

The IFC's Advisory Services Program for Latin America and the Caribbean ("LAC Program") a multi donor facility, was originally approved by the IFC's Board in June, 2003 as part of IFC's Small and Medium Enterprise (SME) Department. Its main objective was to support SMEs development in the region and hence contribute to growth and poverty reduction. At the time, the proposal was for the Program to focus on just four countries: Peru, Bolivia, Honduras, and Nicaragua.

Based on lessons learned, the LAC Program reoriented its work to broaden its reach and impact. Now, the LAC Program is organized along five business lines that are consistent with the priorities outlined in IFC's strategy for the region. The three largest business lines in the program -- **Business Enabling Environment, Access to Finance and Infrastructure**-- respond to three of the most urgent development challenges in the region. The other two business lines -- **Corporate Advice and Enhancing Local Benefits**-- further IFC's efforts to ensure environmental and social sustainable development.

BUSINESS LINE	OBJECTIVE
Business Enabling Environment	Works with governments, civil society, and private firms to foster conditions for private sector development by promoting improved regulation and regulatory enforcement.
Access to Finance	Works with financial institutions and regulators to increase financing for small and medium enterprises and low and middle income individuals.
Infrastructure	Assists governments in selecting and structuring infrastructure projects that will attract private management and capital to increase infrastructure investment.
Corporate Advice	Enhances income and market access for SMEs by supporting the supply chains of IFC's clients.
Enhancing Local Benefits	Enhances the development impact of IFC's investments by raising environmental and social standards of clients, their supply chains, and/or the communities in which they operate.

The LAC Program's initiatives will continue promoting private sector development as a means to poverty reduction. In this effort, our donors and partners will play a vital role in helping us ensure our projects promote development impact and improve people's lives.

As of April 08, the **results** obtained during the first cycle (2004-2008) by the business lines are summarized below:

Access to Finance

- ✓ In its first year of operations, Access to Finance has signed up seven partner Financial Institutions in Peru, Honduras, Nicaragua, Mexico, Brazil and the Caribbean region; and expects to add two to three more by the end of 2008 in Haiti, Guatemala, Paraguay and St. Lucia.
- ✓ Implemented diagnostics in Bolivia, Haiti, English Speaking Caribbean and Central American countries to support the development of credit bureaus throughout the region.

Business Enabling

- ✓ BBE simplification projects completed or ongoing in 48 municipalities in eight countries, including three IDA countries* (Honduras, Bolivia and Nicaragua).
- ✓ 55,000 total number of operation licenses issued.
- ✓ 85% Average time reduction to open a business in 16 municipalities in the region (from 55 to 3 days).

Corporate Advice

- ✓ 107 small and medium enterprises (SMEs) reached (either through supply chains of IFC's clients or SME clusters in IDA countries).
- ✓ 14,348 beneficiaries reached.
- ✓ Over US\$ 4 million in net additional sales (SMEs).

Enhancing Local Benefits

- ✓ Municipal capacity building and monitoring products developed and implemented.
- ✓ 303,000 direct beneficiaries (Municipal Capacity Building Program).
- ✓ 189 participating institutions (MIM Royalties Monitoring Program).
- ✓ 49 local governments benefited.

Infrastructure

- ✓ Since its creation in fiscal year 2008**, Infrastructure has grown very rapidly and has already signed five mandates in Haiti (2), St. Lucia, Jamaica and Colombia. It is also exploring the possibility to provide advisory support for Public-Private-Partnership programs for the governments of Brazil and Mexico.

* Eligible countries for the International Development Association (IDA) support. IDA is the member of the World Bank Group that helps the world's poorest countries. Two criteria are used to determine eligibility for IDA resources: 1) Relative poverty defined as GNI per capita below an established threshold and updated annually and 2) Lack of creditworthiness to borrow on market terms and therefore a need for concessional resources to finance the country's development program.

** Fiscal year 2008 (from July 2007 to June 2008).

Advisory Services Management Team

The Advisory Services Program for Latin America and the Caribbean started a new cycle with the leadership of Luke Haggarty, as the new General Manager.

Prior to this position, Mr. Haggarty was IFC's Program Manager of the Business Enabling Environment program in Latin America and the Caribbean, where he led the implementation of municipal business simplification projects in eight countries across the region. Before joining IFC, Mr. Haggarty spent twelve years at the World Bank. He worked as a Senior Economist in the Latin America Region's Private Sector Development Group.

