

**MEXICO: PROGRAM FOR THE PROFESSIONALIZATION OF NON-GOVERNMENTAL  
ORGANIZATIONS AS PROVIDERS OF GOODS AND SERVICES IN THE MARKETPLACE**

**(TC-97-10-14-7)  
EXECUTIVE SUMMARY**

**Executing agency:** Fundación Vamos (VAMOS) in consortium with Centro Mexicano para la Filantropía (CEMEFI) and Invertir para la Sustentabilidad (INVERTIR).

To execute the pilots, VAMOS will work with a specified NGO in each region: CAMPO in Oaxaca, IMDEC in Jalisco, and FECHAC in Chihuahua.

**Beneficiaries:** Non-governmental organizations and social-based enterprises in Mexico; private and non-profit providers of services to these organizations.

<b>Amount and source:</b>	Method: non reimbursable	Human Resources Facility
	MIF:	US\$2.000 million
	Local counterpart funding:	US\$1.350 million
	Total:	US\$3.350 million
	Execution Period:	36 months
	Disbursement Period:	42 months

**Objectives:** The general objective of the program is to develop a model of training and technical assistance for non-governmental organizations that enables them to more effectively meet new economic objectives, deliver services more efficiently, and create sustainable organizations. The specific objectives are: (i) expand and enhance the supply of services and training to NGOs through the development of new curricula and training of trainers; (ii) test a regional-based model for delivering and expanding training and technical assistance to NGOs; and, (iii) consolidate the model and plan for the development of a larger, nationwide system.

To achieve the above objectives, the following components will be undertaken: (i) Market Development: Curriculum Design and Training of Trainers; (ii) Training and Technical Assistance to NGOs; and, (iii) System Development, Monitoring and Long-Term Planning.

**Special contractual conditions:** Prior to first disbursement of the funds, the executing agency must present, to the satisfaction of the Bank, evidence of: (i) the consortium agreement signed between VAMOS, CEMEFI, and INVERTIR, which contains, among others, the elements described

in paragraph 9.1; and, (ii) the establishment of the executing unit, with the personnel and functions described in paragraph 9.1.

Prior to the disbursement of funds for each pilot program under Component Two, the executing agency must present, to the satisfaction of the Bank, evidence of the collaborative agreement signed between VAMOS and each of the three regional associate NGOs, which shall include, the elements described in paragraph 9.1.

Once the Bank's general contractual conditions have been met, the Bank may disburse up to \$30,000 to cover the costs of hiring the Executive Director of the project.

**Exceptions to  
Bank policy:**

None

## **I. COUNTRY AND PROGRAM ELIGIBILITY**

- 1.1 Mexico was declared eligible for all forms of financing from the Multilateral Investment Fund (MIF) on January 23, 1994. The proposed project meets the eligibility criteria for a grant through the Human Resources Facility. This facility supports the development of human capital and of training systems to improve human capital development and market performance. The project as well fits MIF priorities in strengthening training systems in innovative ways that have application in other nations in the region.

## **II. BACKGROUND**

- 2.1 Non-governmental organizations (NGOs) are playing an increasingly vital economic role in Mexico. Beyond helping meet basic social needs, the non-governmental sector has become an important economic actor in key sectors as diverse as agricultural production, health care, and artisan production. While not-for-profit in nature, NGOs can have diverse forms of organization in Mexico based on the type of the service provided. NGOs can include peasant cooperatives or social enterprises that organize producers and sellers of agricultural commodities, organizations that train and develop microenterprises for rural women, or advocacy and support groups. Given their social orientation, non-profit organizations have a particular role in developing the productive base of more rural, poorer, and indigenous segments of the economy. Because NGOs have particular connections to the harder-to-reach segments of the economy, the Mexican government has been seeking to rely more heavily on such organizations to deliver and contract needed services.
- 2.2 In their expanded economic role, NGOs increasingly need to act like private sector entities. This includes charging fees for services, competing for government contracts, making professional solicitations for funds, ensuring institutional stability, and watching the bottom line of operating costs. Based on a diagnostic study and input from a wide range of NGOs in preparation for this project, a number of key weaknesses have been detected in the internal development and training needs of NGOs in Mexico. Key weaknesses include: a lack of legal basis for operation and knowledge of legal requirements, poor or underdeveloped accounting systems, inadequate communications and marketing skills to develop diversified funding sources, and, need for more professional training of management and financial personnel. Many NGOs stated that the training they receive presently is often limited and "one shot," with minimal follow-up to see how NGOs are utilizing the training.
- 2.3 The current training and technical assistance market for the NGO sector is highly underdeveloped. On the supply side, private providers are limited and many who could perform specialized services such as legal advice, accounting, and marketing, lack knowledge of the needs of the NGO sector and how to tailor their

services to what could be a substantial NGO clientele market. As well, there is a need for more integrated and dynamic curriculums oriented to the new economic leadership roles of NGOs. On the demand side, many NGOs, concentrating on meeting the immediate needs of their beneficiaries, do not focus on institutional development and how training and technical assistance could help build and solidify their operations.

