and to assess the cost-benefit ratio of its various programs and activities.

F. Supervision and monitoring

- 3.29 Supervision, monitoring and general oversight of the operation on the part of the Bank will be exercised by the IDB's Country Office in Caracas, with the support of the project team and, if needed, the Country Offices of the countries in which the project will be carried out. To this end, and to ensure ongoing coordination among all the parties involved, officials from the Bank, the Bolívar Program Association, and the project management unit will meet semiannually to review progress under the present stage of the project and plan the activities to be carried out over the next six months.

IV. BENEFITS AND RISKS

A. Benefits

- 4.1 As a result of the concrete activities to be carried out, this project is expected to produce benefits in a number of different areas. First, it will provide SMEs in the region with access to a network of professional offices that specialize in finding national or international business partners, resulting in 100 new international alliances and improving the competitiveness of the enterprises. SMEs in the countries in which the project is to be carried out will also have access to the information generated by the Bolívar Program basic advisory services free of charge, professional guidance in the hiring of 200 specialized consulting services, and opportunities to participate in national and international business seminars.
- 4.2 Second, this operation is expected to help SMEs increase their participation in subregional markets and, along the same lines, to lead private-sector organizations to sponsor events for the

discussion and resolution of concrete problems affecting intraregional trade in specific sectors.

- 4.3 Lastly, the coordination activities carried out by the Bolívar Program General Secretariat and the project management unit is expected to help consolidate the network of ONEs and coordination between the offices and Reference Centers and other international institutions. Consolidation of existing networks of civil society organizations is also expected.

B. Risks

- 4.4 The risks inherent in this operation have to do with: (i) weakness of the financing scheme; (ii) program sustainability and continuity; and (iii) the means for evaluating the results of the program components and conducting cost-benefit analyses.
- 4.5 The financing scheme for the project has a solid foundation in view of the counterpart contribution in kind, in view of the continuity in sizeable local in-kind contributions achieved in the past, including a large amount of volunteer work. The estimates of cash income generated can be considered fairly conservative, based on the relatively small number of income-generating activities within each ONE. Moreover, the experience accumulated by the Bolívar Program over the past few years and the incentives created by the use of *pari passu* disbursement will supplement the special efforts by the Bolívar Program to achieve greater income than in the past.
- 4.6 The sustainability of income-generating activities can be verified through the accounting and management control system implemented during program startup. This will make it possible to distinguish between activities that show a profit and those that do not at the subregional and regional levels alike. The program management and project management unit may thus decide to concentrate in the future on those activities and ONEs that are self-financing. For the promotional activities, policy discussions, and institutional liaison financed under the program, all of which it is understood will require subsidization, the Bolívar Program will seek ways to ensure that governments in the region, the private sector, and other members of the international community effectively contribute to their maintenance once the Bank and MIF cease contributing directly to them.
- 4.7 Finally, the ability to evaluate the results of each activity under the project will be reinforced through the professional input of the project management unit, the use of a new management control mechanism and the use of evaluation methods specially designed for the project. In addition, the Bank will establish a system for supervision and control of the operation through its Country Office in Venezuela, which will help ensure smooth operation of specific methods to measure results, in terms of both accounting and the

attainment of measurable goals, in accordance with the Logical Framework.

V. ENVIRONMENTAL AND SOCIAL IMPACT

- 5.1 With respect to environmental and social impact, the project is expected to have a positive social impact by encouraging development and improving the competitiveness of SMEs, which employ a very large proportion of labor in the region. As for environmental impact, SMEs can have potentially adverse effects in the case of industrial establishments that emit pollutants. In conducting the activities under programs 1, 2 and 3, the Bolívar Program is required to seek opportunities to instruct enterprises, trade unions, and public or private institutions on measures to mitigate such impact, and to raise awareness and advise SMEs on environmental management systems, treatment of industrial waste, international standards, and harmonization of regulations on environmental protection.

VI. EVALUATION

- 6.1 As part of the proposed project, the financial and management audits referred to in paragraph 3.28(d) will be carried out by independent firms hired with funds from the project budget.
- 6.2 Upon project completion, an evaluation designed by the Bank's Evaluation Office will be conducted, in accordance with the indicators set forth in the logical framework (see Annex V), including a survey of the beneficiaries under each of the programs. For the design of the evaluation matrix, the evaluators will specify indicators according to the business plan approved by the Bank. This evaluation will be carried out by an independent entity hired by the Bank with funds allotted under the project budget, with the support of the Bolívar Program.

