
PROGRAM TO SUPPORT AGROENTERPRISE COMPETITIVENESS**(TC-99-03-04-1)****EXECUTIVE SUMMARY**

Executing agency:	Agricultural and Agroindustrial Chamber of El Salvador (CAMAGRO)		
Beneficiaries:	Small and medium-sized enterprises (SMEs) in agriculture and agroindustry in El Salvador		
Financing:	Modality (Facility III-A—Small and medium-sized enterprises):		
	MIF:	US\$	850,000 (70%)
	Local contribution:	US\$	363,518 (30%)
	Total:	US\$1,213,518	(100%)
Objectives:	The general objective of the program is to improve the competitiveness and market access of small and medium-sized enterprises (SMEs) in agriculture and agroindustry in El Salvador. Its specific objective is to establish a mechanism for the sustainable provision of information and training services and technical assistance specializing in production, marketing, and management for agricultural and agroindustrial SMEs.		
Description:	The components that will be financed under the program include a comprehensive business information and advisory service; a system of training and technical-assistance services in areas related to operating agroenterprises; the introduction of a checkoff system of contributions in proportion to the enterprises' economic activity to generate resources for the institutional strengthening of the executing agency; a promotional campaign; and program coordination.		
Execution schedule:	The program execution period will be 42 months and the disbursement period, 48 months.		
Environmental and social review:	The program was considered and approved by the CESI on 29 September 2000. It will have a positive impact on the environment, through sustainable natural resources management and support for agroenterprise management, which in many cases will introduce		

production, management, marketing, and transport practices that are less harmful to the environment than traditional practices. The review found no negative environmental or social impact.

Special contractual conditions:

Prior to the first disbursement, CAMAGRO must submit evidence that: (i) the program committee has been established; (ii) the executing unit staff has been selected; and (iii) the Operating Regulations of the program have been approved by the Bank and the CAMAGRO program committee.

Exceptions to Bank policy:

No exceptions to Bank policy are being requested.

I. COUNTRY AND PROJECT ELIGIBILITY

- 1.1 The Donors Committee declared the Republic of El Salvador eligible to receive all forms of MIF financing on 3 December 1993. On 21 May 1999, the MIF Programming Committee confirmed the eligibility of the proposed project for financing under its Small Enterprise Development Facility. The eligibility memorandum stresses the importance of promoting the diversification and competitiveness of small and medium-sized agricultural enterprises, as well as the sustainable provision of basic services to those enterprises, which are essential for developing a strong agricultural sector in El Salvador.

II. BACKGROUND

- 2.1 The agricultural and agroindustrial sector in El Salvador accounts for almost 25% of gross national product (GNP) and nearly 50% of the country's exports. It generates over one quarter of jobs in the country and the vast majority of jobs in rural areas. Recently, Salvadoran agriculture has lost some competitiveness with respect to other sectors of the economy. Economic liberalization in recent years has put agricultural producers up against a globalized business world that requires specialization and quality of its players. Small and medium-sized producers and cooperatives in the sector have been seriously affected by the absence of the tools needed to be competitive in this economic environment.
- 2.2 To boost this important sector's productivity, improve its competitiveness, and overcome its limitations, agricultural SMEs must have specialized services providing them with the tools they need to penetrate markets. Improved competitiveness in agriculture can be attained by increasing productivity, adopting new products and production methods that offer higher value added, boosting efficiency, ensuring more effective market access, and upgrading managerial capacity. To achieve these goals, Salvadoran producers need to have greater capacity to make the right decisions about adopting technology, diversifying crops, using natural resources, and efficiently allocating agricultural resources. To improve managerial capacity, the available information must be of high quality; the producer must be able to use it in a way that benefits the business; and there must be access to training and specialized technology.
- 2.3 In support of the Government of El Salvador's intention to strengthen the agricultural economy, the Bank is preparing a retooling agroenterprise project (ES-0119), under which public goods and services deemed essential for boosting the sector's productivity and competitiveness will be provided. The project consists of the following components: establishing an information system to support the agricultural sector with basic information of a general nature, which makes it a public good; forging partnerships for technology generation and transfer; strengthening the animal health and food safety system; and strengthening the

management of systems for irrigation and crop diversification. The project is expected to be approved in April 2001.

