

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

ARGENTINA

**SURVIVAL AND COMPETITIVENESS OF
FAMILY BUSINESSES IN ARGENTINA'S CENTRAL REGION**

(AR-M1020)

DONORS MEMORANDUM

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ABBREVIATIONS

CESI	Committee on Environment and Social Impact
PCU	Project coordination unit
SMEs	Small and medium-sized enterprises

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EXECUTIVE SUMMARY

Beneficiary country:	Argentina		
Executing agency:	Universidad Siglo 21		
Beneficiaries:	Family businesses in Argentina’s Central Region (Provinces of Córdoba, Entre Ríos, and Santa Fe).		
Financing:	Modality:	Nonreimbursable (Facility III-A)	
	MIF	US\$	801,575 (50%)
	Local	US\$	802,040 (50%)
	Total	US\$	1,603,615 (100%)
Objectives:	<p>The project objective is to promote the survival and development of a larger number of family businesses in Argentina’s Central Region.</p> <p>The purpose is to help family businesses in Argentina’s Central Region professionalize their management.</p> <p>Four project components are planned: (i) raising awareness of the special problems faced by family businesses and tools to address them; (ii) training of consultants and entrepreneurs; (iii) introduction of family charters and governance tools in family businesses; and (iv) documentation, evaluation, and dissemination of lessons learned.</p>		
Execution timetable:	Execution period:	36 months	
	Disbursement period:	42 months	
Special contractual conditions:	As conditions precedent to the first disbursement, the executing agency will have: (i) entered into execution agreements with entities in the provinces of Entre Ríos and Santa Fe; (ii) established the Steering Committee for project execution; and (iii) preselected the coordinator.		
Exception to Bank policies:	None.		
Environmental and social review:	The Committee on Environment and Social Impact (CESI) approved this operation at its 15 September 2006 meeting (CESI 36-06).		

I. BACKGROUND

- 1.1 There are currently an estimated 900,000 small and medium-sized enterprises (SMEs) in Argentina, of which nearly 59,000 are formally incorporated in the Central Region (in the Provinces of Córdoba, Entre Ríos, and Santa Fe). Between 80 and 90% of all Argentinean businesses are family-owned, and account for more than 50% of all economic activity.¹ Approximately 85% of businesses in the Central Region are family-owned.² The Central Region is key to Argentina's socioeconomic development, with 20% of Argentina's population and a diversified economy spanning the primary (12.7%), secondary (27.32%), and tertiary (61%) sectors. In terms of exports, the Central Region generated nearly US\$13 billion in foreign exchange in 2005, or 32% of Argentina's exports.
- 1.2 The findings of several studies on the survival of family businesses are consistent and highlight the difficulties faced by family businesses as compared with nonfamily businesses. In fact, a mere one-third of family businesses reach the second generation, only 15% reach the third, and just 1% make it to the fourth. Statistics in Argentina reveal similar percentages in that 70% of businesses disappear during the first generation of a family, and the same proportion is repeated in subsequent generations. Children thus inherit 30% of businesses, and only 5% are passed on to grandchildren.³ The general problem that this project will help address is the lack of professionalism in the business management and organizational structure of family businesses in Argentina's Central Region, which keeps them from growing and jeopardizes their survival. Some of these problems are due to a lack of knowledge on the part of the heads of family businesses about the importance of instituting transparent professional management practices and having a family charter in place. These two things are key for businesses to enjoy greater access to capital and markets, and to ensure their sustainability. Moreover, there is no critical mass of local consultants and professionals trained to provide such services to family businesses; these same consultants and professionals will also help create demand for such management services.
- 1.3 A family charter is a unanimous, consensus-based agreement between family members and a family company that makes it possible to develop a code of conduct governing the relationship between them. It is a legal device that can prevent, or at least manage, any problems that may arise with respect to family business ownership, succession, and governance. There are no laws, regulations, or codes that govern family charters, since it is a voluntary process undertaken at the

¹ Instituto Iberoamericano de Empresas Familiares [Ibero-American Family Business Institute], Universidad de Flores, Argentina 2003.

² A family business is defined as a company in which more than one individual from the same family earns a living from the business. In broad terms, we can say that it is a business owned and operated by one or more members of the same family.

³ Instituto de Investigación Pública [Public Research Institute], Argentina, 1999.

initiative of each business. There are, however, recommendations and experiences from the United States and Europe, particularly Spain, about how a family charter should be structured to make family companies more professionally run and better equipped to survive.