- 2.4 Three leading non-governmental organizations in Mexico have joined together to request MIF assistance in developing a stronger, more systematic market for strengthening or “professionalizing” non-governmental organizations in Mexico. *Centro Mexicano para la Filantropía* (CEMEFI), *Fundación Vamos* (VAMOS), and *Invertir para la Sustentabilidad* (INVERTIR) will participate together to develop and pilot a more systematic approach to training and developing NGOs which could build, overtime, to a nationwide system. These organizations represent broad sectors of the NGO community in a country where no one single non-governmental organization could adequately access the wider NGO population. These organizations, described more fully in Section IV, propose to work together in a consortium (VIC) with *Fundación Vamos* serving as the legal entity administering the program.
- 2.5 Given the size and geographic expanse of Mexico and its NGO community, it is believed that systems to professionalize NGOs would most likely develop as regional sub-systems that build to a national system. In some regions, there are strong NGOs that can lead a professionalization program and serve as a major provider; in other regions, new providers must be stimulated and linked to stronger providers in other regions or Mexico City. This project proposes to test three different regional pilots to provide the range of experience needed to plan for a nationwide system in a country such as Mexico. An extensive and open diagnostic process was conducted, with the participation of the Bank team, to identify the pilot regions and local affiliate NGOs to lead the local pilots. The first two pilots would be Jalisco (Mid- Coastal region) and Oaxaca (South). Jalisco is an example of a strong home institution that can serve as an advisor and major provider of training and services; Oaxaca provides the case of a respected local institution working in combination with a local network of NGOs dedicated to professionalization and national providers. The Northern pilot (Chihuahua) offers the interesting model of a private sector-led NGO supporting professionalization services. Such a model that could have application particularly to other Northern regions.
- 2.6 The Program fits squarely in the Bank/SO2, Mexican government, and MIF strategies for Mexico. The Program will serve MIF priorities in strengthening and developing innovative training systems for human capital development that have application to other nations in the region. The Bank and the Mexican government have increasingly sought to contract out to important government-financed services, particularly to NGOs who can serve hard-to-reach groups such as the poor, rural, women and indigenous populations. The second phase of the Bank labor markets loan to Mexico (983/OC-ME), in particular, will rely more on non-

governmental providers of training and services (or those private providers who serve such markets) to expand the current *CIMO* program (*Programa de Calidad Integral y Modernización*) to rural areas. CIMO supports technical assistance and training to small and medium enterprises. Among its benefits, this Program will help strengthen non-governmental organizations and the network of providers who could support the future expansion of the *CIMO* and other programs contracting out services

### III. PROGRAM OBJECTIVES AND COMPONENTS

- 3.1 The general objective of the program is to develop a model of training and technical assistance to non-governmental organizations that enables them to more effectively meet new economic objectives, deliver services more efficiently, and create sustainable organizations. The specific objectives are: (i) Expand and enhance the supply of services and training to NGOs through the development of new curricula and training of trainers; (ii) Test a regional-based model for delivering and expanding training and technical assistance to NGOs; and, (iii) Consolidate the model and plan for the development of a larger, nationwide system.
- 3.2 As there are different levels of needs and “readiness” among NGOs to professionalize, the program develops and orients assistance to two levels. The **first** level of NGOs is at an earlier stage of institutional development and is looking to improve or overcome specific institutional problems, e.g. obtaining legal status, upgrading poor and sometimes nonexistence accounting systems. The program would provide group-based **skills training** in specific, narrow skill fields to help overcome these skill deficits. The program plans to serve at least 200 organizations (approximately 800 persons total) in this larger group of NGOs receiving group-based skills training.
- 3.3 A **second**, more advanced level of NGO is ready to think more strategically about the direction of the organization, its long-term goals, and how to expand its market. A group of 40 organizations in the three pilots would be provided a more integrated package of **strategic planning, training, and technical assistance**. Narrowing the group of beneficiaries in the second group is intended to provide the opportunity for closer monitoring of results, direct one-on-one follow-up of organizations, and the ability to experiment with methodologies that can later be applied with refinement to a larger group of NGOs. The two different types of interventions are reflected in the products and training developed in Components One and Two.