- 2.4 The purpose of providing these goods and services is to shift the productive structure towards higher-value crops and products with better market prospects. The program described herein will be a bridge between the public goods to be offered under the ES-0119 project and certain private-sector agroenterprise goods and services, which producers will receive under the proposed program. The program will develop mechanisms to help ensure direct, timely production and distribution of high-quality information and training and specialized technical assistance for agricultural SMEs.
- 2.5 In 1997, the Agricultural and Agroindustrial Chamber of El Salvador (CAMAGRO) was established with these same objectives. Its members include representatives of producers of all the agricultural goods produced in the country, agribusiness, service providers, business and trade associations and suppliers of agricultural inputs. Because of its direct ties with agricultural producers, CAMAGRO is the key institution to promote diversification and competitiveness in the sector and to act as a link between the public and private sectors. The Bank has worked satisfactorily with this trade association in implementing the agricultural development business strategy for 1999-2004. CAMAGRO also has experience working with other agencies for international cooperation such as USAID and the European Union agency.
- 2.6 The *agricultural development business strategy for 1999-2004* mentioned above describes the current situation of the main areas in the sector in El Salvador, formulates possible strategies for their development, and identifies the specific needs to increase their competitiveness on international markets. Under the proposed program, support will be given to agricultural and agroindustrial SMEs to achieve the objective of this strategy. The specific services to be provided under the program are based on a market study conducted with the support of the Bank to obtain information on actual demand for agroenterprise services, the quality needed, and willingness to pay for the services. The program will supplement the two other projects to support SMEs being financed by the MIF in El Salvador: (a) ATN/ME-4708, the program to support development of SME production and competitiveness, under which multisector business services are provided; and (b) ATN/MT-5063, the project to support the commodities exchange.

III. PROGRAM

A. Objectives

- 3.1 The general objective of the program is to boost the competitiveness and market access of small and medium-sized agricultural and agroindustrial enterprises (SMEs) in El Salvador. Its specific objective is to establish a mechanism for the sustainable provision of information and training services and technical assistance

specializing in production, marketing, and management for agricultural and agroindustrial SMEs.

B. Description

- 3.2 The components that will be financed under the program include a comprehensive business information and advisory service; a system of training and technical assistance services in areas related to operating agroenterprises; the introduction of a checkoff system for contributions in proportion to the enterprises' economic activity to generate resources for the institutional strengthening of the executing agency; a promotional campaign on the services offered under the program; and program coordination.
- 3.3 **Eligibility.** To gain access to the program services, an SME must meet the following requirements: (i) have at least 100 employees and a maximum of 40 million colones (US\$4.6 million) in capital¹; (ii) use sustainable production processes that do not have an adverse impact on the environment; (iii) conduct agricultural, agroindustrial, or forestry activities; (iv) be either an individual enterprise or a legally established association of agricultural producers or agroenterprises and be willing to pay for the services provided under the program. A system for monitoring and evaluation of the services received under the program will be included, and will be part of the Operation Regulations of the program.
- 3.4 **Component 1: Comprehensive information service (US\$139,860).** This component involves generating and transferring information and providing training in its use. The information will be of interest to agroenterprises, such as data on current and future prices and negotiated volumes of agricultural and forestry products; market opportunities; business ties; access to the data bases of other institutions; standards, requirements and procedures for domestic and foreign markets; new products; and requirements and standards on measurements, weight, and quality in foreign and domestic markets for higher-value agricultural products. The information will be transmitted to each enterprise for a fee based on the value added by CAMAGRO for analysis, processing, and assistance in the use of the information available.
- 3.5 Execution of this service involves designing and installing a business-, technical-, and market-information system; an information delivery and collections mechanism and advisory services for information analysis, interpretation, and use; developing and maintaining the CAMAGRO web page; a system for selecting and certifying service providers for SMEs; and system maintenance and operation. Electronic links will be established with information centers to which the producers have easy access. To implement this service, consulting services will be hired under the program using the proceeds of the MIF contribution to compile information from existing databases for various sectors to meet the specific needs of the enterprises

¹ Criterion used by the Small and Medium-sized Enterprise Commission of the Ministry of Economic Affairs of El Salvador.

that request information and to design and launch the system. Consulting services will also be hired to design and install a mechanism for providing technical advising to SMEs that so request.