- 1.4 **The proposed solution** targets the specific needs and demands of family-owned SMEs in order to address the problems of succession and management via the introduction of good corporate governance practices and a family charter. Accordingly, a model will be established and endorsed that consists of: (a) raising awareness of the special problems faced by family businesses and tools to address them; (b) training of consultants and entrepreneurs; (c) introduction of family charters and governance tools in family businesses; and (d) documentation, evaluation, and dissemination of lessons learned.
- 1.5 The project's **additionality** and **innovation** stem from treating family-owned SMEs as a specific type of enterprise with their own features, and instituting good corporate governance practices adapted in line with Argentina's legal framework to offer effective services and improve prospects for family-owned SMEs in Argentina's Central Region. In Argentina, as in the rest of Latin America and the Caribbean, there is a lack of awareness of the special problems faced by these businesses, and no international agency or institution has a financing option for the activities proposed under this project. No similar project has been executed in any Latin American or Caribbean country to encourage family-owned SMEs to adopt good corporate governance practices, beginning by addressing the special problems they face as family companies. This project will promote their professionalization, continuity, and succession. This initiative is therefore a timely response by the Multilateral Investment Fund (MIF) to an important need of the region's private sector.
- 1.6 This project is consistent with the **Bank strategy** for private sector development in that it seeks to make family-owned SMEs more competitive and professional. It will also complement other competitiveness initiatives by strengthening and consolidating governance within these companies. The project will also complement other Bank operations with related goals. The Bank's country strategy with Argentina for 2004-2008 sets as a strategic objective helping Argentina to achieve sustainable and more equitable growth, as well as creating a more favorable climate for investment and productivity growth, to help the country become more competitive.
- 1.7 The Bank and the MIF have been supporting the introduction of corporate governance practices as a tool for making businesses more competitive and strengthening the capital market, mainly via the creation of avenues for dissemination and deepening of the concept. The MIF has a number of operations to support SMEs in Argentina, and to date they have all had a major impact on SME competitiveness. The MIF has also provided funding to promote corporate governance practices in broader areas such as corporate social responsibility in the enterprises of Latin America and the Caribbean. The Bank, for its part, has

promoted the adoption of corporate governance codes in public enterprises at the national and subnational levels.

II. OBJECTIVES AND COMPONENTS

- 2.1 **Objective:** To help promote the survival and development of a larger number of family businesses in Argentina's Central Region. **Purpose:** To help family businesses in Argentina's Central Region professionalize their management. Four project components are planned.
- 2.2 **Component I: Raising awareness of the special problems faced by family businesses and tools to address them** (MIF: US\$36,400; Local counterpart: US\$106,100)
- 2.3 This component seeks to help family companies and other groups of interest understand that, from the perspective of the critical dynamics of the relationship between a family and its business, the survival and development of such companies depends upon their degree of professionalization, primarily through the introduction of governance structures and family charters to govern the relationship between the family and the company. Activities will include: (a) awareness-raising seminars for family businesses and other groups of interest; (b) a workshop on understanding and determining the scope of family charters and governance for the financial sector; and (c) the design and maintenance of a special website for the project.
- 2.4 The expected outcomes of this component are: (i) by project-end, awareness will be raised among 4,900 entrepreneurs and stakeholders tied to family businesses; (ii) a project website will be up and running with a minimum of 500 visits the first year, with the number of visits doubling each year; and (iii) at least five support institutions will become involved in the project.
- 2.5 **Component II: Training of consultants and entrepreneurs** (MIF: US\$86,800; Local counterpart: US\$192,800)
- 2.6 This component seeks to train consultants and entrepreneurs through specific courses. The training of entrepreneurs will grow out of the interest generated by the awareness-raising seminars. The seminars for other groups of interest also provided for under Component I are expected to have a similar effect in the case of consultants who take part in them.
- 2.7 The following activities and outputs will be financed: (i) technical assistance for 120 professionals, training them on the special problems, issues, methodologies, structures, etc. associated with providing consulting services to family businesses, so that they may serve as agents of change as advisors to family businesses; (ii) technical assistance for 800 owners or senior managers of 400 family businesses, through management training courses that focus on running a family businesses, so that they may acquire deep knowledge and practical management skills; (iii) contracting of a specialist in family business management to develop the

