



Inter-American Development Bank
Multilateral Investment Fund



ICT INNOVATION PROGRAM FOR E-BUSINESS AND SME
DEVELOPMENT
ICT4BUS-II

Project Profile Application Guidelines

April 2009

INTRODUCTION

The Information and Communication Technology (ICT) is a prominent factor in the competitiveness of firms as it enables the development of knowledge intensive processes and services appropriate for the modern economy.

For individual private firms, effective use of ICT solutions and services improves efficiency in the value chain by providing better and faster communication between trading partners, integrating transactions with logistics functions, reducing intermediation costs, facilitating the search for new markets, and allowing for better pricing policies. ICT technologies also serve as important tools for other corporate functions such as banking services, accounting, post-sale customer service and support management functions, through the provision of rapid and strategic information.

The economies in Latin America and the Caribbean are typically characterized by a predominance of small and medium-sized enterprises (SME). Increasingly, SME are gaining access to ICT services and solutions that were once limited to larger companies. Further expansion of innovative and affordable ICT solutions and applications for private firms will have a significant impact on improving the competitiveness of a large number of SME. In this context, development of a thriving local ICT industry is becoming an essential factor for SME development in the Region.

The general objective of the ICT4BUS Program is to contribute to the improvement of competitiveness of small and medium sized enterprises in Latin America and the Caribbean by expanding their access to new ICT solutions and services. To achieve this, the ICT4BUS Program supports the pilot testing and demonstration of innovative ICT services and solutions that are geared towards SME in the Latin America and the Caribbean (LAC) Region. The projects to be funded by the ICT4BUS Program will be selected through Calls for Proposals in which eligible institutions are invited to participate.

I. TYPES OF PROJECTS TO BE FINANCED

Given the need to emphasize ICT innovation grants awarded will not be restricted to any pre-determined categories of projects. However, considering the vital importance of demonstration and replication effects on the SME sector, the Program encourages eligible institutions to propose projects in the areas of:

1. SME's strengthening and capacity building for ICT adoption. Project addressed to promote the adoption of ICT in SME from countries with limited offer of ICT services for SME.

2. Value chain integration: Projects that promote vertical and/or horizontal chain integration among SME. Projects in this area could include: development of e-platforms for product design in manufacturing; online outsourcing services for accounting and payment; and sales assistant systems for groups of SME which seek to be part of larger productive chains.

3. Workplace productivity and efficiency: types of projects that enhance workplace productivity and efficiency in SME. Typically such projects are the ones that make advanced management tools available to SME users. Such tools could include: virtual teamwork and tele-working systems; knowledge management software for decision making; knowledge development tools, including e-learning applications; and improved access devices to the Internet.

4. Market penetration: types of projects that help SME in penetrating national and/or international markets. Typical examples of these are: development of e-commerce platforms where SME firms can act as buyers/sellers; marketing and advertisement services; cooperative bidding platforms for public procurement; and competitive benchmarking systems for SME.

Potential ICT solutions and services that could be used within the projects eligible for funding by MIF may include, but would not be limited to:

- (i) e-commerce and e-business applications: work will include B2B platforms for commerce practice, services for improved business efficiency through knowledge-rich systems, applications service providers, technology interfaces for business processes, open software applications, smart cards, technology applications for data security, confidence building services and solutions, innovative applications for customer relationship management, enterprise resources planning, payments, accounting services.
- (ii) E-productivity applications for individuals and organizations: including teamwork solutions, voice-recognition applications for businesses and individuals, user-friendly interfaces, virtual meetings, tele-working.
- (iii) Infrastructure and access enhancing systems: technology innovations (devices and protocols) that will increase access and bandwidth to the Internet, network interoperability, improve mobile systems architecture and protocols.
- (iv) Knowledge management and distribution systems: collaborative authoring, multimedia databases, multi-platform publishing, e-publishing chains, context determined information services, innovative content aggregation, intelligent agents for information retrieving, handling and access, methods for coding digital content; workplace learning systems.
- (v) Mobile (including satellite-based) applications and services for businesses; including marketing, business cooperation, resource management, productivity, and payments.

Please note that the Program will not support microfinance projects. Project profiles that do not comply with the types of projects mentioned above will not be considered in the competition.

II. SELECTION PROCEDURE

The selection procedure consists of the following phases:

REGISTRATION: Prospective proponents have to register with the Program and provide institutional information. Only the institutions that are declared eligible by the ICT4BUS Team will be able to participate to the Program. The deadline for the registration phase is **June 19, 2009 at 4 p.m. EST time**.

STAGE 1 Project Profile Selection: Applicant institutions will submit a project profile using the Profile Application Form available in the Program's website, www.iadb.org/ict4bus. On the basis of a competitive evaluation, the institutions presenting the most promising profiles will be invited to present a full project proposal. A maximum of 20 profiles will be selected during this stage. The deadline for submitting the project profiles is **June 29, 2009 at 4 p.m. EST time**. Applicant institutions can present only one project proposal. The results of this phase will be announced on August 1, 2009.

STAGE 2: Full Project Proposals Evaluation: The institutions whose profiles were selected in Stage 1 will be invited to present a full project proposal. This second stage will involve a further competitive and detailed evaluation process. During this round of the competition between 5 and 7 projects will be selected. The deadline for the submission of full proposals will be announced later.