- 3.6 Based on CAMAGRO's current experience and its projections, an estimated 200 SMEs will have used these technical advisory services by program completion. As a result of these activities, the SMEs are expected to have greater access to information, advisory services, and training in agroenterprise issues, enabling them to make better decisions about their business strategies and participation in local and international markets.
- 3.7 **Component 2: Business support services system (US\$593,700).** Under this component, consulting services will be hired to provide training and specialized technical-assistance services in specific areas directly related to the operation of agroenterprises. Based on the information obtained from potential beneficiaries during preparation of the proposed program and the ES-0119 project, product marketing was identified as the area in which producers need the most support. Other areas that could be covered include production technology, processing, product packaging, and, with respect to management technology, administration, finance, and accounting. The technologies offered under the program must incorporate, where applicable, the concepts of farm planning, water and soil conservation, reforestation, agroforestry, and forestry.
- 3.8 The supporting services will be provided by third parties. The role of CAMAGRO will be to act as intermediary between the suppliers and the beneficiaries. Users will be charged pre-established fees for the services. The rates to be paid by the SMEs will be calculated based on the number of hours invested by the executing unit staff, the amount of time spent online, and a percentage of the cost of outsourced consulting and training services, initially estimated at 40%. An expert in marketing agricultural and agroindustrial products will be in charge of this component. Over 800 entrepreneurs and experts from more than 200 SMEs are expected to benefit from this component. Upon program completion, CAMAGRO may continue to finance services in this way with the resources generated through the checkoff system of contributions in proportion to the enterprises' economic activity, to be implemented under component 3.
- 3.9 **Component 3: Institutional strengthening of CAMAGRO (US\$309,958).** This component supports the introduction of a mechanism for generating resources for the executing agency, which ensure the sustainability of the services launched under the program. It also supports a promotional campaign for the services offered and the cost of program coordination. The following activities are included:
- 3.10 **Establishment of a checkoff system of contributions that are proportionate to the size of the businesses.** This system of financing trade associations enables members to contribute a percentage of their sales to the association to cover operating costs and gain access to services related to their productive activities. The system for CAMAGRO members will be designed within the first 24 months of the

program by one international and one national consultant, with whom the most suitable mechanism for setting up the system equitably for the member sectors will be decided on. This involves determining the calculation base and rate, by category, how fee will be charged, and programming the different stages for its gradual overall establishment. In principle, the four following sectors will enter this system: dairy, sugar, rice, and poultry. The system must be implemented starting in month 24 of the program.

- 3.11 **Promotional campaign.** The purpose of this subcomponent is to disseminate information on the new services offered under the program and to attract the attention of SMEs in the interior of the country. To this end, the program will be supported by the member associations of CAMAGRO, which have knowledge and experience in each area. Program funds will be used to finance activities that include the production of flyers, announcements in the media, and local promotional events such as conferences and workshops.
- 3.12 **Program coordination and procurements.** The compensation for the executing unit staff working full time on the program will be financed with the MIF contribution. The team unit will consist of a program director, a financial administrator, a secretary, a computer expert for component I, and a services coordinator/marketing specialist for component II. Also included here is the procurement of equipment, such as computers, printers, projectors, etc., and software.

IV. EXECUTION

- 4.1 The executing agency of the program will be Agricultural and Agroindustrial Chamber of El Salvador (CAMAGRO), a private, nonpartisan, nonprofit trade association representing the agricultural and agroindustrial sector. CAMAGRO began operating in 1997, to help increase the competitiveness of small and medium-sized enterprises through training and technical-assistance activities and to serve as a voice representing the sector in matters of common interest. CAMAGRO is managed by a seven-member executive committee.
- 4.2 For execution of the program, the CAMAGRO executive committee has designed a working group composed of its executive director and two members of the committee, who will form the program committee, which will be responsible for making program-related decision-making. The members of the executive committee will provide services to the program committee free of charge. The program committee will be responsible for: (i) selecting and hiring the program director; (ii) approving the program Operating Regulations and amending them, subject to receipt of a statement of nonobjection from the Bank; (iii) supervising the fulfillment of the program objectives and goals; (iv) approving the annual program execution plans and ensuring their fulfillment; and (v) approving the annual program budget and monitoring its execution.

