

PROGRAM TO SUPPORT PRODUCTIVE INTEGRATION

(TC-98-10-50-9)

EXECUTIVE SUMMARY

Executing agency:	Fundación Mexicana para la Innovación y Transferencia de Tecnología en la Pequeña y Mediana Empresa, A.C. [Mexican Foundation for Technological Innovation and Transfer for Small and Medium-Sized Enterprises] (FUNTEC)	
Beneficiaries:	The direct beneficiaries of this project will be 2,000 microenterprises and small businesses.	
Amount and source:	Modality: MIF	Nonreimbursable Facility IIIA
	Local counterpart:	US\$2,000,000
	FUNTEC:	US\$2,000,000
	Local business owners and governments:	<u>US\$4,560,000</u>
	Total:	US\$8,560,000
Terms:	Execution period:	48 months
	Disbursement period:	54 months
Objectives:	The general objective of this project is to help improve the productivity and competitiveness of small businesses and microenterprises by integrating them into the rest of the national productive structure. Innovative, replicable mechanisms of linkage and technical assistance will be employed. In principle, the project will mainly support various sectors that have been preidentified because of they have significant potential for growth through integration and because they are sectors in which microenterprise and small business predominate. These sectors include fashion, jewelry, footwear, furniture, leather goods, electronics, and graphic arts.	
Description:	Through technical assistance and training activities, support will be provided for a portfolio of seven productive integration projects, some of which will be selected from a list of 11 projects already identified by FUNTEC, targeting small businesses and microenterprises. Each of the projects will group a number of businesses, which will vary according to the integration mechanism required by the businesses. The projects will integrate small businesses and microenterprises into the production chain by linking them with larger businesses and/or	

will promote horizontal cooperation between small businesses. Given the sectors and projects identified, an estimated average of 80% of the beneficiary businesses will be small businesses and microenterprises.

To achieve its stated objectives, the project will be divided into three components: (i) promotion and identification of productive integration activities; (ii) development and implementation of local productive integration projects; and (iii) improvement of the environment, occupational safety and health, and child labor. FUNTEC and MIF resources will cofinance up to 33% of the operating costs of the local projects for activities defined under components (ii) and (iii) of the proposed program.

FUNTEC has already identified 11 productive integration projects. Of these, preparations are well under way for six; agreements have been signed for two projects; and the other four are at an advanced stage of preparation (see Annex V).

Special contractual clauses:

Conditions precedent to the first disbursement: (i) submission for the Bank's approval of a plan of action detailing the activities to be carried out under each component during the first year of the project; and (ii) presentation to the Bank by FUNTEC of evidence that it has hired, with resources from the MIF contribution, the personnel for the Integration Unit and the expert in social, labor, and environmental issues (see paragraphs 3.8, 3.13, and 8.1).

Exceptions to Bank policy:

None.