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MULTILATERAL INVESTMENT FUND

**REGIONAL**  
**(ARGENTINA, ECUADOR, AND PERU)**

**STRENGTHENING OF STRATEGIC DEVELOPMENT CAPACITY FOR  
SELF-SUSTAINABLE CIVIL SOCIETY ORGANIZATIONS**

**(RG-M1090)**

**DONORS MEMORANDUM**

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## **APPENDICES**

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## **BASIC SOCIOECONOMIC DATA**

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

### **INFORMATION AVAILABLE IN THE TECHNICAL FILES**

Annex III	Operating Regulations
Annex IV	Timetable
Annex V	Procurement plan
Annex VI	NESsT Venture Fund Portfolio in Chile
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### **TECHNICAL FILES OF MIF/OPS**

2005 audited financial statements (Bowman & Company LLP).

Unaudited financial statements as of September 2006.

Approval and conditions of the project approved by the IFC – Grassroots Business Initiative to finance the project (Counterpart - US\$ 120,000).

Letter of approval from The Rohatyn Group approving a contribution of US\$15,000 as counterpart funding for the project.

Letter of approval from The Tinker Foundation Inc for US\$60,000.

Letter of approval from the Open Society Institute for US\$50,000 as counterpart funding for the project.

Law N° 14634/2005-CR of the Agencia Peruana de Cooperación Internacional APCI [Peruvian International Cooperation Agency].

NESsT Certificate of existence.

Grant Funding Agreement with CARE ENTERPRISE PARTNERS for US\$30,000 as counterpart funding for the project.

## **ABBREVIATIONS**

BCN	Business consulting network
CSO	Civil society organizations
HAD	Performance assessment tool (herramienta de análisis de desempeño)
LC	Local coordinator
NESsT	Non Profit Enterprise and Self-sustainability Team
PCR	Project completion report
PPMR	Project performance monitoring report
SEA	Social enterprise activity

# STRENGTHENING OF STRATEGIC CAPACITY TO DEVELOP THE SELF-SUSTAINABILITY OF CIVIL SOCIETY ORGANIZATIONS

(RG-M1090)

## EXECUTIVE SUMMARY

<b>Executing agency:</b>	<i>Nonprofit Enterprise and Self-sustainability Team – (NESsT).</i>	
<b>Beneficiaries:</b>	The Civil Society Organizations (CSOs) of Argentina, Ecuador, and Peru, as well as their direct beneficiaries.	
<b>Financing:</b>	MIF-III A	US\$715,100
	Local counterpart:	<u>US\$477,900</u>
	<b>Total:</b>	<b>US\$1,193,000</b>
<b>Objectives:</b>	<p>The <i>purpose</i> or general objective of the program is to help develop sustainable Civil Society Organizations that promote private-sector oriented Social Enterprise Activities (SEAs). The <i>specific objective</i> is to replicate the NESsT model in Argentina, Ecuador, and Peru in an effort to build local CSO business venture capacity.</p> <p>To achieve these objectives, the program would be divided into four components: (i) basis for SEA development; (ii) development of social enterprise activities; (iii) implementation of social enterprise activities; and (iv) monitoring, evaluation, and dissemination of experiences.</p>	
<b>Execution timetable:</b>	Execution period:	42 months
	Disbursement period:	45 months
<b>Special contractual clauses:</b>	<p>As conditions precedent to the first disbursement of the MIF financing, it must be demonstrated, to the Bank's satisfaction, that: (i) the annual work plan for year one of the project has been prepared; (ii) the Regional Coordinator and Local Coordinators/Trainers have been selected; and (iii) the project Operating Regulations are in force.</p>	
<b>Exceptions to Bank policy:</b>	None.	

**Environmental  
and social  
review:**

CESI reviewed the project on 3 November 2006, with subsequent verification without comment on 1 March 2007.

**Coordination  
with other  
official  
development  
institutions:**

Efforts were coordinated with Ashoka, an entity that promotes social entrepreneurship projects, and Tinker Foundation. The latter and the International Finance Corporation (IFC) will be cofinancing the project.

## I. BACKGROUND AND RATIONALE

### A. Civil Society Organizations in Latin America and social enterprise activities as an alternative

- 1.1 Civil Society Organizations (CSOs)<sup>1</sup> are generally subject to constraints in terms of financing for their activities, as well as the restrictions that accompany their institutional status. In Latin America, international cooperation has been on the decline, and in most parts of the region, domestic public and private sources of financing for the non-profit sector have not yet been sufficiently developed to meet the sector's requirements.
- 1.2 This situation has caused CSO leaders to show increasing interest in strengthening the capacity of their organizations and in generating sustainable sources of revenue. Some organizations, mainly microfinance organizations and certain business development service providers, are already doing this with considerable success, as they convert their main activity into a sustainable source of revenue, but the practice is not widespread. The vast majority of CSOs are small organizations that serve limited markets, with activities that are clearly social-oriented. CSOs of this kind are the ones, which by nurturing sustainable revenue sources could develop their missions without having to depend for financing on philanthropic donors – a source of funding that often fluctuates. They could then sharpen their focus on the long-term strategic development of their organizations and their missions.
- 1.3 These CSOs have explored the possibility of developing, apart from their normal activities, what are known as **social enterprise activities (SEAs)**, or parallel revenue-generating, commercially viable businesses that they themselves own or administer. The revenue contributes to the sustainability of the CSO institutional mission, and is a key component of their business strategy. An example of this is the National Committee for the Defense of Fauna and Flora (Comité Nacional Pro Defensa de la Fauna y la Flora - CODEFF), which is developing an ecotourism-based SEAs in the protected areas of southern Chile.
- 1.4 In addition to creating jobs and generating revenues for marginalized communities that benefit from the CSOs, the SEAs are able to offer marketing opportunities for the goods and services of these communities. This is the case of the Fundación Solidaria Trabajo para un Hermano de Chile, which, in addition to supporting microentrepreneurial women through credit, is developing a fair trade SEA with products made by the women it supports, creating a market for them and also charging a markup for the sale and export hand-crafted products.