- 4.3 Program execution will be the responsibility of the executing unit (EU), composed of the program director, two area coordinators, a financial administrator, and a secretary. Specifically, the EU will be responsible for conducting the activities required to meet the program objectives. The program performance indicators and objectives are set forth in the logical framework (Annex I). The main duties of the program director will be to: (i) ensure compliance with the program Operating Regulations; (ii) ensure rational use of resources, in keeping with the program objectives; (iii) select and hire the EU staff; and (iv) develop demand for program services to meet its objectives. The director will act as the secretary of the program committee and will be the liaison between the program committee and the EU. The terms of reference for the EU staff are included in the program's technical annexes. The program director must be appointed as a condition precedent to the first disbursement.
- 4.4 **Beneficiaries.** The potential program beneficiaries are small and medium-sized agroenterprises and agroentrepreneurs who meet the eligibility criteria, whether or not they are members of CAMAGRO. The program's promotional and dissemination activities are especially expected to attract and benefit enterprises owned by women and enterprises located in the interior of the country.
- 4.5 **Environmental impact of the program.** The program has features designed to ensure that the operation's activities promote socially and environmentally sustainable projects. Those features include the following: (i) enterprises that do not meet current environmental standards in the country will not be eligible to participate; (ii) the program will offer training and information services in topics directly related to clean technologies, environmental legislation, and sustainable use of natural resources; and (iii) the different program evaluation processes include certain parameters for compliance with environmental legislation, including the concepts of farm planning, water and soil conservation, reforestation, agroforestry, and forestry, which the technologies offered must incorporate.
- 4.6 **Status of program preparation.** The program is in an advanced stage of preparation, and the draft program Operating Regulations have been prepared jointly with CAMAGRO experts. The regulations will include the basic rules for program administration, the total maximum amounts per beneficiary, the selection and eligibility criteria for the enterprises, and a plan of operations for the first year of program execution. The plan of operations must include: (i) a work plan describing the activities and terms of reference for each program component; (ii) a timetable for the counterpart contributions and a disbursement schedule; and (iii) a pricing policy for the rates to be charged for COMAGRO services provided under the program. The Operating Regulations must have entered into force as a condition precedent to the first disbursement. The terms of reference for the members of the EU have also been prepared. Since CAMAGRO has worked closely with the Bank to formulate the program, signature of the agreement with the Bank should be facilitated.

V. COST AND FINANCING

- 5.1 The total program cost is US\$1,213,518 of which US\$850,000 will be contributed by the MIF. CAMAGRO will contribute US\$363,518, which is equivalent to 30% of the program. Half of that contribution will be in cash. The following table shows the projected expenditures during the 42-month life of the program, by activity, and the contributions of the MIF and CAMAGRO.

EL SALVADOR PROGRAM TO SUPPORT AGROENTERPRISE COMPETITIVENESS				
ACTIVITY	LOCAL	MIF	TOTAL	%
1. Comprehensive information service	59,000	80,860	139,860	11.5
2. Business-support system for agroenterprises	148,409	445,291	593,700	48.9
3. Institutional strengthening of CAMAGRO	47,000	77,500	124,500	10.2
4. Program management	34,109	151,349	185,458	15.3
5. Evaluation and auditing	20,000	50,000	70,000	5.8
6. Contingencies	55,000	45,000	100,000	8.3
TOTAL	363,518	850,000	1,213,518	100.0
%	30	70	100	

- 5.2 The MIF resources will finance the specialized consultants and direct expenses for each of the services that will be offered, procurements, part of the coordination costs, and program evaluation and monitoring. The local counterpart resources will finance the experts responsible for each component, program overhead, part of the coordination costs, and program auditing.
- 5.3 **Execution and disbursement periods.** The program execution period will be 42 months and the disbursement period, 48 months. In keeping with the estimated program execution needs, a revolving fund will be established, equivalent to 10% of the MIF's contribution, which will be managed in an independent account and will make it possible to have funds available in a timely manner to conduct the different activities planned.
- 5.4 **Accounting and auditing.** CAMAGRO will be responsible for the following:
- Establish and maintain oversight of accounting, finances, and internal auditing, and records systems that ensure detailed accounting of the source and application of program funds. The program records must indicate: (i) the

amounts received from the different sources; (ii) information on program expenditures, discriminating between the MIF contributions and funding from other sources; and (iii) the necessary details to identify the goods and services procured.