PROJECT ABSTRACT ON THE BOLIVAR PROGRAMS I AND II

Bolívar Program I (ATN/SF-3939-RG)

Date project was approved	March 1992												
Entities signing the Loan Contract	Bank and Government of Venezuela												
Beneficiary countries	Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Uruguay and Venezuela												
Total cost and financing schedule specified in the project document (in US\$)	<table> <tr> <td>Bank (FSO):</td><td>4,200,000 (2,600,000 in local currency)</td></tr> <tr> <td>Government of Venezuela:</td><td>2,000,000</td></tr> <tr> <td>Other governments:</td><td>2,000,000</td></tr> <tr> <td>TOTAL:</td><td>7,300,000</td></tr> </table>	Bank (FSO):	4,200,000 (2,600,000 in local currency)	Government of Venezuela:	2,000,000	Other governments:	2,000,000	TOTAL:	7,300,000				
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TOTAL:	7,300,000												
Breakdown of costs according to the project document (in US\$)	<table> <tr> <td>Coordination (Executive Secretariat):</td><td>1,734,000</td></tr> <tr> <td>National Offices:</td><td>4,427,000</td></tr> <tr> <td>Dissemination and promotion:</td><td>550,000</td></tr> <tr> <td>Evaluation:</td><td>20,000</td></tr> <tr> <td>Contingencies:</td><td>569,000</td></tr> <tr> <td>TOTAL:</td><td>7,300,000</td></tr> </table>	Coordination (Executive Secretariat):	1,734,000	National Offices:	4,427,000	Dissemination and promotion:	550,000	Evaluation:	20,000	Contingencies:	569,000	TOTAL:	7,300,000
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Dissemination and promotion:	550,000												
Evaluation:	20,000												
Contingencies:	569,000												
TOTAL:	7,300,000												
Objective and activities as set forth in the project document	<p>Promote a mechanism for linking enterprises among themselves and with science and technology systems in the region and in other regions of the world to improve the competitiveness of the enterprises and help Latin American economies gain greater access to global markets.</p> <p>The activities to be financed with the Bank's contribution will include consultants for design, implementation and startup of the program; promotional activities for the program; and training activities.</p>												
Program mission as defined by the Secretary General in the EVO report	Promote technological, productive, financial and commercial integration among the countries of Latin America, and between these countries and other regions of the world, in order to make goods and services produced in Latin America and the Caribbean more competitive.												
Execution period	25 months reckoned from signature of the loan contract												
Disbursements and source of funds, 1992-1994 (according to the EVO report, in US\$)	<table> <tr> <td>Bank:</td><td>3,800,000</td></tr> <tr> <td>Government of Venezuela:</td><td>875,000</td></tr> <tr> <td>ADC:</td><td>150,000</td></tr> <tr> <td>UNESCO:</td><td>58,000</td></tr> <tr> <td>Own resources:</td><td>62,000</td></tr> </table>	Bank:	3,800,000	Government of Venezuela:	875,000	ADC:	150,000	UNESCO:	58,000	Own resources:	62,000		
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UNESCO:	58,000												
Own resources:	62,000												
<p>EVO report, March 1996:</p> <ul style="list-style-type: none"> - Components analyzed after reformulation of the operation - Conclusions and recommendations 	<p>Establishment of a network of ENLACE National Offices; establishment of program dissemination mechanisms; arrangement of joint venture business projects; mobilization of additional financial resources; preparation of a plan for self-financing.</p> <p>Recognized limits on the attainment of objectives, identified key problems in program management; produced the logical framework and evaluation matrix, and make specific recommendation for the program executing agencies and for the Bank.</p>												

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Management's comments on the EVO report, August 1996	Recognized potential advantages of the program experience and assets, although placing in doubt its ability to become self-supporting, and proposed: (1) redesign of the program; (ii) formulation of a strategic plan that includes its financing; (iii) adjustment of its management structure and procedures to the new strategic plan; and (iv) strengthening of management and implementation of a system for planning, budgeting and control of financial and human resources.
Board of Executive Director's Evaluation Committee, October 1996	Made various comments on the evaluation, underscores the need for an action plan for Bolívar Program II, and requested semiannual progress reports during the second phase of the program.