- curriculum, academic content, and teaching methods for both training courses by project month six.
- 2.8 The expected outcomes for this component are: (i) materials designed and printed; (ii) 130 consultants and 900 entrepreneurs trained on family charters and corporate governance; (iii) a network of local consultants created and posted on the project website.
- 2.9 **Component III: Introduction of family charters and governance tools in family businesses** (MIF: US\$390,000; Local counterpart: US\$286,000)
- 2.10 This component seeks to introduce governance structure tools and prepare family charters in family businesses. Family charters entail the adoption of certain corporate governance principles, so their introduction will familiarize entrepreneurs and/or managers with such principles and facilitate their decision to implement them.
- 2.11 The following activities will be financed: (i) technical assistance for the design and implementation of governance structures in family businesses; (ii) technical assistance for the preparation and introduction of family charters.
- 2.12 As an outcome, at least 200 family businesses are expected to take part in the workshops and follow-up activities to design and implement governance structures in their businesses. At least 100 family businesses are also expected to take part in the workshops and follow-up activities to prepare a family charter that will govern the relationship between the family and its company.
- 2.13 **Component IV: Documentation, evaluation, and dissemination of lessons learned** (MIF: US\$33,300; Local counterpart: US\$45,000)
- 2.14 This component seeks to clearly document, disseminate, reinforce, and preserve over time the learning, improvements, and benefits experienced by the family businesses taking part in the different stages of the project. The project experience is also expected to lead to proposals for corporate governance activities in the public sector and specific institutions in Argentina.
- 2.15 Activities will include: (a) the design and maintenance of a system to monitor participating family businesses; (b) the development of a publication on family business governance and charters; (c) seminars to disseminate the project's preliminary outcomes and lessons learned; (d) the addition of specific topics related to managing a family business to the academic curricula of postgraduate or business programs; (e) an international seminar on the project content and outcomes; (f) a project evaluation and sustainability workshop; and (g) seminars for the provincial and local governments of the region where the project is executed, to promote the introduction of family charters in businesses.
- 2.16 The expected outcomes of this component are: (i) a report on outcomes, based on a statistical analyses done at three different points during the project (at months 3, 18, and 36); (ii) a publication describing the project's objectives, outcomes, and practical implications; (iii) three seminars to disseminate lessons learned held at

month 30, and three more held at month 36; (iv) at least one university having added a specific program on family-business management at the postgraduate or business school level; (v) a conference in Buenos Aires to analyze the project outcomes, held upon completion with invited international experts; and (vi) a workshop to evaluate the project and determine what mechanisms should be put in place to help make it independently sustainable in the future.

III. COST AND FINANCING

- 3.1 The total budget for the program is US\$1,603,615, of which the MIF will contribute US\$801,575 (50%) in nonreimbursable funding. Universidad Siglo 21 will provide a local counterpart contribution of US\$802,040 (50%), with at least 50% of that amount in cash. Universidad Siglo 21's contribution will mainly cover awareness-raising, training, and a portion of the administrative costs. The project's estimated budget is broken down in the table below:

Budget items	MIF	Universidad Siglo 21	TOTAL	%
Component I. Raising awareness	36,400	106,100	142,500	8.8%
Component II. Training	86,800	192,800	279,600	17.4%
Component III. Implementation	390,000	286,000	676,000	42.1%
Component IV. Dissemination	33,300	45,000	78,300	4.9%
Coordination and logistics	126,000	136,140	262,140	16.3%
Evaluations	70,000			4.4%
Audit	12,000			0.7%
Contingencies	47,075	36,000	83,075	5.2%
TOTAL	801,575	802,040	1,603,615	100%

- 3.2 **Sustainability** will be addressed by: (i) the portion paid by the family businesses for the services being cofinanced under Components II and III; (ii) the development of a market for training courses and consulting on governance tools and family charters to address the special problems faced by family businesses; (iii) greater development and growth of family businesses because they have addressed typical issues; (iv) increasing willingness on the part of family businesses to pay the total cost of services as the project progresses; (v) the inclusion of family businesses that have nonproject financing, chiefly from financial institutions; and; (vi) the establishment of Universidad Siglo 21 as coordinator of a model for introducing these tools for family businesses, and so enabling the project activities to continue, such as through the sale of handbooks, organization of national and regional seminars on these topics, and the training of consultants.