- b. Open separate, specific bank accounts for administration of the MIF contribution and the local counterpart funding. The accounts must be opened as a condition precedent to the first disbursement.
- c. Process Bank disbursement requests.
- d. Prepare and submit to the Bank the audited annual financial statements of the program and the semiannual reports on the revolving fund.

5.5 **Sustainability.** The cost-recovery system based on a fee for services rendered under the program and the checkoff system to be implemented will ensure program sustainability. Given the willingness to pay identified in the market study conducted as part of program preparation, the beneficiaries are willing to incur a cost for the information, training, and technical-assistance services. The funds collected may only be those charged for the delivery of services. According to financial projections based on the market study, introduction of the checkoff system will ensure continued cofinancing of the services by COMAGRO after program completion, such as the costs of the staff that will have gained the experience necessary to continue providing the services.

VI. MONITORING AND EVALUATIONS

- 6.1 **Monitoring.** Annex I, the logical framework, lists the criteria for program execution, monitoring, and evaluation. CAMAGRO will submit semiannual progress reports on the program to the Bank. The reports must describe the execution status of the program as a whole and must include, among other information, program quality and achievement of the program objectives and program benchmarks; financial performance of the program; and the status of the procurement of goods and consulting services.
- 6.2 The executing unit will forward the progress reports on the program to the Country Office of the Bank within 30 days after the end of each semiannual period, and the final report within 30 days after the last disbursement. The reports will follow a format previously agreed upon with the Country Office and must include program activities, finances, and performance. The Country Office will use these reports to monitor progress on the program and to prepare a project completion report within three months after the last disbursement.
- 6.3 **Evaluation.** Two evaluations are to be carried out under the program by an international consultant specializing in agricultural and agroenterprise development, who will be selected and hired by the Bank. First, a mid-term evaluation will be

conducted in month 18 of the program or once approximately 50% of the MIF contribution has been disbursed. The mid-term evaluation will review all the activities conducted as of that date and the progress made in achieving the program objectives. The mid-term evaluation report will include at least the following: (i) the institutional capacity of CAMAGRO; (ii) startup of the services called for under the program; (iii) the need for new services; (iv) the size and type of the beneficiary enterprises; (v) the quality of the services offered through the training, technical assistance, and information and advisory activities; and (vi) the degree of cost recovery achieved as of the evaluation date. The performance indicators that will be used in this evaluation are listed in the program's logical framework.

- 6.4 A second evaluation will be conducted at the end of program execution, reviewing: (i) the extent to which the specific objectives of the program have been fulfilled; (ii) the number, size, and type of the beneficiary enterprises; (iii) the quality of the services provided; (iv) user satisfaction, through a survey of the participating enterprises; and (v) program sustainability, once the MIF contribution is exhausted.

VII. BENEFITS AND RISKS

- 7.1 **Benefits.** Through the program activities, the beneficiary agricultural SMEs will be strengthened and will work more efficiently. The expected results include the identification of new national and international markets and modernization of the participating enterprises to meet market requirements. Since given the size of the program, a relatively small number of agroenterprises will be covered, the project is expected to have a demonstrative effect among producers and provide incentives to the rest of the sector. In addition, other institutions are expected to organize to provide similar services to those offered by CAMAGRO to meet the demand for private services that will be generated through the retooling agroenterprise project (ES-0119).
- 7.2 Upon program completion, CAMAGRO will be strengthened and will have more precisely identified its role in transforming agricultural production in El Salvador. National capacity will be established to provide direct, specific advisory services to producers and agroindustrial enterprises, offering high-quality service. Moreover, experience will be gained in conducting training events of international caliber. The creation of a market of consultants and specialized technical assistance will be fostered, with CAMAGRO serving as the coordinator for activities to support services that promote the diversification of production and competitiveness of the agroenterprise sector.
- 7.3 Upon program completion, CAMAGRO is expected to achieve financial sustainability, based on the strengthening of its member agroenterprises, which will allow them to make significant contributions under the checkoff system of contributions proportionate to the size of the enterprise, and the cost recovery system for the specialized services. CAMAGRO will have a new source of funds that is sufficient for it to continue and expand high-quality services that promote

competitiveness, increased productivity, and the strengthening of the different agricultural production chains.