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<sup>1</sup> The term “civil sector organization” (CSO) refers to nongovernmental and non-profit organizations and community-based associations and groups, which promote a collective or community good. These organizations are also known as “non-profit organizations”, nongovernment organizations” (NGOs), “charitable organizations”, “volunteer organizations”, etc.



## **B. The NESsT Venture Fund**

- 1.5 The international organization *Nonprofit Enterprise and Self-sustainability Team* (NESsT) has developed a work methodology called the NESsT Venture Fund, which provides training and financial contributions to support the development of social enterprise activities with a high social impact that are aimed at increasing the organization's financial sustainability, by strengthening mission-related activities. This methodology consists of three stages: (1) local assessment; (2) initial stage portfolio; and (3) advanced stage portfolio.
- 1.6 In the **assessment stage**, the CSO legal framework in the country and sector financing are studied, and the NESsT Team creates a business consulting network (BCN), composed of businessmen, academics, bankers, and in general, people who are willing to provide pro bono strategic technical support for social enterprise activities. The outcome of this stage is to adapt the methodology to local conditions.
- 1.7 In the **initial portfolio phase**, investments are made in strengthening CSO readiness and capacity to handle SEA projects and avoid the most common and risky mistakes that occur during implementation and development. This stage lasts a year on average and is in turn composed of several phases: (i) initial screening, (ii) assessment of readiness to execute SEAs; (iii) a prefeasibility study; (iv) a feasibility study; and (v) business plans.
- 1.8 **Initial screening** consists of participation in workshops and hands-on exercises, which are designed to permit CSO leaders to discover their own potential market niches and abilities to carry out these SEAs. Educational materials have been developed by NESsT as support in this phase, with excellent academic reviews in several countries. Based on the results of these exercises, the following phase (***Assessing Readiness to execute SEAs***) is carried out. NESsT consultants support the participating entities, through workshops and individual exercises, in order to determine their readiness to handle the transition toward self-sufficiency. One third (33%) of the entities that participate in the *Initial Screening* continue the process towards ***Assessing Readiness for SEAs*** and of this percentage, 42% continue on to the next phase (*Prefeasibility Study*). In this phase, potential ideas are analyzed for NESsT Venture Fund investments, goals, business ideas, market, demand, initial financial analysis, and breakeven. This phase leads to the actual ***Feasibility Study***, which 68% of the CSOs that have fulfilled the requirements of the previous phase go on to conduct. NESsT provides the tools and individual support to complete the analysis with a study of product/service ratios, market opportunities, management and administration, detailed financial projections, impact on mission and how to mitigate social and financial risks. Some 26% of the CSOs that go through the Feasibility Study continue on to the next stage, which consists of formulating ***Business Plans***.
- 1.9 Finally, the CSOs that enter the **advanced portfolio stage** are invited to participate in a 3 to 5 year process of technical and financial support provided through various means. Technical support is provided both by NESsT technical staff members, who

devote an average of 20 days per year of personalized consulting services, as well as a Business Consulting Network (BCN) consisting of the representatives of various private strata who participate on a pro bono basis, and between 2 and 4 annual meetings of all the participating CSOs, to cross-learn and pool knowledge. Financial support comes from national and international private and public investors invited by NESsT to donate to the NESsT Venture Fund, and from there they may participate as partners in a Social Investment Fund. These investors make up what are known as Investor Circles, to which the CSOs must submit income statements, target compliance reports, and management reports.

- 1.10 The NESsT Venture Fund's experience in several European countries and in Chile over the past nine years shows the potential of SEAs to promote innovative solutions, if developed and implemented with appropriate levels of technical assistance and financial capital.

### **C. Status of CSOs in Argentina, Ecuador, and Peru**

- 1.11 In **Argentina**, the non-profit sector is one of the largest civil sectors in all of Latin America. International cooperation has been the primary source of financing, but many of these donors are exiting the country, which means that funding for CSOs is dwindling, and local philanthropy is very limited (only 7.5% of resources is generated by local philanthropy). **Ecuador** as well is highly dependent on international cooperation, which is geared mainly to supporting large public projects and specific CSO projects. In 2001, Ecuador received US\$953 million in international cooperation.<sup>2</sup> Although there are few successful cases of self-financing in the country, experience with SEAs is limited. Lastly, Peru is also highly dependent on international cooperation. There has been a significant shift in the nature of this philanthropy, however. Until a few years ago, donors supported NGOs with substantial amounts of funding to sustain the organization itself. Currently, they support only specific projects, do not cover administrative costs, and require tangible results. There are several SEA models with varied success, and there is a very promising market potential.
- 1.12 These three countries are in a situation where it is necessary to work with alternative sources of funding to offset the reductions in other sources. Although self-financing strategies are nothing new and some CSOs already carry out self-financing activities, very few do so with the capital, knowledge, and tools to ensure the activity's success. More importantly, in the three countries in question, although there are already cases of social enterprise activities, certain limitations must still be overcome so that CSOs can strategically target the development of these activities, with a view to contributing to their sustainability. Such limitations include: (i) a lack of development and business management capacity; (ii) ignorance of reproducible models and success stories; (iii) financial constraints, particularly access to initial capital, since there is little or no financing offered, and financial

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<sup>2</sup> USAID *Country Report* 2004.