#### 1. **Component I: Market Development: Orientation, Curriculum Design and Training of Trainers** (MIF: US\$189,900; Counterpart: US\$414,800)

- 3.4 This component will be directed towards developing an expanded and better quality market for NGO training and services. The NGO training and services

market will be expanded in keeping with the strategy of reaching two levels of NGO needs. It would include providing awareness of the program and the potential NGO market to a wide range of providers. A diagnostic study will be conducted in the three pilot regions to more finely tune the curricula and training to local NGO demand.

- 3.5 **Level One: Short-Course Skills Training.** The diagnostic study will identify approximately four key “short course” skill areas, based on NGO demand in the three pilot regions. Short courses (1-2 days) are expected in the areas of: basic legal incorporation, basic accounting, and communications. The project recognizes that in most short course areas there are a range of suppliers who do not currently serve the NGO market yet could be oriented/trained to adapt their services to the requirements of NGOs. This would mean, for example, orienting current and retired lawyers to advise NGOs on legalization and compliance with national and local regulations or orienting accountants to serve the particular needs of non-profit institutions. These providers would principally require orientation and information to serve an NGO client. The project envisions developing orientation materials for suppliers in the identified areas for short courses. The project would also finance supplementary curriculum development in these short course areas to improve the quality of training provided to NGOs as needed. Once the orientation and training materials are developed, the project will finance a series of training sessions and meetings to orient and identify new suppliers to provide technical assistance in the key skill areas. A total of 320 providers would be oriented to work with NGOs, with approximately 160 of them provided specific training to serve the NGO market.
- 3.6 **Level Two: Integrated Advanced Training, Planning, and Technical Assistance.** The second category responds to an assessment of current NGOs for more integrated and advanced training than the current market offers. In the second area, the project would develop, introduce and test a new innovative curriculum for NGO training emphasizing long-term institutional development and strategic planning. The new curriculum will be divided into different modules and targeted to key NGO personnel (specifically, NGO directors, financial officers, marketing directors). The new curriculum modules would include strategies for financial and market sustainability, resource administration, entrepreneurship, environmental management, occupational health and safety, labor conditions/standards, in particular, for social-based enterprises, entrepreneurial techniques including business plans, production planning, export legislation, and quality control. The principals of the three consortium members, together with outside experts, would be instrumental in developing these new curriculum modules which would draw both on private sector training methods and new approaches for the NGO market. This new curriculum will be tested on a smaller group of NGOs in each of the pilots (40 total) and supported with technical assistance, as described in component 2.
- 3.7 The project will also develop a comprehensive database of existing suppliers of NGO services as well as a methodology to characterize their attributes. The

initial objective is to develop a database of at least 1,000 providers managed by the executing unit of the project. This database will enable the executing unit to measure the growth in the NGO training and services market overtime during the project. It will also be able to serve a wider range of NGOs who can access the database electronically to identify potential suppliers for services.

**2. Component II: Training and Technical Assistance to NGOs (MIF: US\$635,140; Counterpart: US\$258,850)**

- 3.8 The second component will support the delivery of training services to NGOs in three regional pilots, utilizing the new training materials developed and drawing on a wider network of providers trained under Component I. The local management for the delivery of this training and technical assistance will be coordinated by a specific associate NGO in each of the three regions. Under the project, the regional NGOs will serve as local monitors and facilitators for NGOs receiving training and services under the project. The regional associate NGOs will manage a bank of local "clients" who will receive diagnostic assessments of their organizations and will participate in the short courses in areas identified as needed by their organizations (e.g. legal, accounting).
- 3.9 The regional associates will manage two client groups, as described above: a larger group of NGOs (200 in all three pilots; 800 persons) receiving basic training and orientation in key skill areas; and smaller group (40 NGOs; 120 persons) who will receive the more intensive package of advanced training, group-based courses, and one-and one technical assistance. For the larger group, the short courses will be delivered in group form. Group form has the added benefit of helping to build local connections between NGOs facing similar institutional needs. Such a group format has also been found to enhance training among private sector firms in the case of the MIF project in Nueva Vizcaya, Mexico. These NGOs will also receive basic orientation to institutional development and strategic planning using the new curriculum modules developed by the project.
- 3.10 Each of the 40 NGOs receiving the more intensive set of service will have a counselor who will monitor their progress and suggest supplementary training/services to complement and maximize training with services (e.g. new computer program, professional marketing analysis to meet their institutional goals). Five counselors will work with the target 40 NGOs; one assigned to each regional pilot and two in more specialized fields such as production and marketing. The counselors will also assist in follow-up to a select sampling of the larger group of NGOs undergoing group training. For each target group of NGOs, the VIC consortium will propose to the Bank the specific criteria used in each region to select the participating organizations under the general principles agreed with the Bank team that the organizations be economic and market-oriented, with particular emphasis on entrepreneurial-based organizations.

