

**PROGRAM OF SUPPORT FOR CIVIL SOCIETY ORGANIZATION
INITIATIVES AND MANAGEMENT (PAIS)**

(VE-0059)

EXECUTIVE SUMMARY

**BORROWER AND
GUARANTOR:** Republic of Venezuela

EXECUTING AGENCY: Ministry of Family Services, acting through the Fondo de Inversión Social de Venezuela (Social Investment Fund – FONVIS)

AMOUNT AND SOURCE:

IDB:	US\$12 million (ordinary capital, local currency)
Local counterpart:	US\$ 8 million
Total:	US\$20 million

**TERMS AND
CONDITIONS:**

Amortization period:	25 years
Commitment period:	3 years
Disbursement period:	4 years
Interest rate:	4%
Inspection and supervision:	1%

OBJECTIVES:

The program will be a pilot venture, the main objective being to create and develop partnership arrangements between the public and private sectors and civil society to fund projects and activities to be developed and executed by civil society organizations (CSOs). The target population are persons living in poverty who are not currently being served by the country's social service networks.

The specific focuses of the proposed program will be to (i) foster the development of partnership arrangements involving the public and private sectors and CSOs in the funding and management of projects and other activities; (ii) build capacity in CSOs to operate projects and activities to assist excluded groups; and (iii) work with CSOs to design and carry through projects and activities aimed at improving access to social services among population groups living in poverty and currently excluded from such services.

DESCRIPTION:

The proposed program, structured as described below, will assist CSOs and the target population through the following components.

(i) Components:

1. CSO management (US\$4.3 million). The aim of this component is to strengthen the technical and organizational capacity of CSOs and help them join in the partnership model, by building local capabilities for more effective, efficient and sustainable service delivery. Efforts to this end will fall into two subcomponents: (i) support for preparation and management, and (ii) institutional strengthening and coordination. The first will provide management support for CSOs that are executing agencies for the "Projects and activities" component of the program, to ensure that they can be full partners in that component. The second subcomponent seeks to bolster the ability of CSOs to fulfill their social advocacy role, and to promote closer ties among CSOs and between CSOs and the community and government.
2. Projects and activities (US\$11.9 million). This component will finance action under five headings: income-producing activities, family programs, education, health, and innovative projects. Projects and activities funded under these headings will take one of two forms: (i) initiatives developed by the target groups themselves, which will then apply for funding through a CSO (the "demand-driven" avenue); and (ii) financing proposals put forward by CSOs in areas identified by the program authority (Presidential Commission) as priorities, such projects to be selected via calls for proposals.
3. External monitoring and evaluation (US\$1 million). This component will finance monitoring and evaluation of the two above-mentioned components and of the proposed institutional arrangement. The program will be monitored by a specialized independent agency to be selected jointly by the program authority and the Bank, according to applicable procedures. The component will provide funding for three kinds of activities: (i) compilation of data and information on the other two components, with emphasis on how the partnership model is operating; (ii) dissemination of information and sharing of experiences at the national and international level; and (iii) evaluation of the program, including mid-term and final evaluations.

- (ii) Management, administration and execution (US\$2.7 million). This will include the funding of expenditures of the program authority and of the executing agency (PAIS management), plus preparation and execution of promotional and fundraising plans.

**ENVIRONMENTAL/
SOCIAL REVIEW:**

The Bank's Committee on Environment and Social Impact (CESI), at its meeting of February 18, 1997, approved the environmental brief, which required preparation of an environment and social impact report. The latter document was duly completed and subsequently approved by the CESI on July 18, 1997 (see paragraph 4.26).

BENEFITS:

This pilot project will provide access to social services for hitherto excluded segments of the population, through initiatives developed by CSOs and with government and private financial support. At the same time, the partnership approach to be used for carrying out these initiatives will help strengthen cooperative ties between government agencies, the private sector, and civil society.

RISKS:

The chief risks involved in this program are as follows: (i) possible lack of coordination between the Presidential Commission and the PAIS management; (ii) differences on the part of the government and private sector; (iii) eventual lack of private-sector enthusiasm for financing the program; (iv) inability of the Presidential Commission to duly discharge its duties as program authority; and (v) limited project implementing capabilities of CSOs. To counter these risks, measures have been included to (i) ensure coordination between the Presidential Commission and the PAIS management, inasmuch as the Presidential Decree and the program's Operating Regulations both spell out each organization's duties and responsibilities; (ii) ensure that the private sector is well represented on the Presidential Commission, to instill confidence in prospective donors; (iii) develop a fundraising plan that includes guidelines for securing private funds; and (iv) build in external monitoring and evaluation measures, along with annual review meetings, to ensure prompt detection of any problems arising during program execution and involving the actions of the Commission, the PAIS management or private-sector participants.

POVERTY-TARGETING: The proposed program is classified as a social equity and poverty-reduction operation (document AB-1704, paragraph 2.13). In addition, given the targeting system inherent in use of the "exclusion map", the types of projects and activities to be carried out, and the proposed eligibility criteria, the program qualifies as a poverty-targeted investment under the terms of paragraph 2.15 of the aforementioned document.

EXCEPTIONS TO BANK POLICY: For procurement of goods and construction and consulting contracts in amounts up to the equivalent of US\$50,000, US\$75,000 and US\$40,000, respectively, it is proposed that ex post verification of adherence to Bank procedures be allowed, on the understanding that the proceeds of the financing may be used only to pay for goods, construction work and consulting services that meet the Bank's requirements and are acquired following its procedures. This exception is being sought in order to expedite the program and Bank supervision thereof, given the large number of procurement and contract transactions the program will entail.

THE BANK'S COUNTRY AND SECTOR STRATEGY: The Bank's strategy for Venezuela has three central aims: (i) consolidate macroeconomic stability; (ii) lessen inequalities and alleviate poverty; and (iii) improve the productivity of non-oil resources through private-sector development. A common thread in all three objectives, and one which forms part of the Bank's operating strategy, is that of lending support to the country for public-sector and public social policy reforms.

The proposed program takes an innovative approach to the issue of exclusion in Venezuelan society, building on previous successful partnerships with CSOs and looking to private enterprise and the community for financial support to give hitherto excluded segments of the population better access to services.

SPECIAL CONTRACTUAL CONDITIONS: (i) Conditions precedent to the first disbursement: (a) submittal of the signed Funds Transfer Agreement (see paragraph 3.6); (b) approval of rules of procedure by the Presidential Commission (paragraph 3.4); (c) selection and hiring of PAIS management personnel (paragraph 3.8); (d) setting up of a trust arrangement (paragraph 3.14); (e) entry into force of the Operating Regulations and associated manuals and guides (paragraph 3.9); (f) Presidential Commission approval of the annual work plan and the

fundraising and promotional plans for the first year of the program, and presentation of same to the Bank (paragraphs 3.26, 3.30, and 3.18 respectively); and (g) presentation of model project-implementation agreements for the Bank's non-objection (paragraph 3.10).

(ii) Requirements during program implementation:

- a. A commitment to maintain program accountability levels and the makeup of the program authority (paragraph 3.5).
- b. Within six months after the date of the loan contract: (i) ratification or appointment of the PAIS manager (paragraph 3.18); (ii) hiring of training consultants for environmental assessment (paragraph 4.26); and (iii) presentation of unit costs by eligible Type III activity (paragraph 3.22).
- c. Within six months after the first disbursement or when 5% of the program funds have been committed, whichever occurs first, hiring of consultants for the external monitoring and evaluation component (paragraph 3.11).
- d. Recognition, as local counterpart resources, of up to 30% of cooperating-agency contributions, to a limit of US\$2 million for the projects and activities component (paragraph 2.19).
- e. Recognition, against the local counterpart, of up to US\$200,000 in expenses, as provided in paragraph 3.54.
- f. Establishment of discretionary limits for project approval (paragraph 3.50).
- g. Submittal each year of the work plan and fundraising and promotional plans for the program (paragraphs 3.26, 3.30, and 3.18, respectively).
- h. Yearly program review meetings (paragraph 3.27).
- i. When the program has been operating for 18 months or when 30% of the program funds have been committed, whichever occurs first,

completion of a mid-term evaluation of the program (paragraph 3.28).

- j. Within six months after the last disbursement of the financing, presentation of the final evaluation of the program (paragraph 3.29).

I. FRAME OF REFERENCE

A. Introduction

- 1.1 The socioeconomic restructuring process that Venezuela has undergone in recent years has affected social-service delivery in the country. According to social-service indicators, poverty levels (which had climbed toward the end of the 1980s) remain unchanged, despite the huge share of public spending directed to social programs. The problem lies in the limited capacity of public service agencies and in financial constraints in the public sector. Though the government has made significant efforts to attend to the needs of the country's poor, owing to the aforementioned constraints a percentage of the poor are still excluded from the State's traditional social-service networks.
- 1.2 To arrest the rise in the numbers of the poor and excluded, the government in recent years has begun to fund a series of programs which introduced two important innovations. First, the programs targeted the neediest and most marginalized groups within the population. Second, they were designed to be carried through in concert with civil society organizations (CSOs). In the past three years, the private sector has begun to participate in these programs, providing an alternative funding source for CSOs.
- 1.3 Grounded in the principle of coparticipation or partnership between the private sector, CSOs, and government, the program proposed herein will endeavor to involve all three sectors in an arrangement in which each will have input into the development, design, funding, implementation, and evaluation of projects or other interventions to help those living in extreme poverty and excluded from social service networks. This proposal recognizes the need for heavier involvement by the private sector and CSOs in order to halt the decline in standards of living, by helping to finance social programs.

B. Civil society in Venezuela

- 1.4 Civil society organizations in Venezuela fall into four categories: business and philanthropic foundations; development NGOs, CSO networks, and community groups.
- 1.5 The country's corporate and philanthropic foundations include institutions such as Fundación Polar, Fundación Mendoza, Fundación Atenea and Dividendo Voluntario para la Comunidad, which have funded numerous activities to improve the lot of the country's poor. Fundación Polar, for example, is involved in education, community development, health and social welfare programs. Fundación Atenea sponsors programs for abandoned and neglected children. Dividendo Voluntario lends support mostly to rural schools.