III. STAGE 1: PROJECT PROFILE SELECTION

The selection of the project profiles will be based on the following criteria [overall percentile weights of these criteria are indicated within brackets]:

- 1) **Relevance.** Are the problems that the project seeks to address relevant for the competitive position of the country SME? Is the proposal addressing adequately the changes that the introduction of ICT will require in the SME? **[20%]**
- 2) **Innovation.** Degree of innovation proposed by the project related to the country context. Is the ICT service or solution relevant for the problems that have been identified? Are context-related technology issues taken into account? **[20%]**
- 3) **Sustainability.** The following aspects will be taken into account about the project sustainability: The economic benefit of the proposal in terms of revenue and profits, institutional support, technological maintenance and the institutional capability that ensure the project continuity after the MIF support ends. Is the proposal's plan to ensure sustainability viable? **[15%]**
- 4) **Impact.** Beneficiaries and project impact. Number of SME participating directly in the pilot stage¹; potential demand (number of SME that are expected to benefit from the ICT solution or service to be implemented through the pilot project); degree of reliability of the project in new "communities" of SME users. To what extent are MIF resources needed to carry out the project?. What is the value add of MIF support?**[15%]**
- 5) **Institutional Capability.** Institutional, financial and technical capability of the applicant institutions (eventually also through the alliance established for the project) to carry out the proposed plan; applicants' degree of experience in project execution and in working with SME and/or ICT in the Region. **[20%]**
- 6) **Implementation & Resources.** Technical and financial project plans: feasibility and quality of the project plan and its proposed budget; appropriateness of the execution plan and resources to be mobilized for the project; **[10%]**

A minimum of 3 evaluators will review each project profile. The evaluators will assign between 0 and 5 points to the above-mentioned criteria according to the following assessment:

- 0 – fails or missing/incomplete information
- 1 – poor
- 2 – fair
- 3 – good
- 4 – very good
- 5 – excellent

A percentile weight is assigned to each pre-selection criterion, which will determine, in conjunction with the average points assigned by the evaluators, the overall score and ranking of the proposals.

The MIF may determine a threshold for each selection criteria and for the overall score below which submitted proposals will be disqualified.

The preliminary ranking of the projects will be discussed and reviewed to prepare the list with the selected profiles. The organizations that submitted the selected profiles will be notified by e-mail.

IV. ELIGIBLE INSTITUTIONS

Institutions, usually non-profit organizations, with significant experience in working with or representing SME in Latin America and the Caribbean and/or with extensive experience in developing ICT solutions and services. Typically, these will include chambers of commerce, trade and/or industrial associations, universities, foundations, research centers, Non Governmental Organizations (NGO) and business development services centers. The institutions have to be legally established in the following countries: Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica,

¹ The proposal should clearly indicate the number of SME that will be participating in the pilot project. It is expected that a minimum of 30 will receive direct benefits from the proposed project.

Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad & Tobago, Uruguay, and Venezuela.

Universities and other organizations that specialize in developing ICT services or solutions are required to ally themselves with other non-profit organizations involved in SME development activities.

Institutions previously awarded by the ICT4BUS are not eligible to participate in this Call for Proposals.

V. FINANCING AND COST

Financing. The maximum amount of financial support from MIF will be up to US\$ 300,000 per project. Projects, which solicit less than US\$ 100,000 in MIF financing, will not be considered.

Counterpart Funding. Each selected organization is responsible for counterpart contributions between 30 and 50% (depending on the country of operation²) of the total cost of the project. At least half of counterpart contributions must be in cash (fresh investment during the project executing period). Fees paid by beneficiary SME for services offered during the project execution will not be counted as counterpart contribution. Counterpart funding may include third part donations, in kind or in cash, from some other organizations. However, donor organizations cannot be providers for the project.

VI. PROCUREMENT

The selected institutions will follow Bank procurement policies for the acquisition of goods and services. MIF funds may be disbursed only to pay for expenses of goods and services whose origin belongs to the following countries: Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, France, El Salvador, Guatemala, Guyana, Haiti, Honduras, Italy, Jamaica, Japan, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, South Korea, Spain, Surinam, Sweden, Switzerland, USA, Trinidad & Tobago, United Kingdom, Uruguay, Venezuela.

VII. SUBMISSION OF PROJECT PROFILES

The project profiles must be prepared using the Project Profile Form available on the Program website, www.iadb.org/ict4bus. Applications will be accepted in any of the Bank's four official languages (Spanish, English, French, and Portuguese). Only project profiles submitted through the Program website will be accepted in the competition. **The deadline for the submission of project profiles is June 29, 2009 at 4 p.m. EST time.** Proposals sent after this date will not be accepted. You can e-mail your questions at ict4bus@iadb.org

VIII. INFORMATION

For more information about the ICT4BUS Program, please review the website www.iadb.org/ict4bus. You can also send your questions at ict4bus@iadb.org.

² For Argentina, Brazil, Chile, Mexico, and Venezuela the counterpart funding requirement is set at 50% of the total eligible costs. For Colombia, Costa Rica, Panama, Peru and Uruguay is 40%. For all other countries the minimum required counterpart funding would be 30%.