- 7.4 This program will benefit women in rural areas. Women head many agricultural households and have become more actively involved in the processing and marketing of agricultural products, two areas stressed in the program.
- 7.5 **Risks.** The success of the program depends on the actual demand for the services offered, a continued willingness to pay for them, and application of the know-how gained by the beneficiaries in their productive practices. The study conducted on willingness to pay indicated that there was effective demand. Moreover, the promotional campaigns, maintenance of quality services, and follow-up and monitoring activities on use of the services will enhance the likelihood of the program's success.
- 7.6 Another aspect of the program's success depends on CAMAGRO's ability to absorb the experience it can gain and use it to build up its own technical capacity. Since the human resources who will participate in program execution will receive training and may remain in the institutions, CAMAGRO would have to offer them competitive incentives. Implementation of the checkoff system is a key source of revenue to ensure this capacity.

VIII. EXCEPTIONS TO BANK POLICY

- 8.1 No exceptions to Bank policy are called for.

IX. SPECIAL CONDITIONS

- 9.1 Prior to the first disbursement, CAMAGRO must submit evidence that: (i) the program committee has been established; (ii) the executing unit staff has been selected; and (iii) the Operating Regulations of the program have been approved by the Bank and the CAMAGRO program committee.

EL SALVADOR
PROGRAM TO SUPPORT AGROENTERPRISE COMPETITIVENESS
(TC-99-03-04-1)

LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GENERAL: Improve the competitiveness and market access of small and medium-sized enterprises (SMEs)			
GOALS: Establish and start up a mechanism for the sustainable provision of information and training services and technical assistance specializing in management, production, and marketing for agricultural and agroindustrial SMEs	Administrative and technical structure established and fully operational at the end of year one. Checkoff system of contributions that are proportionate to the size of the enterprise and a fee-for-service system established and in operation by project completion. Provision of specialized services with cost recovery.	Semiannual reports Mid-term evaluation Final evaluation Survey of beneficiaries on project impact	Beneficiary SMEs apply knowledge gained through project services and lower production costs. The macroeconomic, business, and financial environment is favorable for the sector.
COMPONENTS: Comprehensive information service	Responses to requests for information: Year I - 20 Year II - 70 Year III - 100	Semiannual reports CAMAGRO administrative and accounting system	SME demand for information remains stable.
Business-support system for agroenterprises	200 enterprises given technical assistance 810 entrepreneurs or experts trained	Mid-term evaluation Final evaluation	SME demand for training and technical assistance remains stable. The beneficiaries apply technologies acquired.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTION
<p>institutional strengthening of CAMAGRO:</p> <p>A. Checkoff</p> <p>B. Promotion</p> <p>C. Project coordination</p>	<p>An increase of at least 100% in contributions by CAMAGRO members during project execution period</p> <p>Promotional strategy prepared and being implemented</p> <p>Project coordinating unit in operation</p>	<p>Financial statements and CAMAGRO administrative and accounting systems</p> <p>Final evaluation</p>	<p>CAMAGRO members checkoff system.</p> <p>The promotional campaign attract producers and entrepreneurs in all areas of the country.</p>
<p>ACTIVITIES</p> <p>Component I</p> <p>Design and implement a business-, technical-, and market-information system</p> <p>Design and implement a mechanism for delivering information and advisory services on how to use it</p> <p>Design and launch a CAMAGRO web page</p> <p>Design and implement a system for selecting and certifying SME service providers</p> <p>Maintain and update the system and produce reports for clients</p>	<p>Information system designed and implemented within the first six months</p> <p>Information-delivery and advisory-service mechanism designed and implemented within the first six months</p> <p>Designed and implemented within the first four months</p> <p>Designed and implemented within the first three months</p> <p>Activity carried out throughout the project execution period</p>	<p>Semiannual progress reports</p> <p>CAMAGRO monitoring reports</p>	<p>Data banks and other sources of information are available and accessible.</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTION
Component II			
Design and implement a brokerage mechanism for the provision of technical assistance to the SMEs	Mechanism designed within the first three months	Semiannual progress reports	There is a sizeable number of firms with the potential to compete for provision of services.
Design and implement a system for providing training services	System designed and in operation within the first three months	CAMAGRO monitoring reports	
Design, implement, and operate a service-monitoring and evaluation system	System designed and in operation within the first six months and maintained during execution of the component		
Component III			
Design and implement a checkoff system of contributions that are proportionate to the size of the enterprises	System designed and implemented within the first 24 months	Semiannual progress reports	An easy-to-apply form for the checkoff system is developed so that contributions under various categories can be calculated fairly.
Design and implement a campaign to promote the project services	Promotional strategy prepared during the first month of the program	CAMAGRO monitoring reports	
	Promotional activities conducted throughout the project execution period	CAMAGRO administrative and accounting systems	Professionals with the required profile are available.
Select and hire the project coordination unit	Staff selected prior to the first disbursement and hired in the first month of the program		
Prepare the program Operating Regulations	Operating Regulations approved by the Bank and the program committee prior to the first disbursement		
Procure the equipment	Equipment procured according to program needs		
Submit the operating plan for year one	Plan submitted prior to the first disbursement		