- 3.11 All NGOs participating in the more advanced group of training, planning and technical assistance will be required to set institutional goals for a professionalization program under the project. The intention here is to get NGOs to orient their professionalization program towards specific outputs or goals. These goals would be institutional or financial such as: increased revenues, diversified revenue base, increased internal efficiency. The achievement of the specific institutional goals would be used to monitor project success and adjust and revise program design.

3.12 To implement the training and technical assistance to each of the two groups of NGOs, the executing unit intends to prepare operational guidelines which build the current schedule of project activities. These guidelines will specifically include the agreed-on procedures and criteria for selecting the participating NGOs in the larger group of 200 NGOs (Level One) and will be presented to the Bank prior to the initiation of Component 2. The guidelines for the selection of the narrower group of 40 NGOs receiving more intensive assistance will be developed thereafter in order to draw on the experience from the selection process for the initial training activities for the larger group.

**3. Component III: System Development, Monitoring and Long-Term Planning** (MIF: US\$57,250; Counterpart: US\$168,550)

- 3.13 The final component would provide for the consolidation and monitoring of the program and include specific actions to plan for the future expansion of the model to other regions and nationwide. Among its activities, this component would finance exchanges and meetings between the regional pilots to share information, production of learning materials on the project as well as the promotion of the project to the wider private sector and public. Included in the activities will be the development of a long-term financing plan that demonstrates how through the combination of fees and future donations, the model for professionalizing NGOs will be sustained over the long run. The Bank/MIF and the VIC consortium would share author's rights for materials produced under the program.

**IV. EXECUTING AGENCY AND BENEFICIARIES**

**A. Project Execution Mechanism**

- 4.1 Fundación VAMOS will execute the project in consortium with INVERTIR and CEMEFI. The execution framework is intended to simplify administration but will draw on the leadership and extensive expertise offered by the consortium.. Administration of the project, in terms of financial reports and disbursement, will be handled by *Fundación* VAMOS who will enter into a legal consortium agreement with INVERTIR and CEMEFI to execute this specific project. No new legal entity would be created. A small project executing unit will provide technical leadership and quality control of the project. The unit will include an Executive Director, two Sub-Program Directors, and a program assistant.



*Fundación VAMOS* on behalf of the consortium will enter into contracts with each of the three regional associate NGOs who will be the local coordinators of each of the regional pilots.

- 4.2 The executing unit of the project will be overseen by a *Consejo Directivo*, Directive Council (CD), comprised of at least one representative of each of the three organizations of the VIC consortium. The Presidency of the Council will rotate annually. The council will have the overall responsibility for guiding the project, in particular for strategic policy decisions about the direction of the project. The executing unit would be responsible for more day-to-day management of the project and provide quarterly reports on the operation of the program to the Directive Council. The Council will draw as well on an advisory council (*Consejo Asesor*) of leading private sector, government and non-governmental groups, who will meet periodically to review the progress of the project, provide input and advice, and assist in the planning of a long-term professionalization system.
- 4.3 The extensive experience of the members of the VIC Consortium and their relationship with the wider NGO community is essential to building from the pilot stage to a national system. *Centro Mexicano para la Filantropía* (CEMEFI) is the recognized national leader in promoting private sector philanthropy and establishing legal frameworks for the operation of non-governmental organizations. CEMEFI has extensive seminar and training experience throughout the country in how to establish NGOs as legal entities and strengthen internal operations. *Invertir para la Sustentabilidad* (INVERTIR) is a dynamic organization with particular experience in producer organizations and with the private sector; as well it has experienced personnel in areas of institutional development and training of NGOs. It will offer particular expertise in the development of market-oriented curriculums, entrepreneurship, and marketing by NGOs. *Fundación Vamos* (VAMOS) is dedicated to social and economic development of the poor with particular strengths and wide-ranging contacts with social and peasant-based organizations in rural and indigenous communities. Since its inception, the majority of VAMOS projects have supported training of NGOs, with particular emphasis on internal management, member relations, and external communications for NGOs serving the poor. While all have contacts and partner organizations throughout Mexico, the three organizations also have different regional and sector strengths: CEMEFI with the private sector and NGOs in the North and Central regions and Oaxaca; VAMOS with the South, poorer states and indigenous communities; and INVERTIR with agricultural, producer, and indigenous organizations in both the North and South.
- 4.4 VAMOS will enter into an inter-institutional agreement with each of the three regional associate NGOs who have been selected to execute the regional pilots. In Jalisco, *Instituto Mexicano para el Desarrollo Comunitario* (IMDEC) is an NGO with over 20 years of experience specifically in NGO institutional training and development would serve as the project's local manager. Jalisco would follow the model of a strong local institution, which can be a major advisor as