IV. EXECUTING AGENCY AND EXECUTION MECHANISM

- 4.1 The **executing agency** will be Fundación Universidad Siglo 21, a nonprofit institution that trains business leaders to help make the public and private organizations in which they work more efficient and competitive. It provides technical assistance to businesses and public- and third-sector organizations, training for businesses and professionals, and support services for business management in different subject and operational areas, such as marketing, administration, human resources, industrial design, and environmental management. Universidad Siglo 21 has become an important resource for businesses in the Central Region, both in terms of training their human resources and through its extension activities there.
- 4.2 Universidad Siglo 21 has been involved in two MIF projects. In 1997, it executed the regional management training program for SMEs (ATN/MH-5418-RG). It also played a role in the human capital diagnostic study system component of the on-the-job training program (ATN/MH-6026-AR) cofinanced by the IDB and the Fundación de Empresas de Córdoba [Córdoba Enterprise Foundation].
- 4.3 Universidad Siglo 21 will house the project coordination unit (PCU), which will coordinate the execution of activities. The PCU will comprise a Steering Committee, an Advisory Council, a project coordinator, an assistant coordinator, an accountant, and a secretary.
- 4.4 The PCU will be responsible for: (i) the complete financial, administrative, and technical management of the project in accordance with the Operating Regulations; (ii) monitoring of project activities; (iii) design, implementation, and execution of the Operating Regulations; (iv) organization and maintenance of the project administrative files; (v) procurement of goods and services; (vi) supervision of consultants; (vii) management review and budget oversight; (viii) disbursement requests for the MIF contribution; (ix) preparation of accounting statements for the resources used; (x) delivery of administrative and technical reports; (xi) coordination of activities with the various project stakeholders; and (xii) review and recommendation of changes to the Operating Regulations.
- 4.5 A four-member Steering Committee will be established. The members will be the president of the foundation, the chancellor of the university, the secretary of institutional relations, and the director of administration. Specifically, the Steering Committee will determine strategic guidelines, supervise the project coordinator, and approve reports and budget allocations. The Steering Committee will be responsible for selecting the project coordinator, implementation of the Operating Regulations and compliance, budget oversight, project execution through the approval of semiannual progress reports and work plans, helping to identify and eventually secure additional resources for the project, and creating the conditions to ensure the project will be sustainable once the MIF funding ends. It will meet at least once a month or as necessary for the purposes of project execution.

- 4.6 There will also be an **Advisory Council**, whose members will represent at least one industrial union, the financial sector, business-related agencies, and specialists in family businesses and marketing. It will meet four times a year (every 3 months). Potential members include: experts on family business management (training and consulting), Unión Industrial de Córdoba [Córdoba Industrial Union] (UIC), Unión Industrial de Santa Fe [Santa Fe Industrial Union] (UIS), Unión Industrial de Entre Ríos [Entre Ríos Industrial Union] (UIE), Banco de Córdoba [Bank of Córdoba], Banco Río/Universia [Río/Universia Bank], the Rosario EuroCentro, the Córdoba EuroCentro, and the Central Region Executive Committee.
- 4.7 The **execution period** will be 36 months, and the **disbursement period** 42 months (see Execution Schedule).
- 4.8 **Procurement of consulting services and goods** will be conducted in accordance with the MIF's general guidelines of 8 August 2006 for the design and management of nonreimbursable technical-cooperation operations, based on the Bank's policies for the procurement of works and goods (GN-2349-7) and for the selection and contracting of consultants (GN-2350-7).
- 4.9 The executing agency will procure the goods and consulting services planned under the operation in accordance with the technical-cooperation agreement and procurement plan as updated semiannually and approved by the Bank.

V. MONITORING AND EVALUATION

- 5.1 The Bank's Country Office in Argentina will be responsible for monitoring and supervision of project activities, monitoring of fulfillment of the contractual clauses, processing of disbursement requests, and acceptance of audited financial statements. Universidad Siglo 21 will be responsible for compiling and analyzing information relevant to the ongoing monitoring of the indicators set in the project's logical framework (see Annex I). It will also deliver semiannual reports on both the MIF-funded activities and those supported by Universidad Siglo 21, in accordance with the Bank's standard reporting requirements. Such reports will be used to support the project and prepare the project completion report (PCR), in accordance with Bank rules and procedures.
- 5.2 The Bank will contract two consulting engagements for the midterm and final evaluations of the project. The midterm evaluation will be done once 50% of MIF contribution has been committed, or 50% of the disbursement period has elapsed, whichever occurs first. Its main objective will be to measure project progress against the intermediate outcome indicators set in the logical framework (see Annex I) with special attention to the following: (i) a significant number of family businesses and consultants have been trained and motivated, and have shown a serious interest in participating in the project; (ii) progress on each component; (iii) the institutional capacity of the executing agency and other institutions involved in the project; and (iv) counterpart adherence to the *pari passu* requirements of the project budget and Operating Regulations. The midterm