PROGRAM TO SUPPORT AGROENTERPRISE COMPETITIVENESS

OPERATING REGULATIONS

CONTENTS

09/28/00

**PROGRAM OPERATING REGULATIONS
TABLE OF CONTENTS**

- i. Definitions
- 1. Introduction**
- 2. Description of the program**
 - (a) Services provided
 - (b) Comprehensive information service: CAMAGRO data base (technical, business, and market information)
 - (c) Agroenterprise support services: data analysis, training, technical assistance, marketing assistance
- 3. Organizational structure of the program**
 - (a) Overview of parties involved (identification and description of respective roles and responsibilities)
Figure 1: Organizational chart of parties involved
(i) beneficiaries; (ii) executing agency: CAMAGRO; (iii) support service providers; (iv) providers of other services (intermediaries); (v) IDB/MIF
 - (b) Organizational structure of the program in CAMAGRO
Figure 2: Organizational structure of the program
 - (c) Program execution team
Figure 3: Organizational chart
Functions of the program director, technical support coordinator, marketing coordinator, computer services
- 4. Eligibility criteria for agroenterprise support services**
 - (a) Financial range
 - (b) Eligible beneficiaries
 - (c) Eligible technical support services
 - (d) Eligible marketing services
 - (e) Ineligible services
- 5. Procedures for the selection and ranking of applications**

6. Operating procedures for support services

- (a) Definition of support service projects
- (b) Project cycle
Figure 4: Flow chart of project cycle
- (c) Submitting an application
- (d) Verifying eligibility
- (e) Project preparation and pre-approval
Table __: Steps for project preparation
Table __: Steps for project pre-approval
- (f) Formal receipt of applications (sealed envelope)
- (g) Project ranking
Table __: Steps for project ranking
- (h) Selection of applications
Table __: Steps for project selection
- (i) Approval
Table __: Steps for project approval
- (j) Hiring support services
Table __: Steps for hiring support services
- (k) Provision of technical support services
Steps for the provision of technical support services
- (l) Provision of marketing services
Steps for the provision of marketing services
- (m) Monitoring and supervision
- (n) Evaluation

7. Financial policies and procedures

- (a) Financial policy for equitable sustainability
- (b) Rates for program services
- (c) Financial flows (CAMAGRO and ACOMPAN program)

8. Administrative policies and procedures

Annexes

- 1. Logical framework
- 2. Checklist for qualifying support service providers
- 3. Criteria for evaluation of support service providers
- 4. Format for support service applications
- 5. Format for evaluation of support service applications
- 6. Terms of reference for the program team
- 7. Financial reports
- 8. Marketing format (data on products)

9. Purchase agreement
10. Letter of observations from the project ranking committee
11. Letter of receipt (to applicants confirming receipt of applications and confirming date for opening of envelopes)
12. Applicant information sheet (for project selection and ranking committee)
13. Flyer (program description, eligibility criteria, types of services requested, selection criteria, description of CAMAGRO, contact information)

PROPOSED RESOLUTION

EL SALVADOR. NONREIMBURSABLE TECHNICAL COOPERATION TO A
SUPPORT PROGRAM FOR AGRICULTURAL BUSINESS COMPETITION

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the "Cámara Agropecuaria y Agroindustrial de El Salvador (CAMAGRO)" and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in document MIF/AT- with respect to a technical cooperation to a support program for agricultural business competition.
2. That up to the amount of US\$850,000, or its equivalent in other convertible currencies, is 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.