Throughout his professional career, Mr. Haggarty has accrued a great deal of experience in the areas of investment climate, regulatory institutions, political economy and public enterprise reform, and has extensive knowledge of the performance of private enterprises in the context of developing economies.

The LAC advisory services management team is integrated by: Greta Bull, Access to Finance; Alvaro Quijandría, Business Enabling Environment; Juan Gonzalo Flores, Corporate Advice; Javier Aguilar, Enhancing Local Benefits; and, Richard Cabello, Infrastructure.

In the News

Freed From Restraints of Red Tape Municipal Simplification Initiative in Honduras

Extract from Financial Times, May 2008
(by Richard Lapper)

It may have become easier to license a business, register property and borrow money in Honduras, but the country still has some way to go if it is to become truly friendly to business.



It costs the equivalent of 60 per cent of average annual per capita income to set up a business, not as much as in some parts of Africa, but far more than the 0.1 per cent required in New Zealand, the country at the top of a ranking compiled by the International Finance Corporation (IFC), member of the World Bank Group.

Entrepreneurs such as Carlos Vañegas (featured in the picture) formerly had to fill in 35 forms. Now they can be up and running with just three. Obtaining a municipal operating license used to take more than a month, but can now be done within a day.

Perspectives

Our Partners

The work of the LAC Program is possible thanks to the commitment of partners and donors sharing IFC's vision. The support of these institutions is fundamental in bringing knowledge and experience to strengthen IFC's impact and to reach its beneficiaries in Latin America and the Caribbean

We will be featuring our donors in this newsletter to recognize their specific contributions in the Region. In this first issue, we would like to present the contribution of the Department for International Development of the Government of the United Kingdom (DFID) and the State Secretariat for Economic Affairs from the Swiss Confederation (SECO).



Department for International Development

DFID's recent strategy in the Latin America region has prioritized working with the World Bank Group and the Inter-American Development Bank to promote poverty reduction by fostering greater access of the poor to markets and more accountable and responsive governance systems. Starting with Brazil, DFID's support to IFC has enabled the development across the region of

innovative approaches to business simplification at municipal level, and a greater understanding of the impacts such reforms can have on poverty.



Swiss State Secretariat for Economic Affairs

SECO's economic development cooperation program in Central America and Peru is strongly focused on private sector development. Key areas of intervention aim at business environment improvement, access to finance and SME development. Through its specialized investment fund SIFEM, SECO provides long-term capital to private equity fund that invest in SMEs. Together with its partners, SECO is committed to contributing to a strong and sustainable growth and related poverty reduction in Latin America.

SECO and IFC have built up a close partnership based on a program in the area of access to finance and the improvement of business environment in Latin America. For example, SECO is a supporter of IFC's program in facilitating business registration in Bolivia, Peru and Nicaragua. Very encouraging results have been achieved to date.





Corporate Advice

Central America & Southern Mexico: Over the past year, 6,250 small-scale coffee farmers in the ECOM-Nestlé value chain in five countries of Central America and Mexico have been trained on increasing productivity and sustainable coffee farming practices. This will help them to meet required standards for

global certifications demanded by international coffee buyers and increase their income; participating farmers are expected to increase their income by a total of approximately \$3 million dollars over three years. Based on the success of this project so far, IFC has received a number of requests from international roasters to replicate this experience in other LAC countries and worldwide. For more information please, contact Juan Gonzalo Flores, at gflores1@ifc.org

Mexico: Sociedad Hipotecaria Federal (SHF), the Mexican housing development agency and IFC, have developed the Mortgage and Construction Lending Toolkits as best practices guidelines for the Mexican market. The expected



impact of this project, through the implementation of the toolkits into their operations, is to increase five financial institutions' access to alternative sources of funding from both private and public investors. IFC's housing finance strategy reinforces financial institutions' operational structure, enables them to target the lower-middle market segment efficiently and increases their funding capacity, with more diverse and lower cost sources of funds. For more information please, contact Greta Bull, at gbull@ifc.org

Access to Finance

Infrastructure

Recently added to the LAC Program's portfolio, Infrastructure is assisting governments to identify, structure and implement sustainable infrastructure projects which leverage private sector expertise and capital and help achieve public-policy objectives.