- 1.6 The development NGOs are nongovernmental organizations that target aid, promotional, and community development activities to different population groups. According to the available data there are currently at least 1,016 such NGOs in Venezuela, many with long track records of providing social services and fostering microenterprise. In a recent sampling of 231 NGOs, 53% were running projects for children and young people, 16% offered programs in health, training and formal education, 14% were involved in funding grassroots organizations, and 11% were sponsoring job training programs.
- 1.7 The country's CSOs have recently become actively involved in networking. Networks have been created around specific themes, such as the Network of Child Care Organizations (CONGANI) and the National Housing Organizations Network (CONAVI). Regional and national networks have sprung up as well, including the Venezuelan Network of Social Assistance Organizations, the Network of Zulia Development CSOs, and the SINERGIA Network which is made up of the largest and best-known CSOs in Venezuela.
- 1.8 A census drawn up by the Centro al Servicio de la Acción Social (CESAR) lists 1,432 community groups, which includes cultural organizations, youth groups, community associations, sports clubs and religious organizations. A survey of 267 community groups found that more than 50% were providing multiple services, 38% were involved in cultural activities, 32% were participating in social and community programs, and 29% ran sports programs.
- 1.9 These activities demonstrate the rapid growth and maturation process that civil society has undergone in Venezuela. However, although many of the country's CSOs have built up valuable social-service experience, some aspects having to do with their internal organization, institutional capacity, and cross-sectoral coordination still require strengthening.

C. Public spending constraints, poverty and exclusion

- 1.10 In the wake of macroeconomic adjustments, government constraints for support to the poor who are excluded from traditional State service networks have meant that service gaps in core areas such as education, health care, nutritional support and productive employment have remained unchanged and in some cases have widened. Budget constraints have cut into the supply of social services and goods, even as heavier funding demands were being placed on the State. The present rigidity of public social spending and the unlikelihood of any increase in the years ahead underscore the State's limitations for dealing with the problems of exclusion.

Public social spending constraints

In recent years, government social spending has remained below 6% of gross domestic product, with spending on targeted social services at less than 2% of GDP. The constraints on public spending in general, and on social outlays in particular, are a consequence of the amounts that must be appropriated for debt servicing, constitutionally mandated revenue transfers to local and regional governments, the enactment of various program-spending laws (for housing, special appropriations, social security, etc.), and the percentage of current expenditure earmarked for the government wage bill.

- 1.11 These restrictions have limited the State's ability to tackle the problem of poverty which, according to the latest figures, has risen significantly since the mid-1980s (see Table I-1). ^{1/} Two of the groups with the greatest difficulty gaining access to social services are female heads of household and indigenous peoples living in small villages and remote communities, especially in Amazonas, Zulia, and Delta Amacuro.

**Table I-1 Poverty patterns in Venezuela
(based on "unmet basic needs" criteria)**

Year	Poverty	
	Extreme	Total
1984	11.0	36.0
1987	16.0	47.0
1990	33.0	67.0
1993	33.0	62.0
1996	35.0	65.0

Source: 1990 census data, adjusted by data from the household sampling survey.
OCEI, Venezuela.

- 1.12 Rising poverty has led to shortfalls in social services, as a result of which over 28% of the country's low-income households have no access to government-run social services. Providing assistance for these groups is further complicated by their minimal, if any, level of organization and inadequate social infrastructure. Moreover, there is no possibility of the State

^{1/} In the last 10 years, the population living below the poverty line has risen from 47% to 65%. The percentage living in extreme poverty has doubled to over 30% of the country's population. The ranks of the poor swelled particularly between 1987 and 1990, and the figures held during the 1993-1996 crisis, as open unemployment climbed from 6% to 11% and real wages declined by more than 20%. During 1997, the government has sought to reverse this trend by means of wage adjustments worked out with labor and business.

expanding social-service coverage, in the medium term, to take in these groups (see Table I-2).

Definition of exclusion
Excluded groups are segments of the population which — either because of gaps in the State's social safety net or their poverty-stricken existence — cannot obtain the minimum social services needed to improve productive capital within their families. The specific core social services from which these groups are excluded are education, health, access to the job markets for those of working age, environmental sanitation and family welfare services. Using these criteria, an Exclusion Map has been prepared showing the focal points of social exclusion and indicating the priority that should be attached to the respective towns within each municipality, based on level of poverty, deprivation, illiteracy, infant mortality and availability of welfare services.

Table I-2: The face of exclusion in Venezuela

Social group	Number of people
Children not attending (primary) school	1,019,735
Children not attending school or otherwise receiving quality care (preschool)	1,269,862
Adults and youths unable to read or write	1,065,177
Children with no health care access	864,599
Unemployed with little or no schooling	370,413
Abandoned and neglected children	n/avail.
The elderly without family support	n/avail.
Employed persons without social security coverage (informal sector)	3,733,459

D. Civil society and delivery of social services to excluded groups

- 1.13 Beginning in 1989, the government devised a series of programs to combat the effects of social exclusion. Known as social compensation programs, these introduced two important innovations: first, they targeted the neediest and most marginalized segments of the population; and second, the government brought CSOs into the programs as implementing partners.
- 1.14 Bringing CSOs into these initiatives meant adopting a partnership strategy in which the public sector would fund and oversee the programs as a whole, and CSOs would actually operate them, drawing

on their flexibility and ability to marshal volunteer support and their direct experience working with these target groups. 2/

- 1.15 This partnership has proven very effective not only in terms of the large number of excluded individuals who have thereby gained access to social services formerly unavailable to them (especially those involving early childhood services), but also because the availability of public grants has created a market for social-service providers to which the government can turn to expand its social assistance network.
- 1.16 What began as a government initiative has made way for these same CSOs to take a more active part in the process of thinking about and acting on the country's social problems. The more experienced CSOs have begun to develop their own projects tailored to the needs of the communities in which they work and designed to ensure that these communities not only benefit from, but have a hand in shaping changes in their lives. Hence, the government is no longer the sole party taking the initiative in the design of public policy for the social sector.
- 1.17 The extent of this activity demonstrates the level of maturity achieved by civil society in Venezuela. Not that this process was without its share of problems, however, as the CSOs delivering social services have yet to achieve the efficiency or create the institutional capacity necessary to ensure technically sound and sustainable service for their target populations.
- 1.18 There are at present two constraints impeding the maturation of CSOs in Venezuela. The first is the dearth of permanent, transparent funding arrangements as an alternative to State monies. The second is the impossibility of obtaining resources for institution-strengthening. It is on these two areas - devising funding alternatives and support for institutional strengthening - that the present program will focus its attention.
- 1.19 In the past three years, thanks to changes in the country's laws which make it more attractive to direct private funding into poverty programs, CSOs have been able to turn to the private sector as an alternative source of funds. In fact, several of the more experienced CSOs are already sustaining their projects through partnerships with the private sector. However, this alternative

2/ The growth in the number of CSOs is a relatively recent phenomenon in Venezuela and coincides with the launching of social compensation programs in 1989. Unlike CSOs elsewhere in Latin America, which were set up as alternatives to authoritarian governments, Venezuela's CSOs were fostered by the government. See J.C. Navarro (1994), *Las organizaciones de participación comunitaria y la prestación de servicios sociales a los pobres en América Latina*, IDB-IESA, Caracas.

source of financial support has two limitations. In the first place, the private sector generally directs its funding based on the stature and background of a particular organization, leaving aside small and medium-sized CSOs. Secondly, the criteria used to allocate resources to particular projects are rarely technical ones. By careful targeting and use of technical, economic and environmental criteria, the present program seeks to remedy these weaknesses.

E. Government strategy: the Venezuelan Agenda

- 1.20 To counter growing poverty as described in section C above, the government designed the social component of its 1996 Venezuelan Agenda to include improving the management of public spending, better targeting and wider coverage of the neediest groups, and promoting greater social participation. In terms of funding activities, the Agenda calls for direct aid for the poor under 14 financial assistance programs, in addition to job creation and retraining programs, and food and medicine subsidies. While the Agenda will play a major role by helping to reduce poverty in general, it does not directly target those who find themselves excluded from the country's social welfare network.
- 1.21 Under the social component of the Venezuelan Agenda, funds equivalent to 1.5% of GDP were distributed through 14 assistance programs in 1996. It is estimated that this percentage will drop to 1.2% and 1.1% in 1997 and 1998, respectively. Of the programs making up the Agenda's social component, the Family Assistance Program is by far the most important, accounting for 50% of the component's budget. Evaluations of these programs conducted at regular intervals show that the main problems with their execution have to do with the bureaucracy involved in distributing funds to beneficiaries; lack of an effective mechanism for control and monitoring of programs; lack of a way to effectively target funds; overlapping of some programs; and inadequate technical capacity on the part of applicants (CSOs) to develop projects.
- 1.22 The premises underlying the proposed program are consistent with those of the Venezuelan Agenda, first and foremost because the program targets the excluded poor who have fallen through the cracks in the country's social safety net, but also because it will use CSOs to carry out the projects and activities, which is consonant with the social partnership principle espoused by the Agenda. And lastly, the program is designed to bring in the private sector as well, this being consonant with the spirit of social solidarity invoked in the Agenda.
- 1.23 Including the private sector in the program will heighten its sense of shared involvement with, and responsibility for addressing, the country's social ills, not only through the projects it carries out directly but also as a source of funding. By helping to finance development of the country's human capital, the private sector is

better placed to demand that the State improve the efficiency, transparency and sustainability of its social policies.

F. The Bank's strategy

- 1.24 The Bank's strategy for its operations in Venezuela has three central aims: (i) entrench macroeconomic gains; (ii) reduce social inequities and alleviate poverty; and (iii) increase the productivity of non-oil resources by spurring growth in the private sector. A common thread in all three of these objectives, and one which forms part of the strategy set out in the Eighth Replenishment document (AB-1804), is the need to support public sector reform programs and efforts to formulate public social policies. As outlined in the strategy for modernization of the State and civil society (GN-1883), CSO participation in developing, implementing, and evaluating social development plans is essential for sustainable and efficient social spending.
- 1.25 The proposed program also takes into consideration the recommendations in the study on social investment funds concerning the importance of involving CSOs in project design and implementation. ^{3/} The proposed program contains mechanisms for incorporating CSOs not only in the project cycle but also in the management of the program.