well as provider of services. In Oaxaca, there are a wealth of NGOs who require professionalization in order to better respond to growing demand from public, private, and philanthropic institutions looking to support local economic development through NGOs. While there was no single institution in Oaxaca providing professionalization training and services, *Centro de Apoyo al Movimiento Popular Oaxaqueño* (CAMPO) is recognized as a leader on professionalization as part of a local network of NGOs dedicated to this purpose. The Northern pilot (Chihuahua) that would start mid-way through the life of the project represents a third alternative model. *La Fundación del Empresariado Chihuahuense* (FECHAC) is an NGO started and supported by the private sector, representing private sector interests in stimulating NGO growth and local development. The presence of the private sector is more strongly felt in the North and linkages between the private and non-profit sectors could best be experimented first in this region. The third pilot would be initiated in the second year of the Program and will be able to respond to experience gained from the first two pilots. All procurement of goods and services will follow Bank procedures which include developing short lists to hire consultants or firms to the extent possible to speed execution.

## **B. Project Readiness**

- 4.5 The three consortium members have worked steadily to develop this project and are ready to put this project into execution once approved. A highly experienced Executive Director has been selected by a competitive process in coordination with the Bank team. The terms of reference for all principal members of the executing unit have been prepared and agreed to. The consortium members have selected INVERTIR to serve as the first president of the consortium. The interinstitutional agreement between the three organizations of the consortium (VIC) has been developed and will be finalized shortly. A series of meetings have been held with the regional associate members to plan the regional pilots. An extensive schedule of activities for each year of the Program has been developed

## **C. Beneficiaries**

- 4.6 The project would have two principal groups of direct beneficiaries. The first group is comprised of those NGOs and their staffs who directly receive training, services, and orientation/planning under the project. Over 200 NGOs, and at least 800 persons will receive group-based training under the program in specific skill areas. An estimated 40 NGOs, 120 persons, will receive a more comprehensive package of short courses, new curriculum modules, and one-on-one technical assistance for implementation. The second group of beneficiaries will be those private sector and non-profit providers of training and services. The project would provide training or orientation to serving the NGO market to 320 firms or non-profit providers, of which half should receive training in new curriculums. In addition, 1,000 firms are expected to be registered in the data base of providers and would be able to serve not only the NGOs directly

participating in the project, but the broader range of NGOs in Mexico. There will also be indirect benefits to both private providers of services and training and NGOs outside the pilot regions who will benefit from better trained and oriented suppliers, new products to serve the NGO market, and an expanded campaign to promote professionalization of the non-governmental sector.

#### **D. CESI**

- 4.7 The CESI met on November 12, 1999 and approved the operation recommending that topics such as occupational health and safety and labor conditions be included in training and technical assistance activities; and, that methodologies should include ensuring that women's groups are strengthened by the project.

### **V. COST, SOURCE OF FINANCING AND COST RECOVERY**

#### **A. Budget and Source of Financing**

- 5.1 The following table presents the three-year project budget, divided between MIF (60%) and VIC Consortium (40%) counterpart; 50% of which is in cash:

<b>Components and Cost Categories</b>	<b><u>MIF</u></b>	<b><u>VIC Consortium</u></b>	<b><u>TOTAL</u></b>
<b>I. Component 1: Market Development</b>	189,900	414,800	604,700
<b>II. Component 2: NGO Training &amp; Technical Assistance</b>	635,140	258,850	893,990
<b>III. Component 3: System Development, Monitoring, &amp; Long-Term Planning</b>	57,250	168,550	225,800
<b>Technical Support</b>	546,100	60,500	606,600
<b>Monitoring, Supervision and Evaluation</b>	345,500	51,800	397,300
<b>Equipment</b>	47,800	31,000	78,800
<b>Administration</b>	63,200	364,500	427,700
<b>Contingencies</b>	115,110	0	115,110
<b>TOTAL</b>	<b>2,000,000</b>	<b>1,350,000</b>	<b>3,350,000</b>

