

## In Brief

### Project dates:

- November 2006 to July 2009

### Sector:

- Gas

### Country:

- Argentina

### Partners:

- Pan American Energy

### Sponsors:

- Pan American Energy
- IFC

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The International Finance Corporation (IFC) is Latin America and the Caribbean's leading multilateral finance institution for the private sector. IFC provides a wide range of innovative financial products and services as well as complementary sustainability products and advisory services. By tailoring these products and services to meet specific client needs, IFC works to build a stronger, more vibrant and equitable private sector for the region.

## Pan American Energy

### Background

Pan American Energy (PAE) is the second largest oil and gas producer in Argentina and is one of the leading energy companies in the Southern Cone. PAE operates gas production camps and a gas treatment plant in the Acambuco area of Salta Province, one of the poorest in Argentina. Local municipalities are struggling to overcome the area's high poverty and unemployment levels, and the government's efforts (federal, municipal and provincial) to alleviate poverty through subsidies have not been able to produce many income-generating opportunities.



### Objective

PAE seeks to complement local development initiatives as part of its corporate social responsibility strategy. To improve the short and long-term economic prospects for the region, PAE and IFC are working together to create income generating opportunities for the area by fostering local entrepreneurial initiatives and strengthening local municipalities' abilities to promote SME development. It is expected that project participants will increase their income by establishing sustainable small businesses linked to market opportunities.

### Strategy

The project strategy is to partner with institutions already undertaking entrepreneurial promotion work in the region such as Fundación Impulsar and ADE (GTZ) that already understand the local complex social matrix and have earned credibility among residents. In complement to these initiatives, the project will generate knowledge on the regional production profile, manufacturing capacities and market opportunities to promote potential commercial links. To ensure the long-term sustainability of these efforts, the project will also assist municipalities in establishing offices to permanently support local SME businesses development and promote access of local products and services to larger markets.

### Project Scope

The project scope consists of the following activities:

- ✓ **Promoting income-generating opportunities for smaller business and the unemployed.** Promoting income-generating opportunities for smaller businesses and the unemployed. A package of financial and

# Enhancing Local Benefits



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technical assistance will be offered to selected young entrepreneurs and the unemployed to support them in starting small businesses linked to identified market opportunities.

- ✓ **Strengthening municipal capacity to promote SME development.** The municipalities of Tartagal, General Mosconi, and Aguaray will establish technical/financial mechanisms to support local economic development initiatives. The municipalities will receive technical assistance to identify promising local products and services for regional markets and help the local providers set up agreements with regional buyers. In the long term, municipalities should move to develop permanent offices or programs to support local businesses.
- ✓ **Encouraging entrepreneurial activities in the Acambuco region** through a publicity campaign to encourage youngsters to start-up entrepreneurial ideas. The campaign will include events at high schools, youth groups, civic associations, contests, and fairs.

## Project Timeline

The project was re-launched in November 2006 with a Diagnostic and Baseline Study. This study was completed in February 2007 and provided data on current economic opportunities, market trends, inventory of existing production and business promotion programs and the socio-economic and technical condition of target populations. Between February and June 2007, the project-implementing firm was selected and contracted. The project implementation phase is planned between July 2007 and June 2009.

## IFC Products and Services

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**Financial Products:** IFC's traditional and largest activity is to finance private sector projects in developing countries. IFC provides loans, equity finance and quasi-equity. It also offers financial risk management products and intermediary finance.

**Advisory Services:** The Advisory Services Program for Latin America and the Caribbean is focused on improving the business climate for the private sector, on strengthening competitiveness of micro, small and medium enterprises and on enhancing the development impact of IFC's investments in key sectors.