G. Overview of the problem

- 1.26 Given the present constraints for social-program delivery in Venezuela, the shortage of funding for the social sector, and rising poverty which is leaving even more people without access to social services, there is a need for some other means of effectively providing social services nationwide. Experience with partnerships for program management in the past shows that concerted government-CSO efforts can increase coverage and improve delivery of social services for excluded groups.
- 1.27 There thus is good reason to set up a pilot program to boost coverage under social services provided for excluded groups, employing a partnership approach in which the private sector, CSOs and government jointly manage and fund projects. Choosing this type of program is justified on three grounds: first, the evidence indicates that the government cannot continue to bear sole

^{3/} The study by M. Goodman, S. Morley, and E. Zuckerman entitled *Social Investment Funds in Latin America, Past Performance and Future Role* (SDS/EVO/IDB, 1997) concludes that part of the reason why CSOs have not had a greater role in project implementation in the past has been their institutional weaknesses and the type of relationship that has developed between CSOs and the funds. According to the study, the CSOs have been viewed, in this relationship, solely as recipients of funds.

responsibility for addressing the problems of social exclusion; second, Venezuela's CSOs are stepping in to take over the leadership role from which the government is stepping back; and third, the private sector is now beginning to invest directly in the social sectors.

H. Bank projects

- 1.28 The Local Social Investment Program (loan 658/OC-VE for US\$84 million), approved in December 1991 and declared eligible for disbursement in November 1993, is using the Venezuelan Social Investment Fund (FONVIS) as its executing unit. The executing unit for the program proposed herein is already included in the FONVIS organizational chart. The Local Social Investment Program is funding basic infrastructure and locally-administered social service projects submitted by local governments, and is providing institutional strengthening. The equivalent of US\$18.5 million of the loan proceeds have been disbursed thus far. The program has been held up by delays in the local preparation of projects owing to changes in priorities among local governments, and failure to allocate counterpart resources on schedule. Cumulative disbursements are expected to reach US\$30 million equivalent in 1997. This program is slated for completion in early 1999; FONVIS has a number of projects in its pipeline at various stages of appraisal, the total cost of which exceeds the funds remaining in the program.

II. THE PROGRAM

A. Design and objectives

1. Conceptual design

- 2.1 The partnership approach which is the heart of the present support program (hereinafter abbreviated as "the PAIS") embodies a recognition of the need for increased input from the private sector and CSOs in efforts to halt the decline in living standards caused by the public sector's constraints for social-service delivery. The partnership arrangement envisaged calls for the following division of labor: (i) program management responsibilities will be shared among the three aforementioned stakeholder groups; (ii) funding for projects and activities will come from the private sector and the government; and (iii) CSOs will be responsible for conceptual and project design, execution and monitoring of all initiatives targeted to excluded groups.
- 2.2 To help each party carry out its duties, the program will include the following activities: (i) creation of a senior body (the program authority) made up of representatives of the three sectors, to devise basic guidelines for the program; (ii) establishment by the program authority of a strategy for securing funding; (iii) provision of funds for technical support activities to enable CSOs to function as executing units; and lastly, given the innovative nature of this pilot program, (iv) funding of an evaluation and monitoring component, to develop and implement a carefully-crafted process for reviewing and learning from the results achieved. All of these activities are intended to strengthen the management and funding arrangement, to leave the process institutionalized at the end of the present program. The definitive model thus created will underscore the importance of partnerships and involving the private sector as the leading source of funding in the long term.

2. Objectives

- 2.3 The program's general objective is to devise and develop a pilot partnership arrangement between the State, private enterprise, and civil society, to finance projects and other activities developed and carried through by CSOs. The beneficiaries will be persons living in poverty and excluded from the country's social service networks.
- 2.4 The specific objectives of the program are to (i) promote development of arrangements involving the public and private sectors and CSOs in the funding and execution of projects and other activities; (ii) build capacity in CSOs to operate projects and activities to assist excluded groups; and (iii) work with CSOs in

the design and execution of projects and activities aimed at improving access to social services among population groups living in poverty and currently excluded from such services.

B. Components

- 2.5 The proposed program will assist CSOs and the target population by means of three components: (1) CSO management; (2) projects and activities; and (3) external monitoring and evaluation.

1. CSO management component (US\$4.3 million)

- 2.6 The objective of this component is to build technical and organizational capabilities in CSOs, so they can participate fully in the partnership model. This component is designed to satisfy the needs pinpointed in workshops held with CSOs.

a. Subcomponent: Support for preparation and management
(US\$1.9 million)

- 2.7 This subcomponent includes two focuses of action (see Table II-1, Type I Activities). The first is to lend support for preparation, to fund activities that can help CSOs strengthen their capacity to prepare proposals and meet the basic eligibility requirements to act as executing units. Also to be funded are technical support activities for project preparation, by way of short consultancies.

**Table II-1: Subcomponent of support for preparation and management
Type I activities**

Focus of action	Eligible activities
Support for preparation	Project preparation
Support for management	Management training Financial administration Development plan Fundraising
	Computer equipment Communications systems Basic furnishings

- 2.8 The second focus (management support) includes funding for actions designed to help CSOs discharge their role as executing units for a project or activity. Comprising this set of actions are technical assistance, training and equipment procurement.

b. Subcomponent: Institutional strengthening and coordination
(US\$2.4 million)

- 2.9 This subcomponent will fund activities from a broader perspective of seeking sustainability, looking beyond the immediate operating needs addressed in the other component. The objective will be to strengthen CSOs to fulfill their social advocacy role, and to promote closer relations between CSOs and between these organizations, the private sector and government.
- 2.10 This subcomponent calls for action in two areas (see Table II-2, Type II activities). The first is strengthening CSO management, to offer an opportunity for systematic capacity building to set in place sound, sustainable institutional practices, by developing niche strategies, improving management, and diversifying sources of funding. Activities financed under this area will include workshops to identify best practices in each field, travel and per diems to attend events, publication of descriptions of successful projects carried out by CSOs involved in the program, and training to conduct studies and analyses.

Table II-2: Institutional strengthening and coordination subcomponent
Type II activities

Focus of action	Eligible activities
Strengthening of management	Workshops to share experiences Support for event participation Support for publication of documents Training for conducting studies and generating "lessons learned"
Coordination with other social-sector agencies	Travel grants Support for institutional networking

- 2.11 The second focus of action (coordination with other social agencies) is intended to complement the strengthening activities by providing a strategy for coordinating efforts with other social agents that are working in the area targeted by the program but are not directly involved in it. These may be civil society organizations, businesses, government units, and the Bank itself. Items funded under this line of action will be travel expenses and per diems for travel grants, workshops, and equipment needed for coordination initiatives.

2. Projects and activities component (US\$11.9 million)

- 2.12 This component will expand and strengthen social projects and activities that fall into the action focuses set out in Table II-3 (Type III activities) and satisfy the established eligibility

criteria. The actions included here are the fruit of workshops held with CSOs and prospective beneficiaries.

- 2.13 Within each action focus, the projects and activities to be financed will be generated in one of two ways: (i) in the form of proposals drawn up by prospective beneficiaries, who will then submit a request for funding through a CSO (the "demand-driven" avenue); and (ii) by identifying areas of priority under the program and inviting CSOs to submit financing proposals for approval via a selection process (call for proposals). The projects and other activities to be funded under this component are basically training, technical assistance, education and health services, and small rehabilitation and repair works projects.

**Table II-3: Projects and activities component
Type III activities**

Focus of action	Eligible activities
Productive activities	Job training Training for women in nontraditional areas Basic equipment for post-training use Training for indigenous groups
Support for families	Services for abandoned and neglected children, young offenders, seniors without support, female heads of household, pregnant teenagers Strengthening family structure in indigenous communities
Education	Education services for those without access to preschool and primary education (4- to 16-year-olds) and those who cannot read and write (adults and youths 16 and older) Education for indigenous groups
Health	Primary health care for persons living in areas without health services and/or with high infant/maternal mortality and morbidity rates Strengthening of health systems for indigenous groups Health education
Innovative projects	Subject to approval

3. External monitoring and evaluation component (US\$1 million)

- 2.14 This component will monitor and assess the management arrangement devised for this program, with a view to its institutionalization. The guiding principles for the activities in question are as follows: (i) the component is to be carried out by an independent entity; (ii) external monitoring and evaluation will be tailored to and conducted on the basis of the internal monitoring and evaluation processes carried out by the PAIS executing unit; (iii) the outputs produced must provide material and statistics that can be systematically compared to those of similar government and civil society innovative ventures elsewhere in the region; (iv) the program authority and executing unit must be prepared to

take risks, accept criticism and field challenges from the partners in the endeavor.

- 2.15 This component will finance the monitoring and evaluation of activities under the two components described above and of the institutional arrangement devised. The component will be carried out by a specialized, independent entity to be selected jointly with the Bank. There are three action focuses in the component (see Table II-4).

Table II-4: External monitoring and evaluation component

Focus of action	Activities
Gathering of data and information	Review of PAIS management documentation Interviews with CSO focus groups and beneficiaries
Dissemination of information and exchange of experiences	Preparation of semiannual reports based on data/information collected Preparation and publication of occasional articles and lessons learned concerning various aspects of the PAIS Organization of internal, national and international meetings based on the semiannual reports and dealing with issues related to the thrust of the program
Evaluation	Mid-term evaluation to (i) provide feedback for design and development of the second stage of the program, with particular attention to the private sector response and involvement in the proposed institutional arrangement; (ii) provide for adjustments to the types of projects and activities eligible for funding under the first two components, including selection criteria and executing agencies and approaches; (iii) measure and disseminate findings of the short-term impact on target groups; and (iv) develop an impact-assessment methodology which will serve as the basis for final evaluation of the program. The final evaluation will address <i>inter alia</i> the following aspects: (i) effect of projects on target groups (especially women, indigenous peoples, youth); (ii) the ability of CSOs to target specific groups for which the various social policies are intended; (iii) capacity of CSOs to identify the needs of target groups; (iv) effects of the CSO management support component on these organizations; and (v) private-sector participation and the feasibility of taking the program to the national level.