evaluation will make recommendations as necessary for the Bank to identify corrective action in conjunction with the executing agency.

- 5.3 The final evaluation will be done at the end of project execution, or once 95% of the MIF resources have been disbursed, whichever occurs first. It will address the extent to which the final outcome indicators set in the logical framework and baseline have been met, mainly in relation to (i) a group (200) of family businesses that have introduced a governance structure and (ii) a group (100) that have prepared family charters with satisfactory performance indicators on the whole (productivity and sales). The evaluation will also look at the expected sustainability of the project activities, once the MIF contribution comes to an end.

VI. BENEFITS AND RISKS

- 6.1 **Project benefits.** The essential benefit of this project is that it will contribute to greater professionalism in the management and organizational structure of family businesses in Argentina's Central Region, the lack of which has kept them from growing and jeopardized their survival. This will make SMEs in the Central Region more competitive and more professional in their handling of the special problems faced by family businesses. It will also create a market of independent, professional consultants and a network of institutions in the Central Region with the skills to serve as resources for family businesses. There will also be broader benefits for the business community and related agents. Better corporate governance practices is an important area for Latin American and Caribbean businesses. In line with international developments, the Andean Development Corporation sponsored a handbook⁴ in 2004 that contains up to 51 measures and nearly 100 recommendations related to corporate governance. This project in Argentina's Central Region will benefit and complement the MIF's good corporate governance practices project in Ecuador, where the Andean Corporate Governance Code will be introduced.
- 6.2 The project runs a risk of not achieving sufficient critical mass of family SMEs that meet the established eligibility requirements. The project will address this risk by raising SME awareness of the importance of consulting services for tackling the problems faced by family businesses. The project also calls for a marketing specialist to stimulate demand.

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 No significant environmental or social impact is expected. Each project's design will incorporate specific environmental advisory activities. The Operating Regulations will include provisions on the need to consider environmental issues

⁴ Based on the principle points for an Andean Code from the "Report of the Committee on the Financial Aspects of Corporate Governance" (England 1992), the OECD's "Principles of Corporate Governance (1999)," and the dozens of national codes developed over the past five years.

into the analysis of in-country project activities. Observance of environmental laws and regulations will be used as an eligibility criterion.

LOGICAL FRAMEWORK

**SURVIVAL AND COMPETITIVENESS OF
FAMILY BUSINESSES IN ARGENTINA’S CENTRAL REGION**

(AR-M1020)

Narrative Summary	Indicators	Means of verification	Assumptions
Goal			
To promote the survival and development of a larger number of family businesses in Argentina’s Central Region.	<ul style="list-style-type: none"> • Three years after the project concludes: 80% of family businesses in the Central Region assisted by the project continue to operate. • At least 300 businesses have implemented governance structures based on the model developed by the project. 	Records from the executing agency’s monitoring system.	Argentina’s macroeconomic and political situation remains stable.
Purpose			
To help family businesses in Argentina’s Central Region professionalize their management.	<p>Upon project completion:</p> <ul style="list-style-type: none"> • 200 businesses have instituted a governance structure for the management or ownership of the family business and 100 have drafted a family charter. • At least 80% of the benefiting businesses that implemented a family charter show satisfactory performance indicators (productivity and sales) and have a favorable outlook in terms of sustainability. • At least 80% of the enterprises assisted on aspects of governance are satisfied with respect to the assistance received. 	<ul style="list-style-type: none"> • Baseline. • Midterm and final evaluation (including a survey to evaluate the satisfaction level of the beneficiary businesses). • Existence of specific family charters. • Closing and sustainability workshop. • Project completion report. • Executing agency’s monitoring system. 	Businesses remain interested in taking part in the project, and there is demand to participate in the activities.