- facilities are inadequate for the social enterprise activities; and (iv) ignorance of legal issues and CSO economic potential.
- 1.13 The present project would help resolve the constraints outlined above. Previous studies have shown demand exists for the activities offered under the program, making it possible to estimate its expected outcomes (see paragraph 6.2).
- 1.14 **Rationale and additionality.** The MIF's intervention will contribute to development in the countries targeted by the project, through a methodology that could be subsequently replicated in other parts of the region. Participating in a project of this nature gives the MIF the opportunity to develop, systematize, and transfer new knowledge to the region on how to support the social sectors so that they can become sustainable through business enterprise mechanisms.

## II. DESCRIPTION OF THE PROGRAM

### A. Objective

- 2.1 The *purpose* or general objective of the project is to help develop sustainable Civil Society Organizations that promote private sector-oriented social enterprise activities (SEAs). The *specific objective* is to replicate the NESsT model in Argentina, Ecuador, and Peru in an effort to foster local CSO business venture capacity.

### B. Component description

- Component 1 “Basis for SEA development” (MIF: US\$52,970; Counterpart: US\$118,900)**
- 2.2 The objective of this component is to assess the current CSO environment in each country targeted by the project, to engage relevant private sector stakeholders, and to involve NESsT in academic activities and other centers of learning as a means of publishing articles and disseminating the methodology.
- 2.3 To this end, the following activities will be developed: (i) launching the program in each country; (ii) identifying and training local professionals (training of trainers); (iii) developing three national assessments (**reports, case studies, and legal guidelines**); (iv) creating a Business Consulting Network (BCN) in each country; and (v) developing a project website.
- 2.4 The expected outcomes are: (i) 3 national assessment reports; (ii) 3 BCNs formed and operating, each composed of 5 local leaders from the private business sector who provide intellectual and social capital; and (iii) NESsT has participated in at least 12 events or conferences, to present the model and its implementation, and published approximately 12 articles or documents in local media on NESsT methodology and achievements.

**Component 2 “SEA Development or Initial Stage of the NESsT Venture Fund” (MIF: US\$200,680; Counterpart: US\$78,200)**

- 2.5 The objective of this component is to train CSO management personnel and staff in implementing and evaluating SEAs. To this end, the following activities will be carried out: (i) organize an open call for proposals on the selection of participating SEAs; (ii) train CSO leaders; and (iii) formulate business plans and ongoing assistance.
- 2.6 Amongst the eligibility criteria for CSO selection: (i) the proposed SEA projects must take into account environmental and social legislation; (ii) their work mission must target mainly community economic development and environment, although CSOs involved in education, health, culture, and human rights (primarily associated with native peoples, Afro-American descendents, and gender issues) will also be accepted; (iii) their annual budget must be less than US\$1 million; (iv) they must have paid staff; and (v) they must have a minimum code of ethics making services available without discrimination based on such factors as gender, color, race or religion. Eligibility criteria are described in full in the Operating Regulations (Annex III, paragraph 2.10.1).
- 2.7 The expected outcomes are: (i) at least 90 CSOs (30 per country), which have been educated and trained in the NESsT methodology and have business ideas and pre-feasibility studies; and (ii) a baseline against which to measure the impact of at least 18 CSOs (18 SEA business plans ready to be financed).

**Component 3 “SEA Implementation or Advanced Stage of the NESsT Venture Fund” (MIF: US\$169,950; Counterpart: US\$167,550)**

- 2.8 The objective of this component is to support the financial and technical implementation of the business plans. The following activities are envisaged: (i) organize investor circles; (ii) provide technical and financial assistance to the CSOs to launch SEAs; (iii) organize annual national workshops to monitor SEAs (3 per country); and (iv) provide advisory information on the presentation of SEA projects to stakeholders and potential members of investor circles and business advisory networks (as part of the annual national workshops).
- 2.9 Generally speaking, the activities mentioned have to do with the hiring of specialized technical consultants or the transfer of technology by NESsT technical experts to local teams. Financial assistance activities for CSOs to launch SEAs will, however, take the form of venture grants for MIF participation in the investor circles.
- 2.10 NESsT experience shows that SEAs require around US\$10,000 in seed capital for start-up, approximately 65% of which goes to payments for services and technical consulting, and 35% to allocations and infrastructure. The MIF contribution will be used primarily for this 65% requirement, to cover the costs of attorneys for company regularization, financial experts for a financial evaluation, an advanced marketing plan and any specific consulting required for the business plan that the investor circle and BCN have endorsed and approved. The maximum amount per CSO will be US\$6,500, based on the financing package for the business plan.

- 2.11 The expected outcomes are: (i) a portfolio of at least 18 CSOs with formulated business plans and approved financing; (ii) at least 80% of the CSOs which have been technically and financially assisted meet the goals established in the performance assessment tool (HAD), the instrument used to monitor and assess the NESsT portfolio; (iii) one investment circle per country, with at least 5 members initially, and with a 40% increase in the number of members by the end of the project; and (iv) NESsT methodology supplemented by a communication skills module for leaders of beneficiary CSOs to communicate qualitative and quantitative outcomes.

**Component 4 “Monitoring, evaluation, and dissemination of experience” (MIF: US\$91,100; Counterpart: US\$67,500)**

- 2.12 The objective of this component is to systematize and document the lessons learned and to enhance the project impact from the time it is implemented. In pursuing this aim, the following activities will be funded: (i) three case studies on the project’s active portfolio, one per country, along with a publication on the impact of the NESsT Venture Fund’s advanced portfolio; these studies will make up a publication to be presented at the last national training workshop in each country; (ii) implementation of the performance assessment tool <sup>3</sup> (HAD) in each CSO; and (iii) the Bank’s monitoring and evaluation of the project (evaluations, audit and sustainability workshop).
- 2.13 The expected outcomes are: (i) at least 100 people representing the public, private, social, and academic sectors will be properly informed about the NESsT Venture Fund methodology and outcomes; (ii) 3 case studies on the active portfolio and one publication on the impact of the advanced portfolio of the NESsT Venture Fund have been edited and published; and (iii) between 18 and 24 CSOs in the advanced stage portfolio are correctly working with and achieving the HAD indicators.