C. Management, administration and execution (US\$2.7 million)

- 2.16 Management, administration and execution includes expenditures by the program authority (Presidential Commission), the executing unit (PAIS management), and preparation and execution of promotional and fundraising plans. Among these expenditures are payments to consultants and program officers, per diems and travel expenses for members of the Presidential Commission and the PAIS management, and equipment needed for program operations. Expenditures relating to the promotional and fundraising plans include the cost of consultant services, seminar organization, and travel and per diems.

D. Scaling of the program

- 2.17 The scale of this program is in line with its status as a pilot project and the capacity of the executing unit to handle the planned operations. Based on samples taken when the program was being prepared, it is estimated that the average amounts required per project or activity in the CSO management component will be as follows: in the first subcomponent (support for preparation and management), US\$3,000 each for an average of 40 projects per year for the preparation support; for the management-support portion, US\$7,000 each for an average of 60 CSOs per year; and under the institutional strengthening and coordination subcomponent, US\$10,000 each, with an average of 60 projects per year. For the projects and activities component, the estimated cost is US\$35,000 per project, with 80 projects per year.

E. Cost and financing

- 2.18 The total estimated cost for the program is US\$20 million, as shown in Table II-5. The Bank may recognize, as part of the local counterpart, up to 30% of cooperating-agency contributions, to a ceiling of US\$2 million. This applies only for the projects and activities component. The Bank will look closely at cooperating-agency funding levels during the annual program reviews, based on the Logical Framework benchmarks (Annex III-4).

**Table II-5: Cost and financing of the program
(US\$ million)**

Program component	IDB	Local	Total	%
1. CSO management	3.3	1.0	4.3	21.5
1.1 Preparation and execution of projects and activities	1.4	0.5	1.9	9.5
1.2 Institutional strengthening and coordination	1.9	0.5	2.4	12.0
2. Projects and activities	7.6	4.3	11.9	59.5
2.1 "Demand-driven" proposals	2.9	1.5	4.4	22.0
2.2 Calls for proposals	4.7	2.8	7.5	37.5
3. External monitoring and evaluation	1.0	0.0	1.0	5.0
4. Management, administration and execution	0.0	2.7	2.7	13.5
4.1 Presidential Commission	0.0	0.1	0.1	0.5
4.2 PAIS management	0.0	1.9	1.9	9.5
4.3 Promotional and fundraising plans	0.0	0.7	0.7	3.5
Subtotal	11.9	8.0	19.9	99.5
5. Financial expenses				
Inspection and supervision charge	0.1	0.0	0.1	0.5
TOTAL	12.0	8.0	20.0	100.0

F. Terms and conditions of financing

- 2.19 The Bank's funding will be in local currency from the ordinary capital, with a repayment term of 25 years and annual interest of 4%, a four-year grace period, and an inspection and supervision fee of 1%. Proceeds of the Bank's loan may not be used to pay interest thereon; Venezuelan government funds will be used for that purpose. The Bank's loan will defray 60% of the total program cost, in line with Eighth Replenishment guidelines on poverty-targeted investments.

III. PROGRAM IMPLEMENTATION

A. Institutional and organizational framework

1. The borrower and the executing agency

- 3.1 The borrower and guarantor of the operation will be the Republic of Venezuela. The program will be implemented and the loan proceeds expended by the Republic of Venezuela through the Ministry of Family Services. That agency will act, in turn, through the PAIS management unit set up within the Social Investment Fund (FONVIS), through a partnership of the public and private sectors and civil society organizations.

2. Levels of responsibility

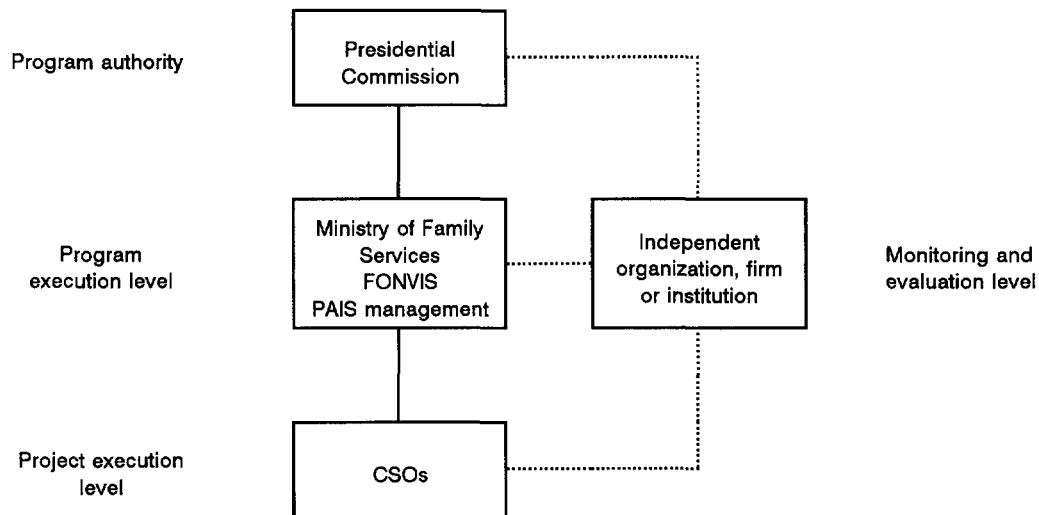
a. Background

- 3.2 In the various stages that went into the design, study and analysis of the present program, a number of different arrangements were considered for eliciting the active involvement of government, the private sector and CSOs in the program's promotion, management, execution, coordination and supervision. For this to work, the management arrangement eventually selected, as outlined below, had to take into account Venezuela's current legal and institutional framework, with its constraints, as well as key elements which private parties and CSOs would have to approach the same way as the public sector if the objectives of the proposed program were to be achieved. Figure III-1 illustrates the four levels of responsibility defined for execution of the program.

b. Program authority

- 3.3 The Presidential Commission is the senior decision-making body for the program, with ultimate responsibility for its promotion, coordination and supervision. The Commission was created by a decree approved by the President of the Republic, as evidenced in Agenda item 16 of August 5, 1997, of the report to the President from the Minister of Family Services. The decree will be published by the Official Gazette. The Commission is a permanent body with seven members, three of them to represent the public sector and two each representing business organizations and CSOs. The President of Venezuela will appoint the members and their alternates, and will name a chairman and secretary.
- 3.4 The duties and responsibilities of the members, chairman and secretary will be set out in the rules of procedure of the Presidential Commission. Approval of these rules of procedure will be a condition precedent to the first disbursement from the loan.

Figure III-1: PAIS levels of responsibility



- 3.5 The principal duties of the Presidential Commission are to (i) review and revise the Operating Regulations; review, monitor and revise the fundraising, promotional, and annual work plans, and devise guidelines for the program's annual budget; (ii) evaluate the operation of the PAIS executing unit to ensure that objectives are being met and that the program is on track; (iii) review and give an opinion on project proposals submitted for funding with program resources, pursuant to guidelines set out in the Operating Regulations; and (iv) coordinate and supervise program execution. It will be a condition of the loan contract that the borrower maintain the above-described levels of responsibility and the membership mix of the program authority, and ensure that the Bank is consulted before any member is replaced.

c. Program execution level

- 3.6 This level is represented by the Ministry of Family Services, which will act through FONVIS – specifically, through the PAIS management unit within the FONVIS organization structure – as executing unit for the program. For purposes of program execution, the borrower will sign a Funds Transfer Agreement with FONVIS, in which the Republic of Venezuela will undertake to transfer to FONVIS the loan proceeds and local counterpart funds on a nonreimbursable basis, and FONVIS will undertake to fulfill all the obligations that fall to it as executing agency for the program. **Submittal of the signed Transfer Agreement, in accordance with terms and conditions agreed upon previously with the Bank, will be a condition precedent to the first disbursement of the loan.**

- 3.7 As executing unit for the program, FONVIS will have the following duties: (i) create and maintain the PAIS management unit within its structure, with the duties and configuration set out in the Organization Manual; (ii) administer PAIS funds pursuant to the Transfer Agreement and Operating Regulations; (iii) sign project implementation agreements and agreements for technical assistance, audits, and other services needed for project execution; (iv) prepare requests for disbursement of the loan and produce reports and statements of account in accordance with the Disbursement Manual; and (v) make requests to the borrower for the transfer of program funds to ensure proper execution.
- 3.8 The PAIS management unit, set up by the FONVIS Board of Directors at its meeting of March 18, 1997, will be in charge of program execution and will maintain liaison with the Presidential Commission for this purpose. To carry out its functions, the PAIS management unit has three subunits: a Promotion and Development Unit, an Evaluation and Monitoring Unit, and an Administration Unit. The specific duties of each of these units are described in the Operations Manual. The primary functions of the PAIS management are to (i) present annually for consideration by the Presidential Commission the annual work plan and yearly promotion and fundraising plans; (ii) carry through instructions and recommendations from the Presidential Commission; (iii) maintain the administrative, accounting and financial controls necessary to ensure proper administration of program resources; (iv) perform technical appraisals of projects and activities; (v) submit project and activity proposals to the Presidential Commission; and (vi) supervise project execution. Selection and hiring of staff to discharge PAIS management duties in accordance with the Bank's procedures and the terms of reference will be a condition precedent to the first disbursement of the loan. FONVIS will ratify the appointment of the PAIS manager or, failing that, will within six months after the effective date of the loan contract appoint a manager. The Presidential Commission will periodically review such ratification or appointment. If the Commission should elect at any point to have the position vacated, FONVIS will provide the Commission with a list of at least three candidates, which will require Bank clearance. Included in the contractual conditions will be a requirement that the borrower agree to confer with the Bank before making any change in the structure or personnel of the PAIS management unit.

d. Project execution level

- 3.9 This level will be made up of the various CSOs acting as executing units for projects funded under the projects and activities component (Type III activities), in accordance with the eligibility criteria and requirements set out in the operations manuals and guides, and in the program's Operating Regulations. These organizations will be eligible, as needed, for technical assistance

funded under the CSO management component (Type I and Type II activities). The entry into force of the operating manuals and guides, and the program's Operating Regulations, in accordance with terms and conditions agreed upon in advance with the Bank and with prior approval from the Presidential Commission will be conditions precedent to the first disbursement of the loan. 4/

- 3.10 The main duties of the CSOs as executing agencies for projects and activities are as follows: (i) work with communities to help plan their projects or other actions; (ii) draw up proposals for projects and activities seeking program funding; (iii) sign project-implementation agreements with FONVIS; (iv) carry through projects and activities; (v) inform the PAIS management, the Commission and the independent evaluators of project and activity progress and impacts; and (vi) administer and account for funds allocated under the program. A condition precedent to the first disbursement of the loan is the submittal of model project-implementation agreements setting out the parties' rights and obligations, in accordance with terms and conditions agreed upon in advance with the Bank.

e. Program monitoring and evaluation level

- 3.11 This level will have a specialized, independent entity responsible for carrying out the activities envisaged in the external monitoring and evaluation component. To this end, FONVIS, after consulting the Presidential Commission, will select and engage an institution to perform this work in accordance with terms of reference agreed on with the Bank and adhering to the procedures established. The independent organization, firm or institution for this component must be selected and hired, in accordance with the terms of reference, within six months after the first disbursement or when 5% of the program funds have been committed, whichever occurs first.