Narrative Summary	Indicators	Means of verification	Assumptions
Components 1. Raising awareness of the special problems faced by family businesses and tools to address them.	<p>15 months into execution:</p> <p>1.1 Website up and running.</p> <p>1.2 Awareness raised of the importance of family charters in 2,000 businesses, 30% of which have shown interest in participating in the project.</p> <p>1.3 At least 300 businesses selected to receive direct technical assistance from the project.</p> <p>Upon project completion:</p> <p>1.4 By project-end, awareness will be raised among 4,900 entrepreneurs and stakeholders tied to family businesses.</p> <p>1.5 Project website up and running by the end of year 1 with a minimum of 500 visits the first year, and the number of visits doubling each year. At least five support institutions become involved in the project: Córdoba EuroCentro, Rosario EuroCentro, Unión Industrial de Córdoba [Córdoba Industrial Union], the Córdoba Stock Exchange, Clarín Magazine—small and medium-sized enterprises (SMEs).</p>	<p>Attendance list and schedule of seminars.</p> <p>Letters of interest from businesses.</p> <p>Semiannual progress reports.</p>	Businesses are interested in participating in the events.

Narrative Summary	Indicators	Means of verification	Assumptions
2. Training of consultants and entrepreneurs.	<p>15 months into execution:</p> <p>2.1 At least 120 consultants and 400 businesses trained on issues of family charters and corporate governance.</p> <p>Upon project completion:</p> <p>2.2 920 entrepreneurs and other stakeholders tied to family businesses have received training.</p> <p>2.3 A network of local consultants has been created and published on the project's website.</p>	Progress report.	There are entrepreneurs and consultants who are interested in receiving training and professional trainers are available.
3. Introduction of family charters and governance tools in family businesses.	<p>18 months into execution:</p> <p>3.1 300 family businesses have begun to implement governance structures and family charters.</p> <p>Upon project completion:</p> <p>3.2 Governance structures have been instituted and family charters, drafted, formally in 200 and 100 family businesses, respectively.</p>	<p>3.1 Consultants' and progress reports.</p> <p>3.2 Project final evaluation.</p>	<p>Those involved continue to be interested in and committed to adopting the model.</p> <p>Consultants continue to be interested in and committed to developing family charters and governance structures for family businesses.</p>
4. Documentation, evaluation, and dissemination of lessons learned.	<p>Six months into execution:</p> <p>4.1 Project monitoring and management system in place.</p> <p>Upon project completion:</p> <p>4.2 At least one university has incorporated specific family business management programs at the postgraduate level or in the business school.</p> <p>4.3 Six national seminars and one international seminar have been held to disseminate the project, including the showcasing of</p>	<p>4.1 Progress report and midterm evaluation.</p> <p>4.2 Participant list, schedule, website consultations, and original printed materials.</p> <p>4.3 Progress report and executing agency's final report.</p>	Financial institutions, investors, and relevant government authorities are interested in learning about the self-regulation model developed by the project.

Narrative Summary	Indicators	Means of verification	Assumptions
	<p>successful businesses that benefited from the project.</p> <p>4.4 A book has been published that presents the project's success stories and systematizes the governance model adopted to assist family businesses.</p>		
<p>Activities</p> <p>Component 1</p> <p>1.1 Awareness-raising seminars</p> <p>1.2 Workshop on understanding and determining the scope of family charters and corporate governance for the financial sector.</p> <p>1.3 Design and maintenance of the project website.</p> <p>1.4 Monitoring and marketing</p> <p>1.5 Involvement of management personnel</p>	<ul style="list-style-type: none"> At months 3 and 15, 15 awareness-raising seminars—spread throughout each of the three provinces—held and attended by at least 2,000 businesses (4,000 attendees). At months 3 and 15, 8 awareness-raising seminars—spread throughout each of the three provinces—held and attended by at least 800 people (consultants, journalists, universities, credit analysts, rating agencies, etc.). At month 8, 3 workshops held in each of the provinces, raising awareness among a total of 100 people. Website developed in month 6. At month 8, progress report with documented contacts network and evaluation survey. The participation of at least one member of the Steering Committee at the opening of each proposed training course. 	<ul style="list-style-type: none"> Participant list, schedule, and materials. Participant list, schedule, and materials. Participant list, schedule, and materials. Website developed and statistical verification mechanisms are in place. Surveys allowing businesses to evaluate the project conducted and documented. Courses held in each of the locations selected. 	

