

News from IFC Advisory Services in Latin America and the Caribbean



CIDA and USAID Support Greater Accountability

After a successful first year of implementation, IFC's MIM Peru project welcomes the addition of two important partners.

The Canadian International Development Agency (CIDA) and the United States Agency for International Development (USAID) joined the MIM Peru project, an IFC initiative which is being implemented in five Peruvian departments that receive about 80% of mining royalties in the country: Ancash, Cajamarca, Moquegua, Tacna and Puno and will improve the impact of municipal investment for one million people.

IFC supports local governments and its communities transform royalties resources from extractive industries into greater local benefits. This is done on the one hand by training municipal officers to ensure that significant mining royalties resources are effectively invested in basic services for the communities; and on the other hand with MIM Peru that helps civil society organizations get organized and adopt a methodology to undertake a systematic monitoring of mining royalties flows and the associated municipal investments. It not only shares that information, but promotes local debate and facilitates an informed dialogue between local authorities and citizens.

CIDA and USAID have seized the opportunity to contribute to transparency, social accountability and good governance as both share the interest that Canadian and the US firms in the mining sector in Peru generate a positive development impact.



The cooperation agreements were signed by Ms. Rebecca Mellet, Counselor and Head of Aid for the Canadian Embassy, Mr. Paul Wiesenfeld, Director of USAID Peru, and Mr. Luke Haggarty, General Manager of IFC Advisory Services in Latin America and the Caribbean.

“CIDA supports the MIM Peru project to help the local governments meet the needs and requests from their population to reduce inequities and poverty.”

Rebecca Mellet, Canadian Embassy

CIDA in Peru promotes governability by supporting public reforms and inclusive management of strategic sectors and USAID works to support the achievement of Peruvian development goals.

“We recognize that international cooperation alone is not enough to solve the Peruvian challenges; the active participation of civil society in coordination with private sector is needed to obtain sustainable results, MIM Peru offers this type of synergic action.”

Paul Wiesenfeld, USAID Peru

IFC's strategy in Peru is to address private sector challenges by investing, providing advisory services and fostering sustainable development.

“To have the support of partners such as CIDA and USAID demonstrates a join commitment with transparency and development that can be achieved through the appropriate use of resources and the promotion of active civil society participation.”

Luke Haggarty, General Manager, IFC Advisory Services in Latin America and the Caribbean

This initiative is also supported by the UK Department for International Development (DFID).

For more information, please contact us at panorama@ifc.org.



MIM Peru is implementing innovative methods to communicate key messages to communities. For example, a role-play with local actors, tailored contents, characters and languages has become a successful way to work with the population from rural areas. It is also providing local authorities with essential and systematic feedback from citizen's opinions and concerns.

Our Role in Changing Markets

As a result of the financial crisis, IFC is refocusing existing programs to address the increasing needs of its clients in these challenging times and providing them with the necessary tools to mitigate impacts as well as identify future risks. During these challenging times there is an even greater demand for IFC's investments and advisory services whereby we have to be more selective and focus on projects where development impact is the greatest.

We continue to support the poorest countries in the regions and underserved population in middle-income countries in areas of global challenge such as access to credit and infrastructure needs. Also we continue to focus on measuring results of our work as well emphasize stronger collaboration with partners in order to join expertise and maximize innovative solutions towards development.

At the business line level, specific actions are also being taken to shift our focus to those areas that need it the most. These include:

Access to Finance:

In this area we are currently **rolling-out new advisory programs** to help partner financial institutions in carrying out **objective risk assessments** and identifying **immediate actions** to mitigate the negative impacts of the financial crisis, with a view to limiting the credit-crunch period that will follow the crisis.

At a financial infrastructure and policy level, we are reinforcing our work with **credit bureaus** which help lenders identify and avoid client's over-indebtedness.

Business Enabling Environment:

We offers a **comprehensive range of business enabling products** that can greatly contribute in dealing with the fall-out of the financial

crisis. We will shift focus of the **Regulatory Governance program** from regulatory simplification towards **regulatory effectiveness and efficiency** and scale up its **Trade Logistics advisory work** to further facilitate trade through increased competitiveness. These efforts help countries accelerate trade transaction processes, leading to increased exports and lower cost of imports.