Bolívar Program II (ATN/SF-3939-RG)

Date project was approved	December 1994																												
Executing agency	Bolívar Program Association																												
Beneficiary countries	AR, BL, BO, BR, CH, CO, CR, DR, EC, ES, GU, HO, ME, NI, PE, PN, PR, TT, UR, VE																												
Objectives as set forth in the project	The specific objectives are to ensure the continuity, expansion, strengthening and consolidation of the services rendered under the ENLACE system in the region.																												
Total cost and financing schedule specified in project document (in US\$)	<table> <tr> <td>Bank (FSO):</td><td>4,700,000 (2,000,000 in local currency)</td></tr> <tr> <td>MIF:</td><td>4,000,000</td></tr> <tr> <td>Government of Venezuela:</td><td>1,680,000</td></tr> <tr> <td>Central America</td><td>2,295,000</td></tr> <tr> <td>Counterpart contributions:</td><td>6,597,000</td></tr> <tr> <td>ADC:</td><td>1,354,000</td></tr> <tr> <td>Entities...:</td><td>115,000</td></tr> <tr> <td>France:</td><td>106,000</td></tr> <tr> <td>Own resources:</td><td>1,567,000</td></tr> <tr> <td>TOTAL:</td><td>22,414,000</td></tr> </table>	Bank (FSO):	4,700,000 (2,000,000 in local currency)	MIF:	4,000,000	Government of Venezuela:	1,680,000	Central America	2,295,000	Counterpart contributions:	6,597,000	ADC:	1,354,000	Entities...:	115,000	France:	106,000	Own resources:	1,567,000	TOTAL:	22,414,000								
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Breakdown of costs per subprogram according to project document (in US\$)	<table> <tr> <td>Institutional and operational development of the BP:</td><td>15,867,000</td></tr> <tr> <td>- Regional level</td><td>2,801,000</td></tr> <tr> <td>- National Offices:</td><td>7,932,000</td></tr> <tr> <td>- Promotion and dissemination:</td><td>1,006,000</td></tr> <tr> <td>- Incorporation of countries:</td><td>4,128,000</td></tr> <tr> <td>Provision of services and civil society:</td><td>1,348,000</td></tr> <tr> <td>- Business training:</td><td>426,000</td></tr> <tr> <td>- Networks (legal and financial):</td><td>240,000</td></tr> <tr> <td>- Reference Centers:</td><td>150,000</td></tr> <tr> <td>- Civil society:</td><td>140,000</td></tr> <tr> <td>- Finance specialists</td><td>392,000</td></tr> <tr> <td>Central America:</td><td>4,130,000</td></tr> <tr> <td>TOTAL:</td><td>22,415,000</td></tr> </table>	Institutional and operational development of the BP:	15,867,000	- Regional level	2,801,000	- National Offices:	7,932,000	- Promotion and dissemination:	1,006,000	- Incorporation of countries:	4,128,000	Provision of services and civil society:	1,348,000	- Business training:	426,000	- Networks (legal and financial):	240,000	- Reference Centers:	150,000	- Civil society:	140,000	- Finance specialists	392,000	Central America:	4,130,000	TOTAL:	22,415,000		
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TOTAL:	22,415,000																												
Method of supervision of the program and breakdown of responsibilities in the Bank according to project document	Programming and Evaluation Committee made up of the project team leader, an RTC official, a MIF official, the Bank's Representative in Venezuela, and the Executive Secretary and Assistant Executive Secretary of the BP.																												
Execution period	Three years																												
Disbursements, counterpart contributions and earnings as of June 30, 1997, according to BP report (in US\$)	<table> <tr> <td>IDB/MIF:</td><td>8,465,000</td></tr> <tr> <td>Government of Venezuela:</td><td>389,000</td></tr> <tr> <td>Swedecorp:</td><td>215,000</td></tr> <tr> <td>IDB Fora:</td><td>313,000</td></tr> <tr> <td>Counterpart contribution in kind:</td><td>8,718,000</td></tr> <tr> <td>- National Offices:</td><td>3,318,000</td></tr> <tr> <td>- Antennae:</td><td>3,700,000</td></tr> <tr> <td>- Reference Centers:</td><td>1,700,000</td></tr> <tr> <td>Other income:</td><td>758,000</td></tr> <tr> <td>- Fora I/II and Bologna:</td><td>511,000</td></tr> <tr> <td>- Institutional training:</td><td>125,000</td></tr> <tr> <td>- Donations:</td><td>122,000</td></tr> <tr> <td>Matching and sales of services:</td><td>142,000</td></tr> <tr> <td>TOTAL:</td><td>19,000,000</td></tr> </table>	IDB/MIF:	8,465,000	Government of Venezuela:	389,000	Swedecorp:	215,000	IDB Fora:	313,000	Counterpart contribution in kind:	8,718,000	- National Offices:	3,318,000	- Antennae:	3,700,000	- Reference Centers:	1,700,000	Other income:	758,000	- Fora I/II and Bologna:	511,000	- Institutional training:	125,000	- Donations:	122,000	Matching and sales of services:	142,000	TOTAL:	19,000,000
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Evaluations	These have not been carried out to date. EVO has issued general guidelines for initiating the evaluation upon completion of program execution.
Audit and progress reports	Auditing: annual reports according to the plan of operations. Progress: semiannual reports according to the plan of operations. CVE, in cooperation with the BP, prepared a special report for the meeting of January 22, 1997. The BP produced a new report on June 30, 1997, with expanded logical framework on August 26, 1997.