#### **B. Sustainability**

- 5.2 This program is intended to test pilot experiences to build towards a long-term national system of professionalization training and services for non-governmental organizations. It contains a series of programatic and financial strategies and activities to build towards a system which is sustained, over the long-term, through the combination of fees for services, pro-bono services, and donations to support specialized activities. The fee-for-services market would function much

like a private sector market. The Directing Council will propose a schedule of fees to be paid by NGOs receiving specific training under the project prior to the initiation of Component 2. The schedule will be based on input from a diagnostic study of the participating NGOs in the three regions conducted in the early phases of the project. This schedule may be later modified or adjusted in order to maximize financial sustainability of the training/services and strive for a reasonable level of cost recovery. The third component of this project finances a series of activities to synthesize the pilot experiences and develop a long-term financing and development plan for a national-based system. Based on this financial plan and the experience of the pilots, the Directive Council will undertake fundraising for those identified activities for which external financing is needed to expand and sustain the project on a national scale. Sources for external financing include local, state, and national governments, the private sector, and joint collaborations with local universities who have already expressed interest in supporting the project.

## **VI. BENEFITS AND RISKS**

### **A. Benefits**

- 6.1 This project represents the first known initiative in the region to systematically organize and advance training and technical assistance for non-governmental organizations on a substantial scale. As such, the project benefit's are not just to the specific firms and NGOs strengthened, but also contributes to building a comprehensive model to better enable non-profit organizations to fulfill important economic roles in the economy. The project will also better define and strengthen a private market for training and services for non-governmental organizations, promoting greater linkages between the private and non-profit markets. Lessons learned in this project can be utilized and adapted to a broader scale in Mexico and within the region.

### **B. Risks**

- 6.2 The principal risk of the project comes not in the execution of the MIF project itself but in the challenge of expanding a directly managed project in three regions to a broader program that can function on a self-sustaining basis. It is envisioned that a competitive market for training and services for NGOs would function under a mix of fee-based services and training; services and training provided on a *pro-bono* or expenses-only basis (for beginning NGOs); and, outside financing raised for specific initiatives. The project seeks to address this longer-term risk by providing specific funds and activities for strategic planning, fundraising, and system development in the third year of the project. It undertakes a number of the core investments needed for a national system, including creating a national data base of suppliers, the testing and developing new curriculums and methodologies, and the development of different regional execution models.

## **VII. PERFORMANCE INDICATORS AND EVALUATION**

- 7.1 Resources provided under the project will finance an initial evaluation framework and set of performance indicators and baseline data on suppliers and NGO beneficiaries to be utilized through the life of the project. The evaluation framework, mid-term and final evaluations for the project will be undertaken by outside experts. The project has been designed in distinct cycles so that there is frequent opportunity for reviewing current experience and inputting lessons learned both within and among the pilots. The first two pilots (Jalisco, Oaxaca) will start in the first year of the project, with the third pilot in Chihuahua sequenced mid-way in the second year. Training of NGOs in each of the three pilots will be in cycles, so that training methods and follow-up can reflect learning by doing for each new group of trainees. This sequencing of project activities both within and among the pilots combined with the monitoring and evaluation system is intended to provide a multitude of opportunities to revise and reevaluate methodologies and the content of training during the life of the project. The terms of reference for the contracting of an evaluation firm or individuals will be developed within the first two months of project execution. The Bank will select and hire the executing firm based on the recommendation of the Directing Council. Their recommendation will include the top three candidates interviewed.
- 7.2 The project envisions two sets of indicators for evaluation. The first set applies more broadly to the impact on the market for NGO services and the overall group of beneficiaries, that is, the demand and supply effects of the project. The project will measure the expansion of the NGO market for training and services from the initial baseline of providers in the first year of the project and its growth and development overtime. In particular, it expects that at least 70% of the providers trained under the program will continue to serve the NGO market, and that at least 10% of their revenue will come from the NGO market. The demand effect of the program can be measured in terms of increased demand on the part of NGOs for training and services. The project expects that at least 40% of the NGOs receiving group training will continue training services with their own resources. Additional indicators will be suggested and developed in the initial evaluation framework developed for the project.
- 7.3 The second set of evaluation criteria provides for more targeted impact evaluation of the 40 NGOs/120 persons receiving "one-on-one" technical assistance and group training. All NGOs participating in the more advanced group of training and services will be required to set institutional goals for a professionalization program under the project. These specific goals are expected to be financial and institutional in nature, specifically: increase in revenues; diversification of funding resources; decrease in operating expenses/increased efficiency. The intention here is to get NGOs to orient the professionalization program towards specific outputs or goals. The project will monitor the percentage of NGOs achieving these goals under the project, and expects that 100% will be realizing gains and operating under a five-year plan with improved methods of