Environmental and Social Sustainability:

We continue to support the global climate change and sustainability agenda by investing in **new business models and financing instruments** for clean energy. We expect clients to be more open to implementing changes that lead to energy efficiency and expect to be faced with an increased demand from financial institutions (FIs) in credit lines areas such as **energy efficiency/sustainable energy finance**.

Infrastructure:

We continue to focus on providing advisory services to **improve access to infrastructure, health and education**. As governments begin to face increased fiscal pressure, we believe that **facilitating private participation in infrastructure** will help to alleviate the stress they are currently facing and equip them to respond better to future crises.

IFC stands ready to respond to government requests in this rapidly evolving environment and we will intensify our efforts to assist the most vulnerable countries with **tailored infrastructure advisory services**. We are focusing on **innovative approaches to structuring transactions** ensuring these are attractive to the highest number of credible sponsors and lenders in this volatile environment.

In the News

Doing Business 2009: Latin America cutting red tape — slowly

Extract from Miami Herald, September 2008
(by Andres Oppenheimer)

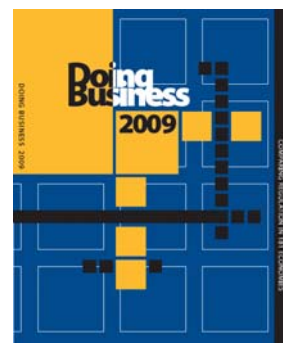
According to a new report by the World Bank's International Finance Corporation, several Latin American countries continue to be among the world champions of bureaucracy, while Eastern European, Asian and African countries are moving much faster to reduce government red tape, making it easier for its people to start new businesses.

The report, Doing Business 2009, is the sixth such annual report conducted by the IFC, and measures several areas of each country's regulations affecting current or potential businesses. While Colombia,

the Dominican Republic and Uruguay made some progress in cutting red tape last year, most other countries in the region fell behind the rest of the world in 2007, the report says.

Ranking the overall ease of doing business in the 181 countries included in the study, the best countries in Latin America are Chile, ranked 40th; Antigua and Barbuda, 42nd; Colombia, 53rd; Mexico, 56th and Peru 62nd. Except for Colombia, all top performers in the region did worse than last year.

Why are most Latin American countries falling behind in the World Bank's ranking of countries with the most business-friendly regulatory environments, I asked Sylvia Solf, one of the report's authors. It's not so much that Latin American countries are failing to cut red tape, she said, but that China and other Asian, Eastern European and African countries are doing it much faster.



Access to Finance



Mexico - Small and medium enterprises in underserved rural and semi urban areas will benefit from a joint effort between FIRA, a governmental financial institution, and IFC to strengthen their financial channels. This initiative will provide support to financial institutions with presence in the most impoverished Mexican states: Chiapas, Oaxaca, Guerrero, Tlaxcala, Michoacán, Tabasco, Hidalgo, Veracruz, Nayarit and Zacatecas. IFC Country Manager Marcos Brujís said, “IFC’s strategy in Mexico is focused on areas that can help the country overcome key challenges to increase its growth and reduce poverty. In this sense, we consider it very important to align efforts with Mexican development organizations, such as FIRA, in order to support the growth of the SMEs in the country.” For more information please, contact Greta Bull, at gbull@ifc.org

Business Enabling Environment

Ecuador - Entrepreneurs in Quito are spending less time to obtain an operation license thanks to Tramifácil Quito, a new system developed by the Metropolitan Municipality of Quito, the National Council for the Reactivation of the Production and Competitiveness of Ecuador and IFC. This one-stop service to simplify application processes for operation licenses and construction permits allows the creation of new firms and reduce informality. The simplification process has reduced the time to obtain an operating license from 68 days down to three. The service has already been launched in the Northern Administration Zone of the city of Quito, and will be launched in the other 7 Administration Zones across the city. For more information please, contact Alvaro Quijandría at quijandria@ifc.org



IFC Business Edge is an affordable and interactive program that has been successfully deployed in several world regions on benefit of SMEs.

Corporate Advice

Haiti - A new initiative to help more than 1000 Haiti’s small and medium enterprises improve their performance, profitability and competitiveness was introduced in the country. In a joint effort between IFC and privately-owned development bank SOFIDHES, IFC Business Edge program started operations.