3. Other program participants

a. Ultimate beneficiaries

- 3.12 The program's end-beneficiaries will have input into the design of projects and activities, making the CSOs truly representative of their interests and supplying information for purposes of

4/ The program manuals and guides deal with the following topics: accounting and procurement; rules and procedures for disbursement requests and processing; organization of the PAIS management unit; PAIS induction manual; rules and procedures for internal monitoring, follow-up and evaluation; rules and procedures for presenting project proposals; and project appraisal methodology. All of these documents are in the technical files.

monitoring and evaluating the program's impact. These individuals will be part of the target groups that are identified within areas of greatest priority under the program, who will benefit directly from the projects carried through by CSOs.

b. Cooperating agencies

- 3.13 These are public or private agencies or organizations that provide funding for the program. Each agency (i) will be apprised of how its funds were allocated to, or used for, one or more identified projects and (ii) may publicize its contribution through any medium, provided it cites the PAIS program and FONVIS.

c. Trustee

- 3.14 On instructions from FONVIS, the trustee (a financial institution) will disburse funds intended for the financing of CSO projects and activities, using flexible and efficient systems. The trustee must manage any temporarily idle funds in the program's accounts, seeking the highest possible financial return. The object and scope of the trustee's rights and obligations will be formalized in a trust agreement signed by the trustee with FONVIS. The trustee will be selected by the Presidential Commission through a call for proposals, as the candidate offering the best financial and operating conditions for the program. **Establishment of the trust arrangement, in accordance with terms and conditions agreed upon in advance with the Bank, will be a condition precedent to the first disbursement of the loan.**

B. Legislation and other provisions governing the institutional framework

- 3.15 The following legal instruments define the functions and responsibilities of the program authority (Presidential Commission): the Presidential Decree, the loan contract, the Transfer Agreement, and the program Operating Regulations. Those governing the functions of the program execution level and its reporting relationship to the program authority are in the Transfer Agreement and the Operating Regulations. The Presidential Decree was issued by virtue of powers conferred under Articles 7 and 8 of the Central Government Administration Act.

C. Implementation requirements

- 3.16 Program execution will be in accordance with the operating, technical and financial procedures established in the program's Operating Regulations, appendices thereto, manuals and guides. These regulations define, *inter alia*, operating arrangements for the program; criteria to follow in selecting projects and activities; funding ceilings by executing agency and by project and

activity; types of eligible projects; and monitoring and evaluation procedures.

D. The program cycle

3.17 The program will consist of the following phases:

1. Promotional phase

3.18 This phase will consist of a yearly promotional plan approved by the Presidential Commission. The plan will be carried out by the PAIS management through its promotion and development coordination unit. Approval of the first promotion plan by the Presidential Commission, in accordance with the model plan agreed upon in advance with the Bank, will be a condition precedent to the first disbursement of the loan proceeds.

2. Project cycle

Table III-1: Project cycle

Stage	Description
Project identification and development	Project proposals must be submitted following the provisions of the Manual of Rules and Procedures for Submitting Project Proposals, and must satisfy the eligibility requirements set out in the Operating Regulations.
Project appraisal	Proposed projects will be appraised according to the guidelines in the Project Appraisal Methodology Guide.
Project approval	The Presidential Commission will review project documentation and approve projects and activities requiring funding of over US\$50,000. This same procedure will apply in the case of innovative projects under Type III activities, and proposals submitted in calls for proposals, regardless of the amount of financing involved. In all other cases, the PAIS management will approve projects, reporting monthly to the Presidential Commission.
Project implementation	CSOs will be responsible for implementation of projects under both components. Requests for funds will be submitted by the CSOs in accordance with the Disbursement Manual. The CSOs will procure goods and services in accordance with the Accounting and Procurement Manual.
Project monitoring	The PAIS management will delegate the tasks of monitoring and auditing the work of executing agencies and projects to a local evaluator or auditor, as set forth in the Monitoring Manual. The costs for such monitoring and auditing will be part of the project cost.
Winding up of project agreement	At the end of the project completion period set out in the respective agreement, after it is ascertained that the agreement has been adhered to, the agreement will be formally concluded from an administrative standpoint. The CSO will furnish any remaining information required under the agreement.

3. Monitoring and evaluation of the program

- 3.19 The program will be monitored and evaluated by an independent organization, firm or institution following established terms of reference. All of the documents required for calling for bids to select this entity will be prepared by the PAIS management.

E. Eligibility criteria

1. For target groups

- 3.20 The program will target populations living in marginalized urban or rural zones under conditions of extreme poverty, without access to basic social services and goods and/or lacking family support, ensuring them equal access to the program without regard to race or sex. To be eligible for projects through the "demand-driven" avenue, such persons must reside in a municipality classified as priority 1 or 2 in the Exclusion Map. Projects arranged through calls for proposals will be approved only for residents of priority 1 municipalities.

2. For projects

- 3.21 To be eligible for funding, projects must meet the following general requirements: (i) they must serve the target population, whose current level of exclusion from the intended benefits must be demonstrated (to the extent possible, information submitted for this purpose should cite data on gender and ethnicity of beneficiaries); (ii) the prequalification report required under the Project Appraisal Methodology Guide must indicate the need for the activity; (iii) the project must meet the requirement for type of activity; (iv) it must have an execution period of no more than one year; (v) where applicable, projects must be shown to be sustainable, i.e. that the project is based on or will create conditions such as will allow the services afforded through the project to continue when the project funds have been expended; (vi) in all cases, preference will be given to locally based solutions tailored to the social, cultural and environmental conditions prevailing in the immediate area; and (vii) project proposals under the projects and activities component must answer deeply-felt needs of the beneficiaries, rather than being imposed on them.
- 3.22 Only activities which meet the following specific requirements set out in the Operating Regulations will be eligible for funding: (i) **Technical requirements:** projects must be carried out in accordance with the country's established technical standards. (ii) **Economic requirements:** projects must be least-cost approaches, as ascertained by comparing benchmark unit costs of inputs and cost indicators by type of activity, with a 20% variance taken into account. (iii) **Financial requirements:** There must be

concordance between the initial investment outlay and local financial capacity to sustain and maintain the services proposed. (iv) **Institutional requirements:** projects must be designed with due regard to CSOs' institutional, legal, and organizational capacity to carry them through. (v) **Environmental requirements:** Projects must satisfy the environmental guidelines and requirements set out in the General and Specific Environmental Guidelines and in the program manuals and guides. Where applicable, health and education projects will be assessed for environmental sustainability. Six months after the signature of the loan contract, the PAIS management will submit to the Bank for its non-objection the unit costs for each Type III activity. These indicators will be used in the economic appraisal of projects.

- 3.23 During execution of the program and with the approval of the Presidential Commission, the PAIS management may request that the Bank allow additional services to be declared eligible for funding, or modify the requirements established for existing ones, within the overall objectives of the program and the general classification of types of activities. When doing so it must submit: (i) evidence of the demand for the new service or justification for the change in requirements; (ii) proposed amendments to the present Regulations and their annexes; and (iii) analyses of two projects. Only when the Bank has approved these documents in writing and determined the corresponding funding ceilings may program resources be used to finance such services.

3. For CSOs

- 3.24 Organizations which meet the following requirements will be eligible for the funding components of the program according to the activity types in question: (i) they must be listed in the Register of CSOs kept by FONVIS; (ii) they must be private nonprofit organizations, and must demonstrate acceptance of their work by the community in which the proposed project will be carried out; (iii) they must have been in existence for not less than two years and show proof of experience in the type of project they are proposing; (iv) in the case of the "Support for projects and activities component", they must contribute 5% of the total cost for each project in the form of money, furnishings or premises, or in-kind (counting their own services); (v) in the case of the subcomponent "Support for preparation and management", CSOs will be eligible for financing only where they prepare and execute projects generated through the "demand-driven" avenue or, in special cases, where a single CSO responds to a call for proposals and that CSO does not have the capacity to prepare projects because of specific sociocultural characteristics of the beneficiaries (e.g. for indigenous groups); and (vi) only CSOs that have completed the "Support for preparation and management" component or demonstrate that they possess the equivalent institutional capacity will be eligible for financing under the "Institutional strengthening and

coordination" subcomponent. To have access to the latter subcomponent, CSOs do not need to be executing a project under the projects and activities component.

F. Monitoring of the program

- 3.25 **Progress reports.** With the approval of the Presidential Commission, FONVIS will submit semiannual progress reports on the program for the Bank's non-objection, indicating *inter alia* any deviation from the plan and explaining the cause of same, plus an analysis of the state of repair of works and equipment financed under the program. These reports must be submitted within 60 days after the end of the respective six-month period.
- 3.26 **Annual work plan (AWP).** With the approval of the Presidential Commission, FONVIS will submit an AWP for the program every 12 months, reckoned from the date of signature of the loan contract, for the Bank's non-objection. The AWP must contain, among other elements, an annual strategic plan and proposed targets; a detailed list of activities aimed at achieving those targets; projects and activities approved, and those expected to be approved in the course of the year; a program execution and estimated disbursements timetable; and an itemized budget showing the sources of financing. **Approval of the AWP for the first year (having first been approved by the Presidential Commission) and its subsequent submittal to the Bank will be a condition precedent to disbursement of the loan.**
- 3.27 **Annual programming and review.** After year 1 of the program, and based on the progress reports and AWPs, the Bank and the Presidential Commission, together with the PAIS management, will conduct annual reviews of what has been accomplished in the program and agree on targets for the succeeding year. This review will take place within 30 days following submittal of the AWP. If after an annual meeting and/or review of the reports submitted the Bank is not satisfied with the state of program execution, the PAIS management, having consulted with the Presidential Commission, will have 60 days to submit additional reports outlining the corrective measures to be taken with respect to program execution, the timetable and the corresponding budget.
- 3.28 **Mid-term evaluation.** When the program has been operating for 18 months or when 30% of the program funds have been committed, whichever occurs first, the independent entity will present to the Presidential Commission, FONVIS, and the Bank, copies of the mid-term evaluation financed under the program's external monitoring and evaluation component. This evaluation will pay particular attention to the objectives set out in Table II-4. On the basis of the findings of the evaluation the Bank and the Presidential Commission will be able to work out actions to be taken and any adjustments that may be required. The mid-term evaluation will replace the review that year.