### III. COST AND FINANCING

- 3.1 The cost of the program is **US\$1,193,000**, of which **US\$715,100 (59.9%)** will be financed by the MIF, with NESsT being responsible for the remaining **US\$477,900 (40.1%)**. A summary budget appears below. The itemized budget is found in Annex II.

Budget category	MIF	Counterpart	Total	%
I. Basis for SEA development	52,970	118,900	171,870	14.4
II. Initial stage of the NESsT Venture Fund	200,680	78,200	278,880	23.4
III. Advanced stage of the NESsT Venture Fund	169,950	167,550	33,360	28.3

<sup>3</sup> This tool allows performance to be assessed by comparing the data of the business plan and performance in four areas: potential for social change, business feasibility, institutional readiness, and financial readiness.

IV. Dissemination, monitoring and evaluation, and audit	91,100	67,500	158,600	13.3
Administration of the project	140,400	45,750	186,150	15.6
Contingencies	60,000	-	60,000	5.0
<b>Total</b>	<b>715,100</b>	<b>477,900</b>	<b>1,193,000</b>	<b>100.0</b>

- 3.2 Sustainability. The sustainability of the project is based on the following factors: (i) the formation of strategic partnerships such as the business consulting network and the Investor Circles, which will agree to continue donating time on a pro bono basis and providing more investors for the initial investor circle, in order to maintain and increase the value of the NESsT Venture Fund; and (ii) the creation of local capacity to execute the program.

#### IV. PROGRAM EXECUTION

- 4.1 The **executing agency** responsible to the Bank for project execution will be the ***Non Profit Enterprise and Self-sustainability Team - NESsT, a non-profit foundation*** with 10 years' experience in training CSOs in social enterprise activities, and 5 years' experience with the NESsT Venture Fund in Chile. The Chilean Ministry of Justice, in Decree No. 1298 of 20 April 2004, accorded legal status to the foundation's social enterprise activities.
- 4.2 NESsT is a service organization, which has a strong fund-raising ability, but few assets. Although it reported assets of US\$205,673 in December 2005, during the year it succeeded in raising nearly US\$535,000, or 160% of assets, in fully audited funding. As of September 2006, revenue captured from various sources totaled US\$579,000 (182% of assets). It is also worth noting that revenues generated by consulting services (i.e. self-generated revenues), represent a significant share of the total.
- 4.3 **Executing mechanism.** To execute the project, the executing agency will form an executing unit that will operate in Chile, and to which the local representatives in Argentina, Ecuador, and Peru will report. In addition to the project Regional Coordinator, the executing unit will have an accounting assistant, the local coordinators/trainers, and the NESsT finance and operations management office. The executing agency will delegate the regional activities and their implementation to the local representatives. The executing agency will be in charge of procurement.
- 4.4 The Regional Coordinator will be in charge of the general supervision of activities in the three countries and will work under the administrative authority of the Executive Director of NESsT. A local coordinator/trainer to be hired in each country will be in charge of providing training and consulting services to the CSOs and assisting with the organization of the investor circle and the BCN. All logistical support will come from Chile. The Terms of Reference for the Regional Coordinator and the Local Coordinators will be an integral part of the Operating Regulations (Annex III).

- 4.5 The project accounting records will be centralized at NESsT headquarters in Santiago. For accounting purposes, the local NESsT representatives in Argentina, Ecuador, and Peru will manage the headquarters “petty cash” functions, making advances and reporting expense with proper supporting documentation. Accordingly, audits and financial inspections will be conducted primarily at NESsT headquarters in Chile, although the Country Office in each of the three countries, in coordination with the Country Office in Chile, may perform inspections at local offices, which may include a financial audit if mutually agreed with the Country Office in Chile. The Local Coordinators will be required to send copies of all reports to the Country Office in the country where they operate, with copies to the Country Office in Chile.
- 4.6 **Procurement.** The Executing Agency will be responsible for the procurement of goods and services, pursuant to the policies set down in documents GN-2349-7 and GN-2350-7 and any simplified procedures the MIF may adopt. The Procurement Plan, which is in the project files, will be reviewed semiannually. The main points of the plan are: (i) there will be no prequalification; (ii) the procurement of goods and related services in excess of US\$10,000 will be reviewed *ex ante*; and (iii) the procurement of consulting services in amounts of less than US\$10,001 will be reviewed *ex post*.
- 4.7 **Disbursements.** There will be a revolving fund in an amount equivalent to 10% of the MIF contribution.