Currently, its portfolio in Latin America and the Caribbean includes projects in areas of water, roads, health, airports and telecoms in countries such as

Haiti, St. Lucia, Jamaica, Colombia, Mexico and Brazil. For more information please, contact Richard Cabello, at rcabello@ifc.org



Infrastructure is one of IFC's key strategic priorities for the LAC region to improve its competitiveness and reduce poverty levels.

Enhancing Local Benefits



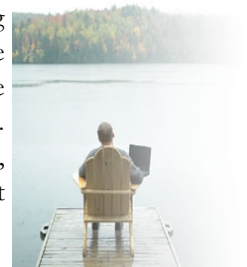
Peru: IFC's Improving Municipal Investments Project (MIM-Peru project) was launched in twelve Peruvian municipalities of Ancash, Cajamarca, Moquegua, Tacna and Puno, where large companies such as Goldfields, Rio Tinto, Angloamerican, Newmont and Southern operate and where the most promising explorations areas are located. These departments produce large amounts of gold, silver and copper in Peru and receive approximately 80% of the mining royalties that are transferred from the central government. The project aims to ensure that significant mining royalties' resources received by those municipalities are effectively transformed into greater well-being for their population. The MIM Peru Project replicates the successful Cajamarca pilot experience and builds on it by systematizing the lessons learned.

Colombia: IFC, Ecopetrol and the National Planning Department signed an agreement to implement the Municipal Royalties Management project in five Colombian municipalities. This project aims to improve municipal investments of oil royalties' resources through better management systems and procedures. For more information please contact Javier Aguilar, at jaguilar@ifc.org

Business Enabling Environment

Colombia: It will be easier to establish a business in Bogota, thanks to Crear Empresa (www.crearempresa.com.co) a new Online portal to help improve business registration for national and foreign entrepreneurs. The initiative was spearheaded by Confecámaras, which includes all of the Chambers of Commerce in Colombia and the Chamber of Commerce of Bogotá, with IFC's support and funding from the Dutch Embassy in Colombia.

The portal will allow entrepreneurs to complete procedures online to establish new businesses or register existing ones, helping save them time and money. The Bogotá Chamber of Commerce will be the portal's first user. For more information please, contact Alvaro Quijandría at aquijandria@ifc.org



Brief Notes

Municipal Authorities Meet in Bolivia

The Chamber of Industry and Commerce of Santa Cruz (CAINCO) and IFC convened a roundtable in Bolivia to share successful experiences in municipal simplification processes implemented in the country and to motivate other municipalities to start a simplification reform. The event brought together representatives from 50 Bolivian municipalities. In addition, representatives of cooperation organizations shared information about available resources for municipalities.



Peruvian Experience Presented at Conference in Ethiopia

IFC presented its MIM-Peru experience which promotes social accountability of local governments at the ANSA-Africa annual stakeholders' conference. The conference focused on two themes: the context of decentralization and revenue generation and social accountability in post-conflict and fragile states. Extractive industries was among the topics that received special attention. IFC also shared its approaches on participatory planning and monitoring as well as on revenue management related to oil, gas and mining royalties.

Extending the Network, International Forum in Canada

The Business Regulation Evaluation Group (BREG) and IFC participated in two International Conferences in Halifax, Canada: the “Growing Inclusive Markets Forum” and the “2008 International Council for Small Business World Conference”. BREG is a network of various international organizations in the development business working with academia, donor agencies and governments in Latin America chaired by IFC LAC/AS. It promotes and conducts rigorous evaluation methodologies to assess the medium and long term impact of business simplification reform on SMEs' performance in Latin America thus contributing to improve the quality of policy interventions and enhancing their development impact.



Carbon Coffee: Money Can Grow on Trees!

Rainforest Alliance and IFC signed a contract to implement a one-year project funded by the IFC Innovation Fund in Nicaragua & Mexico. The project aims to establish the necessary criteria to verify and monitor carbon storage on coffee farms during annual certification audits. Rainforest Alliance has been contracted to develop the low-cost verification system and the methodology that allows for small producers to earn additional income by selling carbon directly to participants in their coffee value chain.

The Advisory Services Program for Latin America and the Caribbean has its hub office in Lima, Peru. In addition, the Program has offices in: La Paz, Bolivia; Sao Paulo, Brazil; Bogotá, Colombia; Mexico City, Mexico; and, Managua, Nicaragua.

The Program's geographic scope includes IFC's member countries in the region, with projects selected based on demand, resource availability and fit with IFC regional strategy. Currently, the Program is implementing projects in eighteen countries of Latin America and the Caribbean.



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