- 3.29 **Final evaluation.** Six months after the last disbursement, the final evaluation of the program will be carried out, applying a program impact assessment methodology to be developed by the independent agency and presented by that agency during the mid-term evaluation. Like that evaluation, the final evaluation will be paid for with funds from the external monitoring and evaluation component of the program. The results of this evaluation will be presented by the independent entity to the Presidential Commission, FONVIS, and the Bank.

G. Other implementation features

1. Fundraising

- 3.30 Private funding will be secured through a fundraising plan to be executed by the Presidential Commission. The object of the plan is to make prospective cooperating agencies aware of the features of the program, its achievements and its financing needs, and of the opportunities to contribute to the program. The plan calls for a number of forums and seminars for the corporate sector. **Submittal of the fundraising plan (having first been approved by the Presidential Commission) will be a condition precedent to the first disbursement of the loan proceeds.**

2. Administration of program resources

- 3.31 Program funds that are to defray the PAIS management, administration, and execution costs (the Bank's loan and local counterpart funding) will be sent directly to the Ministry of Family Services for deposit in a special PAIS account in FONVIS.
- 3.32 FONVIS will set up a trust in a financial institution to hold all program monies except those intended to finance the "Support for preparation" activities (CSO management component) and management, administration, and execution expenditures. Program funds not placed in the trust account will be managed directly by FONVIS and the PAIS management.
- 3.33 The financial institution administering the trust will expend the monies following instructions from the Presidential Commission through FONVIS. It will identify funds provided from the Bank's loan and the local counterpart and those contributed by cooperating agencies. The latter agencies may elect to deposit their funds in the trust account (in which case FONVIS and the agency will execute a cooperation agreement), or to administer the funds themselves, delivering them directly to the CSOs that are executing the projects and activities in question (in which event there must be an agreement signed between the recipient CSO and the agency).
- 3.34 The Presidential Commission will be answerable to cooperating agencies for the use of funds they deposit in the trust account.

The features of the trust arrangement will be determined by the PAIS management, and Venezuelan banks will be invited to bid on this service. The Presidential Commission of the PAIS will make the final selection of the institution to be entrusted with this fund.

- 3.35 For the projects and activities component, the agreement signed between the executing entity and FONVIS will specify that the signatory CSO is responsible for execution, listing the activities this entails, the timetable for their completion, and amounts and disbursements. Funds will be disbursed via the trust fund, which will be opened in accordance with the disbursement timetables for projects and activities approved by the Presidential Commission of the PAIS. Proceeds of the Bank's loan and local counterpart funds must be accounted for separately from cooperating-agency funds.
- 3.36 The trust agreement to be signed between FONVIS - with clearance from the Presidential Commission - and a commercial banking institution must set out the manner and percentages in which the institution may invest PAIS funds, and the procedure for furnishing funds to approved projects and activities, and authorizing officers. Under this arrangement, this instrument will be a simple directed-administration agreement, with no legal restrictions for its execution.

3. Procurement

- 3.37 Only CSOs with approved projects and in receipt of funds transferred for this purpose will be permitted to purchase goods and services and carry out small-scale works in the course of the respective project. FONVIS may only purchase goods and services required to discharge its responsibilities and those of the Presidential Commission under this program, and as required to perform PAIS management tasks.
- 3.38 Given the considerable number of purchases of equipment and fixtures and the many consultant contracts envisaged, and in order to expedite matters and facilitate Bank supervision, it is recommended that as an exception to Bank policy the requirement of a prior statement of non-objection from the Bank apply solely for purchases of equipment and fixtures costing more than US\$50,000; and for consulting services, costing more than US\$40,000. In the case of construction work, it is recommended that the requirement of prior consultation with the Bank apply only where the amount exceeds US\$75,000. FONVIS will inform the Bank of any such procurement or contract within three months after the item is acquired or the contract is let. In the event of this exception, the Bank's Country Office will conduct an ex post review of these contracts by simple random sampling, to ensure that the Bank's procedures are being followed. If not, the Bank will not recognize the costs in question as eligible for funding, the sample will be

enlarged, and the non-objection requirement could ultimately be reinstated.

- 3.39 The procurement plan for the program is presented in Annex III-5. Given that the proceeds of the Bank's loan will be in local currency, the use of international competitive bidding is not anticipated. The procedure for purchasing goods, paying for services, hiring consultants, and executing works projects will be as follows:

a. Procedures for public agencies (FONVIS)

- 3.40 Thresholds for government tendering will be those set out in Venezuelan legislation.
- 3.41 The direct-purchase approach will be used to acquire equipment and fixtures and consultant services costing up to US\$14,000, with three bids to be solicited. For procurement of these items costing between US\$14,000 and US\$140,000, restricted bidding or shopping will be used, with at least five interested firms or vendors to be approached for quotes. Competitive bidding will be required for items exceeding US\$140,000.
- 3.42 The direct-purchase method also will be used for construction contracts valued at up to US\$140,000, with the requirement that three quotes be sought. Contracts for construction work costing between US\$140,000 and US\$500,000 will be let through a restricted call for bids or shopping, with at least five offers to be solicited. Competitive bidding will be required for contracts exceeding US\$500,000.

b. Procedure for private entities (CSOs)

- 3.43 The direct-purchase approach will be used to acquire equipment and fixtures and consultant services costing up to US\$14,000, with three bids to be solicited. For procurement of these items costing between US\$14,000 and US\$100,000, restricted bidding or shopping will be used, with at least five interested firms or vendors to be approached for quotes. Competitive bidding will be required for items exceeding US\$100,000.
- 3.44 The direct-purchase method also will be used for construction contracts of up to US\$50,000, with the requirement that three quotes be sought. Contracts for construction work costing between US\$50,000 and US\$100,000 will be let through a restricted call for bids or shopping, with at least five offers to be solicited. Competitive bidding will be required for contracts exceeding US\$100,000.
- 3.45 Once declared eligible, projects may be started using participating agencies' funds, and the outlays may be recognized as contributions

to the program provided the procedures established in the Operating Regulations have been followed.

- 3.46 Technical supervision and quality control for construction projects under the program will be provided by hired professionals with technical expertise, to track and inspect the works.

4. Funding ceilings

- 3.47 The ceilings cited here will apply throughout the life of the program. In the case of municipalities shown on the Exclusion Map, no one municipality may receive more than 5% of the total program funds.
- 3.48 In the case of a CSO which is executing more than one project within a single state or comparable jurisdiction, aggregate funding for its projects may not exceed US\$800,000 unless otherwise authorized by the Bank in writing. For CSOs that operate nationwide and conduct activities over a broad geographical area, the ceiling will be US\$2 million.
- 3.49 In the CSO management component, the ceiling for any one project is US\$50,000, with the following additional restrictions: (i) in the "Support for preparation" subcomponent, funding may not be provided for over 20 consultant-days or over US\$3,000; (ii) for the management-support subcomponent, the ceiling will be US\$20,000 per project. For the projects and activities component, the ceiling per project is US\$100,000. The annual funding ceiling for the "Innovative projects" portion of this component is 10% of the resources allocated to the component.
- 3.50 The foregoing limits will be a condition set out in the loan contract, the idea being to establish discretionary approval limits below which the Bank's non-objection would not be required. Such a statement of non-objection will be required for projects or activities whose cost exceeds the stated ceilings. The ceilings will be reviewed at the annual meetings.

5. Commitment and disbursement periods and expenditure timetable

- 3.51 The commitment and disbursement periods for program funds will be three years and four years, respectively, reckoned from the effective date of the loan contract. For purposes of this requirement, program funds will be understood to have been committed on the date of signature of a project agreement between FONVIS and a CSO to finance a project using program funds. These periods are deemed sufficient for completion of works and for the technical assistance activities to be provided under the program.
- 3.52 Table III-1 summarizes the program's expenditure timetable.

Table III-1: PAIS expenditure timetable
(US\$ million)

Expenditure item	TOTAL	Year 1	Year 2	Year 3	Year 4
1. CSO management	4.3	0.7	1.1	1.4	1.1
2. Projects and activities	11.9	1.8	3.0	4.2	2.9
3. External monitoring and evaluation	1.0	0.2	0.3	0.3	0.2
4. Management, administration and execution	2.7	0.6	0.7	0.5	0.9
SUBTOTAL	19.9	3.3	5.1	6.4	5.1
5. Financial expenses	1.0	0.1	0	0	0
TOTAL	20.0	3.4	5.1	6.4	5.1

6. Advance of funds

- 3.53 Given the nature of this program and its broad geographical coverage, it is recommended that an amount equivalent to 5% of the eventual loan be advanced to ensure timely availability of required funds.

7. Retroactive recognition of expenses

- 3.54 Given the existence of a budgetary appropriation in local funds for the PAIS, the program could begin to operate as of the date of submittal of the official request for financing, charging expenditures against the local counterpart until the loan contract is signed. For purposes of recognition of expenses, it was agreed that prior to the appointment of the members of the Presidential Commission, the only expenditures to be recognized are: (i) preinvestment expenses for the program; (ii) expenses under the "Support for preparation" subcomponent; and (iii) expenses to set up the PAIS management unit. Up to US\$200,000 in expenses may be recognized against the local counterpart; they must have been incurred following procedures substantially similar to those established by the Bank.