## V. MONITORING AND EVALUATION

- 5.1 The executing agency must submit the following items to the Bank for approval: (i) an **initial report** which contains the project execution plan and the revised procurement plan; (ii) **semiannual reports** on project execution, within 30 days after the close of each six-month period; (iii) **annual financial reports**, within 90 days after the close of each fiscal year; and (iv) a **final report**, within 30 days after the date of the last disbursement of the contribution. The latter report, which will include the final financial report, will be the basis for preparing the Project Completion Report (PCR), to be prepared within (90) days after the last disbursement. These reports must follow a format previously agreed to with the Bank, and must cover program activities and financial performance, as well as its outcomes measured in terms of the execution and performance indicators identified in the program logical framework. Based on these reports, the executing agency, together with the Bank, will review the progress of the program. (See the Operating Regulations for more details).
- 5.2 Using funds from the MIF contribution, the Bank will hire independent consultants to perform the evaluations. A **midterm evaluation** will be conducted once 50% of the resources has been disbursed, or 21 months after signature of the agreement, whichever occurs first; the terms of reference for these evaluations will be agreed upon with the executing agency. A **final evaluation** will be conducted when 90%

of the contribution has been disbursed; this evaluation will be commissioned by the Bank and charged to the project. This second evaluation will include an analysis of the outcomes achieved compared to the initial baseline and the objectives of the logical framework, and will be the basis of a sustainability workshop to be held before completion of the project. A detailed description of items to be considered in the evaluations is found in the Operating Regulations. The evaluations will note whether or not there are significant deviations in project activities, may recommend corrective measures, and will emphasize lessons learned and how to share them with other programs.

- 5.3 The executing agency has agreed with the MIF to perform an ex post evaluation 12 to 18 months after the last disbursement, and targets have been included in the logical framework for these dates. This evaluation will be performed based on the indicators of the NESsT Performance Assessment Tool, and will be paid for in full by the executing agency.

## VI. BENEFITS AND RISKS

- 6.1 **Risks.** The main risks associated with this program are: (i) the strategy to develop SEA projects may not be appropriate for some CSOs; and (ii) the business climate may not be completely favorable to SEA development. To mitigate the first risk, a set of criteria for selecting the participating CSOs has been formulated, and includes the lessons learned from previous NESsT experiences. In regard to the second risk, activities to assess the legal and regulatory framework, the use of commercial activities among the CSOs in the country and dissemination activities have been included. This strategy would allow identification of the specific adjustments that need to be made to adapt the program to local conditions and requirements.
- 6.2 **Benefits.** The primary benefit of the program is the introduction of a methodology in three countries, which goes beyond competing for funds to finance the socially-based sector activities, and will instead generate a window of opportunity for the private sector.

## VII. SOCIAL AND ENVIRONMENTAL IMPACT

- 7.1 The project does not face any risks of an environmental or social nature, given that the criteria for selecting the CSOs include environmental screening. Moreover, the NESsT methodology includes an evaluation of sustainable business concepts at various stages (business idea, prefeasibility, feasibility, business plan, and implementation of the business plan), and in all these stages, sustainability is comprehensively assessed, with environmental issues being a fundamental part of the analysis. All of these issues will be properly documented in the Operations Regulations (Annex III).



**LOGICAL FRAMEWORK**  
**STRENGTHENING OF STRATEGIC DEVELOPMENT CAPACITY FOR SELF-SUSTAINABLE CIVIL SOCIETY ORGANIZATIONS IN**  
**ARGENTINA, ECUADOR, AND PERU (RG-M1090)**

Narrative summary	Indicators	Means of verification	Assumptions
<b>General Goal or Objective</b>			
Contribute to the sustainability of private-sector oriented Civil Society Organizations (CSOs) that promote social enterprise activities.	<b>Three years after project completion:</b> <ol style="list-style-type: none"> <li>1. The number of beneficiaries in participating CSOs has increased by at least 30% through social enterprise activities (SEA);</li> <li>2. 50% of the participating CSOs that implement a business plan doubled the amount of self-financing resources with respect to the baseline.</li> </ol>	<p>Ex post evaluation (negotiated with the executing agency).</p> <p>Statistics on the participating CSOs in each country.</p>	The economic, political, and legal outlook in the three countries remains favorable for the operation of the CSOs and the development of social enterprise activities.
<b>Specific Purpose or Objective</b>			
Replicate the NESsT Venture Fund model in Argentina, Ecuador, and Peru in order to build local CSO business venture capacity.	<b>36 months into the project:</b> <ol style="list-style-type: none"> <li>1. There are at least 30 CSOs in each country (90 total) which have been educated and trained in the NESsT methodology, with business ideas and the respective prefeasibility studies.</li> </ol> <b>By the end of the project:</b> <ol style="list-style-type: none"> <li>1. The portfolio of the NESsT Venture Fund includes a minimum of approximately 6 to 8 CSOs in each country participating in the project, which are implementing social enterprise activities (SEA).</li> </ol>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants.</p> <p>Executing agency and regional chapter accounting records.</p>	<p>The CSOs remain interested in developing social enterprise activities which help generate the financial resources that will allow them to become self-sustainable.</p> <p>The flow of international resources to finance CSO activities continues to decline.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	<p>2. At least 9 SEAs have met at least 90% of their social goals; approximately 75% of their business feasibility goals; at least 70% of their international development goals; and at least 80% of their financial sustainability goals. The other CSOs in the advanced portfolio will achieve these goals one year after project completion.</p>	<p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR).</p> <p>Internal control and management reports of the executing agency, summarized in an instrument NESsT calls the “performance assessment tool” (HAD).</p> <p>Inspection Visits.</p>	<p>The SEAs that have been implemented demonstrate economic and financial feasibility in terms of generating resources in a sustainable manner.</p> <p>The participating CSOs maintain a policy of expanding beneficiary coverage.</p>
Components			
<p><b>1. Basis for SEA development</b></p> <p>The objective of this component is to assess the current CSO environment and involve relevant stakeholders, in order to achieve successful implementation of the NESsT model in each country, as well as recognition of the importance of social enterprise activities in CSO sustainability.</p>	<p><b>9 months into the project, there are:</b></p> <ul style="list-style-type: none"> <li>i. 3 national CSO assessment reports;</li> <li>ii. 3 local trainers in social enterprise activities have been selected, trained and are operating;</li> <li>iii. One business consulting network (BCN) formed and operating. Each BCN will be composed of at least 5 local leaders from the private business sector, who will provide financial, intellectual, and social capital.</li> </ul> <p>By the end of the project:</p> <ul style="list-style-type: none"> <li>i. NESsT has participated in at least 12 events or conferences, presenting the model and how it is being implemented;</li> </ul>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants</p> <p>Executing agency and regional chapter accounting records.</p> <p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR).</p>	<p>The regulatory framework existing in the countries at the beginning of the project is maintained or improves.</p> <p>Members of the BCN maintain their interest and commitment to contribute resources and technical assistance to the SEA.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	ii. At least 12 articles or documents in the local media on the NESsT methodology and achievements.	Executing agency control and management reports–HAD.  Inspection visits.	
<b>2. Development of social enterprise activities (first stage of the NESsT Venture Fund)</b>  The objective of this component is to train CSOs in the development and evaluation of SEA.	<b>24 months into the project, there are:</b>  i. At least 45 CSOs (15 per country), educated and trained in the NESsT methodology.  <b>36 months into the project, there are:</b>  i. At least 45 additional CSOs (15 per country, 90 total) educated and trained in the NESsT methodology.  <b>By the end of the project there are:</b>  i. At least 18 business plans of social enterprise activities ready to be financed, with the corresponding baseline to measure impact.	Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.  Midterm and final evaluation project reports.  Contracts with consultants  Executing agency and regional chapter accounting records.  Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR)  Executing agency control and management reports–HAD  Inspection visits.	The CSOs respond favorably to the open call for proposals and maintain their interest, providing time and the human, technical, and financial resources required to implement the model.
<b>3. Implementation of the SEA (advanced stage of the NESsT Venture Fund)</b>  The objective of this component is to support the financial and technical implementation of the business plans.	<b>24 months into the project, there is:</b>  i. A portfolio of at least 9 CSOs with formulated business plans and with approved financing;  ii. An Investor Circle formed in each country with at least 5 representatives of companies or individual donors/social investors.	Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.  Midterm and final evaluation project reports.  Contracts with consultants.	There is a critical mass of investors interested in participating in social enterprise activities.  The NESsT methodology is adapted to the specific conditions in each participating country.