Atul Mehta, IFC Director for Latin America and the Caribbean, said, “The introduction of IFC

Business Edge in Haiti shows IFC’s commitment to addressing the business skills needs of the country’s SME owners and managers. Strengthening performance and productivity will help SMEs create job opportunities and make a more sustainable contribution to the local economy.”

For more information please, contact Juan Gonzalo Flores, at jflores1@ifc.org



Enhancing Local Benefits



Bolivia: A total of 2,410 families of 67 Guarani communities are being benefited with improved income opportunities thanks to four pilot community projects that have been developed between Transierra, a private gas transport company operating in Bolivia, the Guarani authorities and IFC. The community self-selected projects include the creation of supplier networks among participating communities, strategic associations with buyers and, in some cases, value-addition processing of goods traditionally produced by Guarani communities, aiming to contribute to the sustainable development of underserved populations and promote social and environmentally sound business practices. For more information, please contact Javier Aguilar, at jaguilar@ifc.org

Infrastructure Advisory

Colombia: IFC is advising the National Institute of Concessions (INCO) of the Ministry of Transport in the design and structuring of the Ruta del Sol project, one of the most important infrastructure projects in the country. The project entails introducing private participation for the construction of a new 78-km road and for the rehabilitation, duplication and operation/maintenance of close to 1,000 km of an existing road. Both roads form part of a system that links the interior with main ports in the Caribbean Coast. Last year the advisory team presented its recommendations and technical specifications of the new road which were very well received by the government and private sector. The final definition of the structure will be completed within the first months of 2009 which will be followed by tendering. For more information please, contact Richard Cabello, at rcabello@ifc.org



Brief Notes

Promoting Business Formalization

The district of Villa María del Triunfo, one of the largest in Lima, Peru has approximately 370 thousand inhabitants and 280 shanty towns. Although its poverty levels, its economically active population is mostly comprised of micro and small enterprises as well as independent workers. However, of the 12, 570 economic units that exist in the district, only 142 are formal companies that obtained an operating license in 2007. This is why the municipality, with support from IFC, implemented a reform process that has managed to reduce the time that took to register a company from 35 to 2 days; reduced the number of requirements from 10 to 5 and reduced the cost average in half. Promoting business formalization is key to the development of this active district.



Generating Knowledge, Improving Municipal Investments

More than 125,000 municipal officers have already visited “Municipio Al Día”, an innovative free online portal that offers - for the first time in Perú - tools and real-time information to help municipal officers gain knowledge and improve their investments. IFC has partnered with Instituto de Estudios Peruanos (IEP) to expand and promote the online portal which is currently serving 812 municipalities. “Municipio al Día” experts provide this service for free and try to reach municipalities that generally do not have access to this kind of information. It includes real-time consultations, information about municipal and royalties management regulations, a municipal commitments calendar and a section for frequent asked questions. The free online portal has already registered 2,199 users since Jan 2008.

Expanding Markets Across Borders

The 'Coffee Suppliers' project, which expects to benefit 8000 small coffee producers in Mexico and five countries of Central America, was presented by IFC at the Americas Competitiveness Forum. This forum convened Western Hemisphere economic and education ministers, business executives, academics, and non-profit leaders to engage in a dynamic discussion on the drivers to innovation and economic growth. The project, an IFC's Corporate Advice business line initiative implemented in partnership with ECOM, Nespresso & the Nestle Group, was presented as an example of 'Ensuring Reliable and Responsible Sourcing' in our Region.



Improving Competitiveness in Colombia

The municipality of Bogota and IFC signed an agreement to implement a simplification project to streamline construction permits in the city and reduce the number of requirements and the time spent by entrepreneurs by 50%. This initiative, which involves among 24 governmental organizations, is the first one in the Region to address a process which includes procedures at the local and national level. This project is part of the Doing Business agenda which is implemented by the national government of Colombia to improve the World Bank's Doing Business indicators and make of Colombia one of the most competitive countries in the Region.

IFC Advisory Services in Latin America and the Caribbean has its hub office in Lima, Peru and offices in: La Paz, Bolivia; Rio de Janeiro and Sao Paulo, Brazil; Bogotá, Colombia; Guatemala City, Guatemala; Mexico City, Mexico; Managua, Nicaragua and Port of Spain, Trinidad and Tobago.

Our 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, we are implementing projects in eighteen countries of Latin America and the Caribbean.



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