Narrative Summary	Indicators	Means of verification	Assumptions
<p>Activities</p> <p>Component 2</p> <p>2.1 Development of training curriculum and materials.</p> <p>2.2 Technical assistance for training consultants.</p> <p>2.3 Technical assistance for understanding and determining the scope of family charters and corporate governance for entrepreneurs.</p> <p>2.4 Involvement of management personnel.</p> <p>2.5 Monitoring and marketing.</p>	<ul style="list-style-type: none"> • By month 6, materials designed and printed. • By months 8 and 20, at least 120 consultants trained in a total of 4 courses (3 by month 8—one per province—and 1 by month 20). • By months 8 and 24, at least 400 businesses trained in 24 courses of 50 people each—with 2 individuals per business (16 by month 8—7 in Córdoba, 6 in Santa Fe, and 3 in Entre Ríos—and 8 by month 20—3 in Córdoba, 3 in Santa Fe, and 2 in Entre Ríos). • Participation of at least one representative of management in the opening of each proposed training course. • By month 24, final report with documented contact network and evaluation survey. 	<ul style="list-style-type: none"> • Course developed and materials printed. • Participant list, schedule, materials, and certificates presented. • Participant list, schedule, materials, and certificates presented. • Courses held in each of the locations selected. • Surveys allowing businesses to evaluate the project conducted and documented. 	

Narrative Summary	Indicators	Means of verification	Assumptions
<p>Activities</p> <p>Component 3</p> <p>3.1 Technical assistance for the design and implementation of governance structures in family businesses.</p> <p>3.1.1 Workshops for developing family business corporate governance structures.</p> <p>3.1.2 Business-by-business follow-up of the implementation of family business corporate governance structures.</p> <p>3.2 Technical assistance for the preparation and introduction of family charters</p> <p>3.2.1 Workshops to prepare family charters.</p> <p>3.2.2 Business-by-business follow-up of the formal adoption of family charters.</p> <p>3.3 Monitoring and marketing.</p>	<ul style="list-style-type: none"> • By month 36, governance structures designed and implemented in at least 200 family businesses. • By month 30, at least 600 entrepreneurs (200 businesses) have participated in 10 workshops (4 in Córdoba, 4 in Santa Fe, and 2 in Entre Ríos), of 18 hours and 60 people each (3 people per business). • By month 36, at least 200 businesses have been monitored in terms of the implementation of family business governance structures. • By month 36, family charters have been prepared and executed in at least 100 businesses • By month 30, at least 100 businesses have participated in 10 workshops (4 in Córdoba, 4 in Santa Fe, and 2 in Entre Ríos), of 30 hours each (5 people per business). • By month 36, at least 100 businesses have been monitored in terms of the introduction of family charters. • By month 24, final report with documented contacts network and evaluation survey. 	<ul style="list-style-type: none"> • Participants list, schedule, and consultant's report for each business. • Consultant's report for each business regarding the implementation of the family business corporate governance structure. • Participants list, schedule, and consultant's report for each business. • Consultant's report and formalization note on the family charter for each business. • Surveys allowing businesses to evaluate the project conducted and documented. 	

Narrative Summary	Indicators	Means of verification	Assumptions
<p>Activities</p> <p>Component 4</p> <p>4.1 Technical assistance for the design and maintenance of a system to monitor participating family businesses.</p> <p>4.2 Technical assistance for the development of a publication on family business governance and charters.</p> <p>4.3 Seminars to disseminate the project's preliminary outcomes and lessons learned.</p> <p>4.4 Technical assistance for the addition of specific topics related to family businesses into academic curricula.</p> <p>4.5 International seminar for the final dissemination of the project.</p>	<ul style="list-style-type: none"> • Statistical report conducted in months 3, 18, and 36. • Publication at the end of the project. • At least 3 seminars to disseminate lessons learned held at month 30, and 3 more held at month 36 (2 per province). • The curriculum to be used at the university has been developed. • At least 1 conference organized in Buenos Aires with international invitees at project end. 	<ul style="list-style-type: none"> • Partial reports and final report. • Publication describing the entire project and demonstrates its practical implications. • List of participants, schedule, and consultant's report. • Developed course being offered. • List of participants and speakers' presentations. 	