Narrative summary	Indicators	Means of verification	Assumptions
	<p><b>By the end of the project, there is:</b></p> <ul style="list-style-type: none"> <li>i. A portfolio of at least 18 CSOs with formulated business plans and with approved financing;</li> <li>ii. At least 80% of the technically and administratively assisted CSOs meet the goals established in the performance assessment tool (HAD);</li> <li>iii. One Investor Circle in each country, with a 40% increase in the number of members;</li> <li>iv. NESsT methodology supplemented by a communication skills module for the beneficiary CSO leaders to communicate qualitative and quantitative outcomes.</li> </ul>	<p>Executing agency and regional chapter accounting records.</p> <p>Project Performance.</p> <p>Monitoring Reports (PPMR) and Project Completion Report (PCR).</p> <p>Executing agency control and management reports–HAD.</p> <p>Inspection visits.</p>	
<p>4. <b>Monitoring, evaluation, and dissemination of experiences.</b></p> <p>The objective of this component is to systematize and improve impact during project implementation, and to document and disseminate the lessons learned.</p>	<p><b>10 months into the project:</b></p> <ul style="list-style-type: none"> <li>i. At least 100 individuals representing the public, private, social, and academic sectors of each country (300 total) have received information on the project outcomes, through the launch event in each country.</li> </ul>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants.</p> <p>Executing agency and regional chapter accounting records.</p> <p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR).</p>	<p>The SEA projects have generated tangible outcomes and have sparked the interest of other CSOs and related institutions.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	<p><b>By the end of the project, there are:</b></p> <ul style="list-style-type: none"> <li>i. Project impact outcomes (impact report, portfolio case studies) disseminated to at least 1,000 people in the 3 countries.</li> <li>ii. In the participating countries, the NESsT Venture Fund and/or the MIF have received applications from other CSOs interested in implementing SEA projects, as well as visits from institutions interested in promoting the NESsT model</li> </ul>	<p>Executing agency control and management reports–HAD.</p> <p>Inspection visits.</p>	
Activities			
<p><b>1. Basis for the development of social enterprise activities.</b></p> <ul style="list-style-type: none"> <li>i. Identification and training of local trainers (training of trainers);</li> <li>ii. Country assessment (study of the legal and self-financing environment in each country, in order to evaluate the regulatory framework and identify the needs to be strengthened)</li> <li>iii. Create a business consulting network (BCN) in each country in order to provide technical support for the development of social enterprise activities;</li> <li>iv. Adapt the NESsT Venture Fund’s methodology to the local conditions in each country, based on the outcomes of the framework study.</li> </ul>	<ul style="list-style-type: none"> <li>i. <b>6 months</b> into the project, NESsT has 3 local trainers, one in each country, who have been trained in the methodology and are actively participating in the assessment of the CSO sector in his respective country.</li> <li>ii. <b>9 months into the project</b>, there is a country assessment in each country, with the necessary elements to properly advise the CSOs to ensure their success within the local scenario.</li> </ul>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants</p> <p>Executing agency and regional chapter accounting records.</p>	<p><b>For all activities:</b></p> <p>There are qualified individuals at the local level, who are capable of spearheading the expansion of NESsT to other countries and monitoring and evaluating the implementation of the model.</p> <p>Local businessmen remain interested in being an active, participating part of the BCN.</p> <p>In each country, there is sufficient demand not being met by the type of services offered by NESsT.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	<p>iii. <b>18 months</b> into the project, the BCN has been formed and is in the process of supporting the local CSOs through conferences, talks, and specific support.</p> <p><b>By the end of the project:</b></p> <p>i. NESsT has been invited to at least 4 events or conferences, to present the model and how it is being implemented each year.</p> <p>ii. At least 4 articles or documents have been published in the local media, on the NESsT methodology and its achievements each year.</p>	<p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR)</p> <p>Proceedings of BCN meetings.</p> <p>Country Assessments.</p> <p>Articles published in the press, interviews or articles published by NESsT.</p> <p>Executing agency control and management reports–HAD</p> <p>Inspection visits.</p>	<p>There are sufficient donors in the countries, company representatives, family members, individuals, international donors who will remain associated with the project and will bring their knowledge to the Investor Circle, in order to increase the number of initial investors by at least 40% more by the end of the project.</p>
<p>2. <b>Development of social enterprise activities (first stage of the NESsT Venture Fund)</b></p> <p>i. Open call for proposals to select the CSOs interested in the NESsT Venture Fund, which meet the eligibility criteria.</p> <p>ii. Training of CSO leaders in SEA development.</p> <p>iii. Development of SEA events.</p>	<p>i. Starting in <b>month 7</b>, the first open call for proposals will have been issued in each country, with the participation of around 70 CSOs.</p> <p>ii. The second open call for proposals will have been issued starting in <b>month 19</b>, with a response from the CSOs of at least 70 institutions. By the end of month 24, 90 CSOs have been trained in the NESsT methodology.</p> <p>iii. By the end of <b>month 24</b>, there will be a baseline for evaluating and monitoring the first 9 business plans (3 per country), and by the end of month 36, for the remaining 9 (3 per country).</p>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants</p> <p>Executing agency and regional chapter accounting records.</p> <p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR).</p>	