8. External audit

- 3.55 As from the first year of the program and until its completion, the program's financial statements must be submitted to the Bank by FONVIS, after having been duly audited by a firm of independent public accountants in accordance with procedures established by the Bank.

IV. FEASIBILITY

A. The program sample

- 4.1 The program sample is made up of 65 projects. In the case of the CSO management component, the workshops held came up with 14 interventions for the "Support for preparation and management" subcomponent. This small number is due to the fact that most of the participating CSOs are quite well organized and have fairly solid capabilities. On the basis of these workshops and the preliminary information obtained from institutional reports, the classification of Type I and II activities was devised and is to be validated in the first six months of the program.
- 4.2 For "demand-driven" initiatives under the projects and activities component, the sample is distributed among municipalities classed as priority 1 and 2 on the Exclusion Map. The 51 projects and activities in this component have a total cost of US\$1.3 million, which amounts to 11.3% of aggregate funding allotted to the component. The 51 projects comprising the sample for this component are expected to directly benefit 6,500 individuals at an average cost of US\$35,000 per project. The technical files for the program contain detailed information on the projects in the sample.
- 4.3 For projects under the projects and activities component that are generated via calls for proposals, problem areas corresponding to priority 1 municipalities in each state or comparable jurisdiction were identified using the Exclusion Map. Projects and activities addressing these problem areas must be approved by the Presidential Commission during each year of the program execution period. The technical files for the program contain detailed information on the areas identified.
- 4.4 All of the projects and activities envisaged for the various components were identified in workshops held in 1996 and 1997 on the campus of Universidad Católica Andrés Bello and at the Permanent CSO Forum of ILDIS, Fundación Polar and the Venezuelan Association of CSOs. Part of these workshops was the induction of CSOs, and a set of project ideas for each action focus was worked out with the participating institutions.

B. Institutional viability

- 4.5. **Private-sector and CSO input into decision-making.** The legal framework used for this operation (the Presidential Decree, Funds Transfer Agreement, loan contract, and PAIS Operating Regulations) is adequate to establish the working relationship between the PAIS program authority level (the Presidential Commission) and the executing level (the PAIS management unit in FONVIS). Considering the configuration of the aforementioned relationship, the

Presidential Commission's functions and responsibilities and its membership mix - four members representing the private sector and CSOs, and three from the public sector - it is safe to assume that program execution will be open to influence from all three quarters represented on the Commission, rather than government-controlled.

- 4.6 **Participation by the private sector in financing.** Under the proposed implementation arrangement, the Presidential Commission will be one avenue whereby the program can attract private funding, since its makeup ensures that both private enterprise and CSOs will be actively involved in project operation and supervision. Two other factors that will help foster private-sector involvement are the fundraising plan which is to be implemented by the Presidential Commission, and the ability of the PAIS management to execute the program. Furthermore, private participation will be encouraged by the transparency built into the administration of funds, as discussed in paragraph 4.8. The technical files contain lists of the principal companies and their areas of interest with respect to the program.
- 4.7 **Participation of large and small CSOs.** The two-pronged approach for submitting project proposals - "demand-driven" and through proposal calls - ensures that different kinds of CSOs take part. Specifically, the "demand-driven" avenue is designed to encourage smaller CSOs with relatively little project preparation or execution experience to submit proposals, whereas the proposal-call approach will tend to attract larger CSOs that operate nationwide. The "Support for preparation and management" subcomponent is designed to build capacity in the smaller CSOs to help them in their intermediation and project execution work.
- 4.8 **Transparency.** The suggested arrangement whereby program funds will be handled by a financial institution hired as trustee to administer the bulk of the program resources, together with private-sector contributions, will ensure transparent administration of all such funds. With this approach, private participants can track their donations, and they can be sure that their money is not used to defray administrative costs of the Presidential Commission or the PAIS management.
- 4.9 **Flexibility.** In order to be truly representative, partnerships of the type envisaged take time to develop. Establishing a participatory process involving the private sector and CSOs on the one hand, and the government on the other hand, will require allowing enough time for the program to mature. Accordingly, the program will begin from a realistic starting point by promoting participation by the country's nongovernmental sectors in project operation and supervision, gradually promoting private-sector financial participation as the program unfolds.

- 4.10 **Simple procedures.** The PAIS Operating Regulations are designed to avoid excessive control by the PAIS management over agencies who are executing projects under the program. Except for some minimal controls, the idea that the target population itself should monitor the use of funds will be encouraged.
- 4.11 In short, the proposed organizational structure is consistent with the objectives and nature of the program. The Presidential Commission and the PAIS management will together be responsible for promoting, coordinating, providing advisory support and regulating the project planning and implementation process, leaving the principal actors (the CSOs and beneficiaries) to devise projects, plan interactions and work in concert.

C. Technical feasibility

- 4.12 **Identification of projects and activities.** The underlying principle in the program's design is that excluded groups know their own needs, and what they require is help in conveying those needs and learning about technical and financing options available for meeting them. The program seeks to support this effort under the "Support for preparation and management" subcomponent, which will draw on a pool of consulting experts who can be brought in as technical advisers to teach CSOs methods of identifying, developing, executing and monitoring projects designed as solutions to local problems.
- 4.13 **Validation of eligible activities.** The eligible activities effectively match the needs identified in workshops held with CSOs. The repetition of the problems and solutions presented in the sample serves to validate the proposed action focuses. To encourage the formulation and execution of initiatives, projects and activities which would yield benefits fairly quickly were chosen, ensuring that they benefit directly the groups targeted by the program.
- 4.14 **Technical caliber of eligible activities.** Technical quality requirements for the eligible activities are consistent with the workshop findings and with the assessment of underserved areas nationwide, as identified in the Exclusion Map. In addition, the program has established, for each activity, a set of general and specific eligibility criteria that are part of the Operating Regulations, which will ensure that projects and activities are of an acceptable level of quality.

D. Economic feasibility

- 4.15 Considering the information available on the target groups, and the size of each project or activity, it was agreed that economic feasibility would be assessed from a least-cost perspective. Given the type of information contained in each of the projects in the

sample, it was not possible to devise unit costs by type of intervention. As was noted in chapter III, these indicators will be determined during the first six months of the program. The unit costs will be used as eligibility criteria for projects and activities.

E. Poverty-targeting aspects of the program

- 4.16 To ensure that assistance is provided to areas with the severest levels of exclusion, the program will focus on priority 1 and 2 municipalities as shown on the Exclusion Map. When this priority classification is cross-referenced with data on the incidence of poverty, it turns out that 49% of the population in municipalities classed as priority 1 or 2 are beneath the poverty line, and 22% are living in extreme poverty. These percentages rise to 56% and 28%, respectively, when only priority 1 municipalities are considered.
- 4.17 Moreover, the eligibility criteria within each action focus are designed to select the poorest members within a given target group. According to the sample findings, over 50% of the direct beneficiaries under the projects and activities component live below the poverty line defined by the Bank (US\$108 for 1996). Thus, the targeting system envisaged, the selection of beneficiaries, and the activity types and eligibility criteria, all combine to ensure that the program will reach the target excluded groups living below the poverty line, and it therefore would qualify as a poverty-targeted investment.

F. Impact on women's participation

- 4.18 The PAIS program proposed herein is expected to have a positive impact on participation by women on multiple fronts. The activities proposed under the main components of the program will benefit women in the following ways:
- a. They give highest priority to the most pressing needs of poor women in Venezuela, addressing problems such as illiteracy, maternal and infant mortality and morbidity rates, teenage pregnancies, unemployment, and the lack of preschool education opportunities.
 - b. They are aimed both directly and indirectly at CSOs which, in Venezuela, typically have preponderantly female staff, the more so in the case of social service organizations (health, preprimary education, nutrition).
- 4.19 In addition, the criteria proposed for selecting proposals for funding under the projects and activities component, by fostering target-community input into project identification, design and execution, in effect encourage women to become involved and build in a gender dimension as befits the situations being considered.

- 4.20 Finally, the participatory approach and the indicators recommended in the external monitoring and evaluation component will also help ensure effective participation by women as beneficiaries of program activities, as well as taking a hand in project design and implementation.

G. Impact on indigenous groups

- 4.21 The program is expected to have a significant impact on the indigenous population since there is a high correlation between areas identified as priority 1 in the Exclusion Map, and areas that are home to indigenous settlements. ^{5/} The PAIS program includes indigenous communities as target groups under the CSO management component and the projects and activities component. In addition, to encourage direct participation by smaller CSOs working with indigenous communities, the program will offer technical assistance for the preparation of project proposals, and includes requirements designed to facilitate access for indigenous groups.

H. Environmental feasibility

- 4.22 In accordance with the minutes of the meeting of the Committee on Environment and Social Impact (CESI) on February 18, 1997, an environment and social impact report was prepared and was subsequently approved by the CESI on July 18, 1997.
- 4.23 The program's projects and activities component will give rise to largely positive social and environmental effects, among them: (i) provision of social services which were either lacking altogether or have been interrupted; (ii) creation of job opportunities for men, women, and young people; (iii) improvement of living standards and reduction of mortality and morbidity rates among the most disadvantaged groups, with particular emphasis on women and the indigenous population; (iv) reduction in the rate of illiteracy among young people and adults; (v) better nutrition; and (vi) reduction in the rate of child malnutrition.
- 4.24 The eligibility criteria and the procedures set out in the Operating Regulations for project appraisal and approval will help ensure that projects will be economically, socially, and environmentally sustainable. In addition to these safeguards, environmental directives have been drawn up to ensure proper use of the environmental resources affected, with particular care to ensure sound management of solid waste and wastewater.

^{5/} Indigenous people make up 1.5% of Venezuela's total population, but they account for a much higher percentage in the municipalities identified as priority areas for the PAIS program. For example, in the municipality of Antonio Díaz, the percentage is 82.9%.