ORGANIZATIONAL STRUCTURE OF THE BOLÍVAR PROGRAM ASSOCIATION

Legal status	The Bolívar Program Association (APB) is a non-profit entity created under the laws of Venezuela as an international nongovernmental organization.
Members of the Association	<p>The ruling bodies of the APB are the National Commissions.</p> <p>As of June 30, 1997, National Commissions had been created in 18 countries, made up of representatives of the business, financial, scientific-technological and government sectors in each country.</p>
Governing bodies	<p>The General Assembly.</p> <p>The International Board of Directors made up of a Chairman, nine Directors, nine Alternates and Alternate Directors from those countries that do not have Directors.</p> <p>The Secretary General is responsible for managing the APB.</p>
Personnel	As of June 30, 1997, 81 persons were being paid under the IDB/MIF project, spread among the General Secretariat, National Offices and external networks.
General Secretariat of the program	With headquarters in Caracas, the General Secretariat has a staff of 15, in the Office of the Secretary General and various divisions (public relations, administration, institutional relations, marketing, and so forth), all of whom are paid under the IDB/MIF project.
ENLACE National Offices (ONEs)	<p>As of June 30, 1997, 61 professionals were employed in the 20 BP Offices in various countries, NAFTA and the European Union, all of whom are paid under the IDB/MIF project.</p> <p>The physical premises of the ONEs are generally provided by their host organizations as part of the counterpart contribution.</p> <p>Typically, an ONE occupies offices provided by a business association, bank or government agency.</p>
External networks and civil society	Five persons are employed by the BP to manage the networks created to provide regional links among national entities such as: banking associations and parliamentary, legal, etc., networks.
BP antennae	<p>As of June 30, 1997, 113 persons were employed by 101 offices in 20 countries, with salaries paid by counterpart contributions.</p> <p>The costs for personnel, equipment, publications, etc. represented a substantial part of counterpart contributions for the program as a whole.</p> <p>The typical antenna is installed in a chamber of commerce, trade association, university, or municipal or provincial agency in the interior of countries that have an ONE. The link between these entities and the BP is generally on the basis of an interagency agreement.</p>
Reference Centers	18 entities in 10 countries have reached agreement with the BP to act as permanent contact centers for linking enterprises in their respective countries with the network of BP Offices in Latin America and the Caribbean.
Other cooperating agencies	The BP has signed numerous agreements with cooperating institutions (55) and international organizations (14).

PERFORMANCE INDICATORS

ARRATIVE SUMMARY OF THE PROJECT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
e international business of ountries covered.	Increase in profits of beneficiary SMEs		
e conditions for international ss of SMEs in the countries	Increase in exports of beneficiary SMEs		
BJECTIVE 1 ccess to business services	(a) At least 800 entrepreneurs have used the services provided under the program; and (b) of those clients, at least 50% are satisfied.		
BJECTIVE 2 e SME policy framework at the egional, and regional levels	Number and nature of new agreements and programs to support SMEs generated by the activities carried out under the project.		

OBJECTIVE 1 INDICATORS

ARRATIVE SUMMARY OF OBJECTIVE 1	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
e international business of ountries covered.	Increase in exports of beneficiary SMEs	Final evaluation report	Continuity in the process of openi economies and globalization of m
e conditions for international ss of SMEs in the countries	(a) At least 800 entrepreneurs have used the services provided under the program; and (b) of those clients, at least 50% are satisfied.	Beneficiary surveys to be part of the final evaluation	Stability in macroeconomic variab exchange rates of the currencies i countries covered