Narrative summary	Indicators	Means of verification	Assumptions
		<p>Executing agency control and management reports–HAD</p> <p>Inspection visits</p>	
<p>3. <b>Implementation of social enterprise activities (advanced stage of the NESsT Venture Fund)</b></p> <p>i. Organize Investor Circles.</p> <p>ii. Provide technical and financial assistance to CSOs in order to launch the SEA.</p> <p>iii. National annual workshop—3 per country.</p> <p>iv. Communications consulting for the beneficiary institutions (which report HAD), to improve the presentation of their experiences to stakeholders and potential Investor Circles and BCNs in Chile and 3 countries.</p> <p>v. Implementation of the performance assessment tool (HAD) in each CSO of the advanced portfolio, through an average of 16 hours of consulting per CSO.</p>	<p><b>6 months</b> into the project, NESsT Chile has hired a consulting firm in social communication; starting in month 24, the 3 countries have engaged consultants specializing in social communication.</p> <p><b>24 months</b> into the project, there are groups of investors participating in local Investor Circles, each of which will have at least 5 members, 20% of whom are local.</p> <p><b>By the end of the project, there are:</b></p> <p>i. At least 18 CSO leaders trained to face meetings of business partners</p> <p>ii. Between 18 and 24 CSOs that make up the portfolio of this stage have a business plan and are working with the performance assessment tool, correctly identifying training and technical assistance requirements.</p>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants</p> <p>Executing agency and regional chapter accounting records.</p> <p>Workshop reports and attendance lists.</p> <p>Proceedings of Investor Circle meetings.</p> <p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR)</p> <p>Executing agency control and management reports–HAD</p> <p>Inspection visits.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
<p><b>4. Monitoring, evaluation, and dissemination of experiences.</b></p> <ul style="list-style-type: none"> <li>i. Development of launch events (1 day) in each country.</li> <li>ii. Implementation of the HAD in the advanced portfolio.</li> <li>iii. 3 case studies of the project's active portfolio, 1 per country</li> <li>iv. Publication on the impact of the NESsT Venture Fund's advanced portfolio</li> </ul>	<p><b>9 months</b> into the project:</p> <ul style="list-style-type: none"> <li>i. Representatives of the public, private, social, and academic sectors have been invited to the launch of the NESsT project in each country;</li> </ul> <p>By the end of the project:</p> <ul style="list-style-type: none"> <li>ii. 3 case studies of the active portfolio, edited and published</li> <li>iii. A report on SEA impact on the CSOs of the NESsT Venture Fund has been edited and published.</li> </ul>	<p>Semiannual project reports prepared by the executing agency and by the regional chapters of NESsT.</p> <p>Midterm and final evaluation project reports.</p> <p>Contracts with consultants</p> <p>Executing agency and regional chapter accounting records.</p> <p>Project Performance Monitoring Reports (PPMR) and Project Completion Report (PCR)</p> <p>Executing agency control and management reports–HAD</p> <p>Inspection visits</p>	