- 4.25 The CSO management component is expected to have nothing but positive social effects, namely: (i) enhanced capacity in CSOs to mount sustainable social projects; (ii) greater assistance for low-income groups and those who have fallen outside the public-sector safety net; (iii) strengthening of CSOs that advocate for indigenous groups; and (iv) the multiplier effect of social actions within excluded communities.
- 4.26 The program includes a number of measures, described in the environment and social impact report, which are intended as further protection against possible adverse social or environment effects, the most important of which are: (i) environmental directives specifically drafted for the program and included as an annex to the Operating Regulations; (ii) a set of eligibility requirements devised to address social and environmental aspects not taken into consideration before; (iii) specific suggestions to be incorporated in the manuals and guides in order to include social and environmental requirements in forms that will be used for project presentation, appraisal, and monitoring; (iv) inclusion in the external monitoring and evaluation component of mechanisms for monitoring, follow-up and assessment of the program's social and environmental impact, to be conducted by an independent entity and based on interviews with individuals in the target communities; and (v) the proposal to include technical training for the PAIS management unit, to better equip the team that will be performing environmental and social analysis of projects to do their job. The training will be delivered by a consultant who will identify the areas in which the PAIS management will require training to perform its monitoring and evaluation work. **This consultant is to be hired within six months after the signing of the loan contract.**

I. Risks under the program

1. Coordination between the Presidential Commission and the PAIS management

- 4.27 A good working relationship and coordination between the Presidential Commission and the PAIS management is essential for the success of the program. To that end, the responsibilities of each body are spelled out in the Presidential Decree and the program's Operating Regulations.

2. Relations between government and the private sector

- 4.28 The structure, management and design of the program have been discussed with members of civil society, resulting in a high degree of consensus as to the guidelines established. Although the relationship between CSOs and the State is closer in Venezuela than elsewhere in the region, the same cannot be said of relations between the charitable/corporate sector and the government. It will be essential to overcome this mistrust in order to elicit an

adequate level of contributions from private-sector participants in the program. Hence the importance of private-sector representation on the Presidential Commission as a means of instilling confidence among prospective donors.

3. Private-sector financial participation

- 4.29 A central element in the design of this operation is to ensure that the private sector will become increasingly involved in funding projects and activities. Although cooperating-agency contributions are not included in the financing matrix, the program will endeavor to elicit commitments from private parties, through the fundraising plan. It is expected that such commitments will at first be tied to particular projects and activities that a private donor wishes to fund. Later, it is hoped that these will evolve into unrestricted contributions, so that PAIS staff may determine how they may best be used. It should be noted as well that the level of private-sector participation, and the success of the fundraising strategy, will be closely monitored through the planned annual reviews and the external monitoring and evaluation component.

4. CSO implementing capacity

- 4.30 Another of the potential risks for the program has to do with the capacity of CSOs to carry out projects themselves and manage the funds received for their execution. The CSO management component has been included in the program to counter this risk by building management capacity in CSOs to better equip them for project execution and management - at the same time avoiding the pitfalls that can arise in the administrative area. Each project will include an external audit, providing for ongoing monitoring during execution and therefore allowing corrective measures to be taken quickly where necessary, and tracking the attainment of targets.

PROGRAM OF SUPPORT FOR CIVIL SOCIETY ORGANIZATION INITIATIVES AND MANAGEMENT (PAIS)**LOGICAL FRAMEWORK****PURPOSES OF THE PROGRAM AND ASSOCIATED TARGETS****2. SUPPORT FOR PROJECTS AND ACTIVITIES****Productive activities**

PURPOSE	INDICATORS	TARGET
training to help young people enter the labor force	Number of youths in vocational training programs	20% increase in the number of youths receiving job training, in areas in which projects are executed
training for female heads of household in traditional activities	Number of female heads of household receiving job training	20% increase in the number of female heads of household who receive job training, in areas in which projects are executed
training to develop craft skills of indigenous groups and to market their products and wood products	Number of individuals trained in crafting and marketing of crafts and products	10% increase in the number of indigenous persons who receive training, in areas in which projects are executed
financial assistance for instruments to ensure sustainable vocational training projects	Number of persons equipped to join the job market	20% increase in the number of persons equipped to join the job market, in areas in which projects are executed

PROGRAM PURPOSES AND ASSOCIATED TARGETS

2. SUPPORT FOR PROJECTS AND ACTIVITIES (continued)

Family

PURPOSE	INDICATORS	TARGET
Coordinate activities to provide care for abandoned and neglected children, young offenders, elderly persons without family support, female heads of household and pregnant teens	Number of activities carried out to assist abandoned and neglected children, young offenders, seniors without family support, female heads of household and pregnant teens	20% increase in the number of persons from these groups assisted, in areas in which projects are executed
Support for strengthening indigenous family structures	Number of activities carried out to strengthen family structures among indigenous peoples	15% increase in the number of indigenous families assisted, in areas in which projects are executed

Education

PURPOSE	INDICATORS	TARGET
Support for children and adolescents excluded from preschool and basic education systems (ages 4 to 16) to give them access to schooling and keep them in school	Number of children and adolescents that gain access to schooling and stay in school	15% increase in the enrollment ratio for preprimary and basic education, in areas in which projects are executed
Support for schooling for indigenous groups	Number of indigenous people served	15% increase in the schooling rate of indigenous people, in areas in which projects are executed
Support for literacy programs for young people and adults (16 years and up)	Number of persons learning to read and write	10% reduction in the illiteracy rate, in areas in which projects are executed

PROGRAM PURPOSES AND ASSOCIATED TARGETS**2. SUPPORT FOR PROJECTS AND ACTIVITIES (continued)**

health

PURPOSE	INDICATORS	TARGET
assistance to improve primary health care services for residents of areas without access to health care and/or with high maternal/infant morbidity and mortality rates	Population covered by expanded and improved services	15% increase in primary health care coverage, in areas in which projects are executed
support for strengthening health care systems for indigenous groups, vaccination campaigns, traditional-medicine workshops	Population covered by expanded and improved services	15% increase in primary health care coverage for indigenous groups, in areas in which projects are executed
public health workshops for persons excluded from the primary health care system	Number of persons that receive training	10% increase in the number of persons receiving public health training, in areas in which projects are executed

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PROGRAM PURPOSES AND ASSOCIATED TARGETS

3. EXTERNAL MONITORING AND EVALUATION

Gathering of data and information

PURPOSE	INDICATORS	TARGET
Collection of data and information on the components involving support for CSO management and for projects and activities, on the program's institutional management	Number and type of documents reviewed Number and type of interviews conducted	In accordance with the terms of reference

Dissemination of information and sharing of experiences

PURPOSE	INDICATORS	TARGET
Dissemination of information and sharing of experiences at the national and international level	Number of articles published Number of publications produced Number of national and international information-exchange events held	8 occasional articles published 8 "lessons-learned" reports published 8 internal consultation meetings held 2 national information-exchange events held 2 international information-exchange events held

Evaluation

PURPOSE	INDICATORS	TARGET
Conduct a mid-term evaluation to provide feedback for the development and operation of the second stage of the program, and a final evaluation to gauge the program's impact	Number of mid-term and final evaluations carried out	1 mid-term evaluation 18 months into the execution period or when 30% of the resources have been disbursed 1 final evaluation six months after the last disbursement

PROGRAM PURPOSES AND ASSOCIATED TARGETS**MANAGEMENT, ADMINISTRATION, AND EXECUTION****Promotion plan**

PURPOSE	INDICATORS	TARGET
Publicize the program among CSOs and in community at large	Number of awareness campaigns and promotion workshops carried out. Remote areas, estimated population reached and their socioeconomic characteristics (or level of exclusion)	24 promotional workshops carried out (2 per state or comparable jurisdiction) 24 publicity campaigns conducted

Fundraising plan

PURPOSE	INDICATORS	TARGET
Publicize the program among prospective private cooperating agencies and bring them as funders for the program	Number of presentations at meetings in the business sector with a view to raising funds for the program Amount of funding raised as a result of the promotional strategy	8 presentations made at business meetings US\$4 million raised for the program from private-sector donors (US\$1.5 million by the end of year 2 and US\$4 million by the end of year 4)

VENEZUELA: PROGRAM OF SUPPORT FOR CIVIL SOCIETY ORGANIZATION INITIATIVES AND MANAGEMENT
PROCUREMENT PLAN

ITEM	AMOUNT (US\$000)	SOURCE	PROCURE- MENT METHOD	DATE OF NOTICE
CONSULTING CONTRACTS				
CSO management component				
Action focus: Preparation of projects and activities (contract average US\$3,000)	80 40	IDB Local	DC	1997-2000
Action focus: Support for execution of projects and activities (contract average US\$7,000)	200 70	IDB Local	DC/RB	1997-2000
Subcomponent: Institutional strengthening and coordination (contract average US\$10,000)	610 160	IDB Local	DC/RB	1997-2000
Projects and activities component				
Action focuses (contract average US\$35,000)	1,900 1,230	IDB Local	DC/RB	1997-2000
External monitoring and evaluation component				
Hiring of independent entity (one contract for US\$1 million for four years, renewable annually)	1,000	IDB	LCB	1997
Management, administration, and execution				
Presidential Commission and PAIS management unit (contracts for personnel, seminars, technical assistance)	2,300	Local	DC/RB	1997-2000
EQUIPMENT AND FIXTURES				
CSO management component				
Action focus: Support for execution of projects and activities (contract average US\$7,000)	1,120 360	IDB Local	DC/RB	1997-2000
Subcomponent: Institutional strengthening and coordination (contract average US\$10,000)	1,050 280	IDB Local	DC/RB	1997-2000
Projects and activities component				
Action focuses (contract average US\$35,000)	4,000 2,100	IDB Local	DC/RB	1997-2000
Management, administration, and execution				
PAIS management unit (equipment, furnishings)	100	Local	DC/RB	1997-1998
CONSTRUCTION WORK				
Projects and activities component				
Action focuses (contract average US\$35,000)	830 460	IDB Local	DC/RB	1997-2000
ESTIMATED PROCUREMENT	10,790	IDB		
ESTIMATED PROCUREMENT	7,100	Local		

DC = Direct contracting
LCB = Local competitive bidding
RB = Restricted bidding (shopping)

PROPOSED RESOLUTION

VENEZUELA. LOAN ____/OC-VE TO THE REPUBLIC OF VENEZUELA
(Support Program to the Initiatives and Management of
Civil Society Organizations)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Venezuela, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Support Program to the Initiatives and Management of Civil Society Organizations. Such financing will be for the amount of up to the equivalent of Twelve Million United States of America dollars (US\$12,000,000), in Bolívares, which are part of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.