capitalization. The wider group of NGO beneficiaries will be monitored as well under the project.

### **VIII. EXCEPTIONS TO POLICIES AND PROCEDURES**

- 8.1 None.

### **IX. SPECIAL CONTRACTUAL CONDITIONS**

- 9.1 In addition to the Bank's general contractual conditions applicable to this operation, prior to the first disbursement of funds the executing unit must present, to the satisfaction of the Bank, (i) evidence of the consortium agreement signed between VAMOS, CEMEFI, and INVERTIR; and, (ii) evidence of the establishment of the executing unit with the Executive Director named to head the unit. The consortium agreement should specify, among other things: (i) commitments of the parties (VAMOS, INVERTIR, and CEMEFI) for the execution of the project; and, (ii) commitments of each of the parties to contribute to or solicit the counterpart funds required under the project. Prior to conducting the regional pilots (in Component One), the Bank will require evidence of: (i) the collaborative agreement signed between VAMOS and IMDEC for activities to be conducted in the state of Jalisco; and, (ii) the collaborative agreement between VAMOS and CAMPO for activities to be conducted in the state of Oaxaca. Funds may be disbursed for this third pilot once evidence is presented of a collaborative agreement between VAMOS and the proposed regional associate, FECHAC and the first two pilots have executed for at least six months. Once the Bank's general contractual conditions have been met, the Bank may disburse up to \$30,000 to cover the costs of the Executive Director of the project.

## LOGICAL FRAMEWORK

ACTIVE SUMMARY OF OBJECTIVES	INDICATORS	METHOD OF VERIFICATION	ASSUMPTIONS
Environmental Organizations Social-Based Enterprises (SEs) and in economic and social terms	-40 NGOs/SEs realizing gains on specific goals set for program, operating on a long term institutional plan (5 years) and functioning under improved capitalization/financing by the end of the project (Year III)	- external evaluation - data collected on beneficiary NGOs	-conditions of economic stability at national/regional level. -conditions of political stability at national/regional level and internal to regional associates.
Expanded and expanded market in services and training (e.g. finance, entrepreneurship and technology) demanded by environmental organizations and non-governmental organizations and the private sector (PS)	-70% of the providers trained continuing training to NGOs/Social Enterprises in Year III  -40% of NGOs/ESs having completed program now purchasing training or services with their own resources	-internal and external evaluation  -data collected on providers	- the productive capacity, the initiative and the collective effort of the NGOs maintained with continued capacity to demand services of the providers.
COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Providers oriented and provide better quality training NGO needs on greater scale. Programs developed oriented to the role of NGOs	-On average, 10% of the training providers' annual revenue because of the project, comes from the NGOs contracts during Year III -increase in number of providers providing services and training to NGO market -training providers using products developed by project	-internal evaluation of samples of providers -number of training providers inscribed in data base of project	-a managerial culture among the NGOs which will allow them to take a risk investing in new markets, institutional development
Strengthened through training, and one-on-one counseling	-40% of the NGOs/ES receiving group training, hiring professional services with their own resources, cumulative in year III	-internal evaluation -data collected on beneficiary NGOs	-stable socio-economic conditions at state level in each of the pilots