### ITEMIZED BUDGET

Budget category	MIF	Counterpart Total counterpart			Total	%
		Kind	Cash	Total		
<b>Component 1 - Basis for SEA development</b>	<b>52,970</b>	<b>90,000</b>	<b>28,900</b>	<b>118,900</b>	<b>171,870</b>	<b>14.4</b>
<b>Orientation workshop and training of regional trainers in Chile</b>						
Logistics	4,240				4,240	0.4
Trainer fees		1,500		1,500	1,500	0.1
Laptops	8,000		2,000	2,000	10,000	0.8
<b>Local instruction and training</b>						
Logistics	2,820				2,820	0.2
Trainer fees		4,500		4,500	4,500	0.4
Shipment training materials to/from Chile and countries		3,000		3,000	3,000	0.3
<b>Preparation of National Assessment Reports</b>						
Local attorneys	9,200		5,800	5,800	15,000	1.3
Translation and revision of report and legal guidelines			4,800	4,800	4,800	0.4
Graphic design			2,500	2,500	2,500	0.2
Preparation assessment on CD format	1,500		1,500	1,500	3,000	0.3
<b>National events to launch program (one per country)</b>						
Logistics	17,610		1,500	1,500	19,110	1.6
<b>Formation of business consulting network</b>						
Visits to support organizations and businesses	9,600		2,300	2,300	11,850	1.0
Promotional materials						
E-mail marketing campaign			500	500	500	0.0
Graphic design of brochures			1,000	1,000	1,000	0.1
Printing of brochures			2,000	2,000	2,000	0.2
<b>Development of project website</b>			5,000	5,000	5,000	0.4
<b>Virtual ongoing training</b>		81,000		81,000	81,000	6.8
<b>Component 2 - Development of social enterprise activities (initial phase of the NESsT Venture Fund)</b>	<b>200,680</b>	<b>4,500</b>	<b>73,700</b>	<b>78,200</b>	<b>278,880</b>	<b>23.4</b>
<b>Open call for proposals to select CSOs interested in participating in the project</b>						
Media advertising			3,600	3,600	3,600	0.3
Invitation to panels consideration proposals	19,800				19,800	1.7
<b>Training: 2 Prefeasibility workshops and ongoing consulting (30 CSOs) per country</b>						
Trainer fees	75,783		20,667	20,667	96,450	8.1
Logistics	11,400				11,400	1.0
Special support for participants			2,250	2,250	2,250	0.2

Budget category	MIF	Counterpart Total counterpart			Total	%
		Kind	Cash	Total		
<b>Training: 2 Feasibility workshops and ongoing consulting (20 CSOs) per country</b>						
Trainer fees	56,493		20,667	20,667	77,160	6.5
Logistics		4,500	4,500	9,000	9,000	0.8
Special support for participants			1,350	1,350	1,350	0.1
<b>Formulation of business plans and ongoing consulting work</b>	37,203		20,667	20,667	57,870	4.9
<b>Component 3 - Implementation of social enterprise activities (advanced stage of the NESsT Venture Fund)</b>	<b>169,950</b>	<b>1,500</b>	<b>166,050</b>	<b>167,550</b>	<b>337,500</b>	<b>28.3</b>
<b>Formation of Social Investor Circles</b>						
Visits to support organizations and businesses	19,200		2,250	2,250	21,450	1.8
Spanish production of "All in the Same Boat"						
Translation			600	600	600	0.1
Graphic design		1,500		1,500	1,500	0.1
Printing			1,500	1,500	1,500	0.1
Breakfast with investor circles			3,380	3,380	3,380	0.3
<b>Technical assistance and implementation of business plans</b>	61,740		54,000	54,000	115,740	9.7
<b>Venture grants</b>	62,400		93,600	93,600	156,000	13.1
<b>Training: Annual workshops to monitor business plans (3 per country per year)</b>						
Consultant (including consulting on format presentation progress to meetings of partners or investors)	1,500		3,000	3,000	4,500	0.4
Logistics	20,700		3,090	3,090	23,790	2.0
Assistance, Business Development Manager -1 workshop per year	3,450		3,450	3,450	6,900	0.6
<b>Public relations workshop (Chile)</b>	960		1,180	1,180	2,140	0.2
<b>Component 4 - Monitoring, evaluation, and dissemination of experiences</b>	<b>91,100</b>	<b>9,000</b>	<b>58,500</b>	<b>67,500</b>	<b>158,600</b>	<b>13.3</b>
<b>A. Monitoring and evaluation of SEA portfolio</b>						
Monitoring of business plans	3,870		54,000	54,000	57,870	4.9
Coordinator trips to the countries	21,480				21,480	1.8
<b>B. Project dissemination, evaluation, and monitoring</b>						
<b>Publication report impact of CSO portfolio with business plans being implemented</b>						
Report preparation fees		7,500		7,500	7,500	0.6
Translation and revision			3,000	3,000	3,000	0.3
Graphic design		1,500		1,500	1,500	0.1
Printing			1,500	1,500	1,500	0.1
<b>Evaluation</b>						
Midterm	20,000				20,000	1.7

Budget category	MIF	Counterpart Total counterpart			Total	%
		Kind	Cash	Total		
Final	20,000				20,000	1.7
<b>Audit</b>	25,000				25,000	2.1
<b>Sustainability workshop</b>	750				750	0.1
<b>ADMINISTRATION</b>	<b>140,400</b>	<b>32,250</b>	<b>13,500</b>	<b>45,750</b>	<b>186,150</b>	<b>15.6</b>
<b>Executive Director</b>		7,500		7,500	7,500	0.6
<b>Regional coordinator of the project</b>	86,400				86,400	7.2
<b>Accounting clerk</b>	54,000		13,500	13,500	67,500	5.7
<b>Finance and operations manager</b>		11,250		11,250	11,250	0.9
<b>Administrative costs</b>		13,500		13,500	13,500	1.1
<b>Contingencies</b>	60,000				60,000	5.0
<b>Project total</b>	<b>715,100</b>	<b>137,250</b>	<b>340,650</b>	<b>477,900</b>	<b>1,193,000</b>	<b>100.0</b>
<b>Total percentage</b>	<b>59.9</b>	<b>11.5</b>	<b>28.6</b>	<b>40.1</b>		

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/07

Regional. Nonreimbursable Technical Cooperation ATN/ME-\_\_\_\_-RG  
Strengthening of Strategic Development Capacity for  
Self-Sustainable Civil Society Organizations

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Non Profit Enterprise and Self-sustainability Team (NESsT), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_ with respect to technical cooperation for strengthening of strategic development capacity for self-sustainable civil society organizations.

2. That up to the amount of US\$715,100, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/926782-07  
RG-M1090