CATEGORY	MIF	US\$	Local contribution	TOTAL	US\$
Coordination and logistics		\$126,000	\$136,140		\$262,140
Coordination					
Staff		\$126,000	\$105,000		\$231,000
Project coordinator		\$126,000			\$126,000
Assistant coordinator			\$63,000		\$63,000
Accountant (part-time)			\$21,000		\$21,000
Secretary			\$21,000		\$21,000
Logistics		\$0	\$31,140		\$31,140
Office space (US\$250/month)			\$10,500		\$10,500
Supplies (US\$100/month x 4 years)			\$1,800		\$1,800
Meeting rooms (5 hours x 42 months)			\$9,000		\$9,000
Communications (US\$500/month)			\$8,400		\$8,400
Local travel in the Federal District (20*12*4)			\$1,440		\$1,440
Component 1		\$36,400	\$106,100		\$142,500
1.1 Awareness-raising seminars		\$36,400	\$70,400		\$106,800
1.2. Workshop on understanding and determining the scope of family charters and corporate governance for the financial sector			\$5,200		\$5,200
1.3 Design and maintenance of the project website			\$9,000		\$9,000
1.4 Monitoring and marketing			\$6,000		\$6,000
1.5 Involvement of management personnel			\$15,500		\$15,500
Component 2		\$86,800	\$192,800		\$279,600
2.1 Development of training curriculum and materials			\$15,200		\$15,200
2.2 Technical assistance for training consultants		\$18,400	\$25,600		\$44,000
2.3 Technical assistance for training entrepreneurs		\$68,400	\$126,000		\$194,400
2.4 Involvement of management personnel			\$14,000		\$14,000
2.5 Monitoring and marketing			\$12,000		\$12,000
Component 3		\$390,000	\$286,000		\$676,000
3.1 Technical assistance for the design and implementation of governance structures in family businesses		\$197,000	\$125,000		\$322,000
3.1.1 Workshops for developing a family business corporate governance structures		\$37,000	\$5,000		\$42,000
3.1.2 Business-by-business follow-up of the implementation of family business corporate governance structures		\$160,000	\$120,000		\$280,000
3.2 Technical assistance for the preparation and introduction of family charters		\$193,000	\$155,000		\$348,000
3.2.1 Workshops to prepare family charters		\$23,000	\$5,000		\$28,000
3.2.2. Business-by-business follow-up of the formal adoption of family charters		\$170,000	\$150,000		\$320,000
3.3 Monitoring and marketing			\$6,000		\$6,000
Component 4		\$33,300	\$45,000		\$78,300
4.1 Technical assistance for the design and maintenance of a system to monitor participating family businesses		\$18,000			\$18,000
4.2 Technical assistance for the development of a publication on family business governance and charters			\$10,000		\$10,000
4.3 Seminars to disseminate the project's preliminary outcomes and lessons learned		\$7,800	\$25,500		\$33,300
4.4 Technical assistance for the addition of specific topics related to family businesses into academic curricula			\$2,000		\$2,000
4.5 International seminar for the final dissemination of the project		\$5,000	\$5,000		\$10,000
4.6 Final evaluation workshop		\$2,500	\$2,500		\$5,000
Subtotal		\$672,500	\$766,040		\$1,438,540
Contingencies 7%		\$47,075	\$36,000		\$83,075
Baseline, M&E system, and 2 evaluations		\$70,000			\$70,000
Audits (3)		\$12,000			\$12,000
TOTAL		\$801,575	\$802,040		\$1,603,615
GRAND TOTAL		\$801,575	\$802,040		\$1,603,615
Percentages (excluding cluster activities)		50 %	50 %		100 %

SIMILAR AND RELATED PROJECTS IN ARGENTINA

**SURVIVAL AND COMPETITIVENESS OF
FAMILY BUSINESSES IN ARGENTINA'S CENTRAL REGION**

(AR-M1020)

- A. Projects in the administrative simplification cluster. N/A.
- B. Similar or related MIF projects in Argentina. None.
- C. Similar or related Bank projects in Argentina. None.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Argentina. Nonreimbursable Technical Cooperation ATN/---AR to Promote the Survival and
Competitiveness of Family Businesses in the Central Region of Argentina

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Universidad Siglo 21, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT--- with respect to a technical cooperation to promote the survival and competitiveness of family businesses in the Central Region of Argentina.
2. That up to the amount of US\$801,575, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation 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.