Program consolidated and long-term project completed	-15% of the projected counterpart funds are achieved from each of the governmental, private and NGO sectors and accumulated over the three years	-internal evaluation -strategic planning document -amount of funds and counterpart raised	-the governmental, federal and state sectors, include civil society organizations in its development strategies
Adequately managed and	-the project (with an improve model) has a 4 years plan, in year III -the financial part of the project is 70% secure by year III	-audits -external evaluation	-resources provided in project adequate to carry out 95% of activities planned
<b>ACTIVITIES</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
Specific to characterize the supply of providers at national levels (by EU -Executing	1.1.Diagnostic Report and Supplier data base	1.1.monitor by EU, Supplier data base	
Develop new curriculums (UE-	1.2. descriptive materials for training in each skill area	1.2. monitor by EU	
Develop or elaborate training (EU-Pilots)	1.3. brochures/training materials in a print run of 750	1.3. monitor by EU	
Develop and maintain the data base of providers (EU-Pilots)	1.4. Supplier list with 1,000 potentials providers	1.4. monitor by EU	
Develop and maintain the data base of providers (EU-Pilots)	1.5. Minutes of the meetings	1.5. monitor by and Local Associates (LA)	
Develop workshops to train providers at national level, with emphasis in pilot (EU-Pilots)	1.6. Approximately 160 professionals trained to offer group training to NGOs	1.6. Notes, with evaluation of the participants, collected by EU	
Develop workshops to orient providers (EU-	1.7. 160 professional oriented to provide training to NGOs	1.7. Notes, with evaluation by the participants, collected and applied by EU	



<p>l seminar "Introduction to ector" to create synergy viders of services (EU)</p> <p>is of demand and supply of services in pilots states</p> <p>tion of the data base about and of participants (EU-</p> <p>r "Introduction to the Third Productive Organizations"</p> <p>Training Workshops for al Enterprises (Pilots)</p> <p>Phase of Workshops for (ts)</p> <p>ent One-on-One technical o Social enterprises and iously identified in the pilots</p> <p>e triptych and other materials of the program</p>	<p>1.8. 160 persons participated in national seminars</p> <p>2.1. Report that permits development of data base in 2.2.</p> <p>2.2.Data base of participant NGOs in program</p> <p>2.3. 40 participants in each pilot</p> <p>2.4. 120 NGOs and ESs trained</p> <p>2.4. 120 ESs/NGOs with trained representatives</p> <p>2.5 120 ESs/NGOs with trained representatives</p> <p>2.6. 40 NGOs receiving technical assistance based on own strategic plan</p> <p>3.1. printed materials</p>	<p>1.8. Minutes of meetings</p> <p>2.1. monitor by EU, diagnostic report</p> <p>2.2. Monitor by EU, data base on demand of NGO participants</p> <p>2.3. Minutes of the seminars</p> <p>2.4 Minutes, internal evaluation of participants, evaluation by LAs</p> <p>2.5. Minutes of sessions and evaluations by local associates</p> <p>2.6.report of the LAs</p> <p>3.1. monitor by DC</p>	
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meetings of the Directing (C)	3.2. minutes of meetings	3.2 monitor by DC	
ation of the Advisory Council hievment of trimestral (C)	3.3. 20 persons named and participating	3.3. monitor by DC	
ment and maintenance of c materials	3.4. An internal center documentation functioning	3.4. monitor by DC	
n communication and exchange l entities (government, or, and civil society) (DC-EU	3.5. contributions and collaboration with the government and international cooperation realized in accordance with the financial plan	3.5. revised/expanded financial plan	
ake promotional seminars	3.6. 25 persons meeting approximately every 3 months	3.6. reports from DC	
ake long-term strategic long term development of (DC)	3.7. Strategic plan published in third year		
tion of aOperations Manual he policies for the project's on (EU)	4.1. aproved Manual by DC and printed	4.1. monitor by EU	
ted local associates for pilots	4.2. Three Las functioning in year II	4.2. report of the EU	
ring visits of the Pilots by the Unit (EU)	4.3. ALs fulfilling their work plans	4.3. monitor by EU	
tion of instruments of ion and evaluation (EU-	4.4. accessible information about the Program with uniformity among LAs	4.4. monitor by EU	

ting of external evaluation	4.5. evaluation report	4.5. monitor by DC	
ous monitoring and reports onths to the EU (Pilots-EU)	4.6. reports	4.6. monitor by DC	
ccounting work and generate financial reports (CD)	4.7. reports	4.7. monitor by VAMOS	
ut accounting and generate and financial reports related (Pilots)	4.8. reports	4.8. monitor by DC/VAMOS	
te programatic and financial -Pilots)	4.9. reports	4.9. monitor by DC	
act annual audits	4.10. reports	4.10. monitor by DC/VAMOS	

PROPOSED RESOLUTION

MEXICO. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE STRENGTHENING OF  
NON-GOVERNMENTAL ORGANIZATION PROGRAM

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Fundación Vamos (VAMOS), and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation program for the Strengthening of Non-Governmental Organization.

2. That up to the amount of US\$2,000,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Human Resources Facility of the Multilateral Investment Fund.

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