DESCRIPTIVE SUMMARY OF THE PROJECT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
1. Mechanism for access to technical business services established (program 3.3(a)).	1. 125 contracts for intermediation for technical business assistance services signed and paid for per year (income generated: US\$1,000/contract on average)	1. Semiannual progress reports	The supply of business services for which intermediation can be proved sufficient.
2. Mechanism for ENLACE international linkage of enterprises established (program 1, paragraph 3.3(a)).	2. (a) 200 searches for international partners annually, resulting in contracts for 50 business partnerships signed and paid for annually (income generated: US\$250/search and US\$1,000/partnership) (b) 2 business missions organized and paid for annually (income generated: US\$25,000/year)	2. Semiannual progress reports	
3. Access to subregional markets established (program 2).	3. One business seminar held a year, assessed according to: (i) number of companies participating that have paid their direct costs; (ii) volume of business generated; (iii) number of enterprises that launch trade or cooperation operations as a result of their participation in the seminars; (iv) cooperation agreements generated; and (v) agreements for institutional cooperation signed that include a definite, specific economic component (income generated: US\$150,000 per seminar)	3. Reports on business seminars	
4. Monitoring of the ONEs that submit proposals for innovative activities to improve competitiveness.	4. Number of proposals selected and resources allocated.	4. Audit and management report	
5. Financial management control, monitoring and quality control of activities established (program 4).	5. Availability of a cost-benefit analysis of the activities financed by the project and of the productivity of each ONE		

ARRATIVE SUMMARY OF THE PROJECT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Intermediary for technical	1. MIF: US\$1,000,000 Contribution in kind: US\$500,000 Income generated: US\$250,000	Disbursements and audit and management reports	Capacity and/or willingness of enterprises to hire services
Engage international partners and business missions	2. MIF: US\$1,100,000 Contribution in kind: US\$400,000 Income generated: US\$250,000		
Organize business seminars	3. MIF: US\$600,000 Contribution in kind: US\$500,000 Income generated: US\$300,000		
Design and implement innovative business models designed to improve SME competitiveness.	4. MIF: US\$875,000 Contribution in kind: US\$500,000 Income generated: US\$250,000		
Establish a management unit to establish a management control system	5. MIF: US\$300,000		

OBJECTIVE 2 INDICATORS

ARRATIVE SUMMARY OF OBJECTIVE 2	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Improve the conditions for international trade of SMEs in the countries	Increase in exports of beneficiary SMEs	Final evaluation report	Continuity in the process of opening economies and globalization of markets
Develop the SME policy framework at the national, subregional, and regional levels	Number and nature of new agreements and programs to support SMEs generated by the activities carried out under the project	Final evaluation report	Conditions for international trade favorable for SMEs in the region
Strengthen SME promotion programs and discussed in the countries	1. One event for dialogue between the public and private sectors on SMEs per year and ONE	1. Progress reports	At the national level: the public sector is receptive and interested in SME development strategies
Improve participation in trade and harmonization of legislation improved at the subregional level	2. Number of proposals presented by the private sector for harmonization of legislation and/or trade at the subregional level	2. Reports on business seminars	At the subregional and regional levels: public and private institutions are interested in linkage and policy dialogue for SMEs

NARRATIVE SUMMARY OF THE PROJECT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
ion and restructuring of the ork and international ation of the Bolívar Program ed	3. Outcome to be measured according to: (i) availability of an efficient system for quality control of the services offered by the ONEs; and (ii) number and quality of the international cooperation agreements reached, especially with regard to the generation of resources that will ensure continuity of the activities after exhaustion of the MIF financing	3. Progress reports	
national events for dialogue he public and private sectors ograms	1. MIF: US\$300,000 Contribution in kind: US\$200,000	Disbursements and audit and management reports	Private organizations with the tech capacity and institutional represen to engage in a dialogue with the p
concurrent technical workshops regional business seminars	2. (see budget for business seminars under objective 1 indicators)		
and standardize the quality of es provided by the ONEs, agreements for cooperation national institutions and te BP activities	3. MIF: US\$450,000		

PROPOSED RESOLUTION

REGIONAL. NON-REIMBURSABLE TECHNICAL COOPERATION FOR
THE SME INITIATIVE FOR LATIN AMERICA AND THE CARIBBEAN

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the 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 and to adopt such other measures as may be pertinent for the execution of the program for the SME Initiative for Latin America and the Caribbean, described in the Proposal Memorandum contained in Document MIF/AT-_____ with respect to a non-reimbursable technical cooperation with the Asociación Programa Bolívar para la Integración Tecnológica Regional, Innovación y Competitividad Industrial, to promote cooperation between Latin American and Caribbean countries in the area of promotion of the technologycal development of productive enterprises of the Region, in order to increase their efficiency and competitiveness.

2. That up to the sum of US\$4,800,000 is authorized for the purposes of this resolution, chargeable to the Small Enterprise Development Facility resources of the Multilateral Investment Fund.

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