

## COMMUNITY MOBILIZATION PROGRAM

(TC-97-02-20-1-BR)

### EXECUTIVE SUMMARY

**BENEFICIARY AND EXECUTING AGENCY:** Social Welfare Volunteer Service (SERVAS)

**ULTIMATE BENEFICIARIES:** Nongovernmental organizations, neighborhood associations, small business groups, parents' associations, and similar bodies

**AMOUNT AND SOURCE:**

IDB:	US\$2,900,000 (net income/FSO local currency, nonreimbursable) 46%
Local counterpartfunding:	<u>US\$3,400,000</u> 54%
Total:	US\$6,300,000 100%

**TERMS:**

Implementation period:	24 months
Disbursement period:	30 months

**OBJECTIVES:**

The objective of this technical cooperation (TC) is to support the Government of Minas Gerais in its initiative to mobilize civil-society resources, on a permanent and sustainable basis, for financing community projects in poor neighborhoods. The TC will also be used to disseminate this program model throughout the state and the rest of Brazil, with a view to enhancing the effectiveness of social expenditure.

The objective will be achieved by: (a) developing a methodology for the program, refining its technical tools and project analysis procedures, and strengthening the institutional capacities of its managing agency, SERVAS (the Social Welfare Volunteer Service); and (b) providing technical and financial support for pilot experiments in project financing.

**DESCRIPTION:**

The technical cooperation will be composed of the following components:

1. **Methodology development** (US\$1.1 million) for the Community Mobilization Program (CMP), including: (i) developing methodologies for project preparation and analysis; (ii) dissemination and training for regional promoters, nongovernmental organizations (NGOs) and communities; (iii) regulations and operating tools for the CMP;

(iv) management system; and (v) performance evaluation of the program.

2. **Pilot projects** (US\$5.2 million): This will include financing pilot projects and monitoring their implementation, in the program's three major fields of activity: *community social services, improved housing conditions, and support for productive activities*. Funding for these projects would be based on the CMP's shared-cost model (providing "matching funds" for 50% of project costs), through grants to NGOs and community groups.

**THE BANK'S  
COUNTRY STRATEGY:**

The Bank's policy for social-sector activities in Brazil is aimed primarily at offsetting the consequences of social investment shortfalls and reducing income inequalities. Priorities include investing in human resources, enhancing the quality and coverage of education and health services, and upgrading urban and basic sanitation infrastructure, with particular attention to low-income urban and rural groups.

The proposed program reflects this strategy, through its focus on improving the quality of social services for the poorest segments of society, relating primarily to social assistance and housing infrastructure. It will promote closer targeting and greater efficiency in the management of social spending, it will broaden the coverage of social projects, and it will have an impact on basic sanitation conditions for low-income groups.

**BENEFITS:**

The expected benefits of the program are:

- a. Development of civil-society organizations, by providing technical, financial and managerial support to some 200 NGOs, in particular neighborhood associations, benevolent agencies, and associations of parents and families of people with disabilities.
- b. Support for low-income and at-risk groups, among whom some 11,900 individuals are expected to benefit directly from social service support projects, 4,440 from sanitation and housing upgrade projects, and 4,120 from production projects. In total, these pilot projects will affect about 19,770 beneficiaries directly, and 30,120 indirectly.

- c. Dissemination and replication of CMP-style pilot experiments in other states, to demonstrate the viability, impact and sustainability of having the public sector work jointly with civil-society organizations in cofinancing social projects. The goal is to disseminate the program's results to other Brazilian states, so as to encourage its adoption and spread its benefits in terms of greater efficiency and better management in social programs.
- d. Development and reinforcement of the participatory management model that involves civil society in financing and maintaining social services for the poorest segments of society.

**RISKS:**

One risk to be considered is that a new government might shift priorities in state policy regarding poor communities, which might reduce official logistical and political support for the CMP. In terms of logistical risks, these will be minimized through technical assistance, which will be provided to all technical personnel involved in executing the program, including the municipalities, and which will result in a sound institutional structure for decentralized implementation of the CMP. With respect to the political risk, the best way to minimize it is to disseminate and establish the program itself, thereby generating a productive and dynamic community dialogue that will build positive pressure for maintaining and sustaining the program.

Another risk is that the needed steps might not be taken to institutionalize community participation strategies in the programs of other state agencies. To minimize this risk, the state authorities have given their commitment to extend the experiment to other state agencies, and to disseminate the findings of the evaluation of the CMP methodology.

A third risk is that, despite its advantages, the methodology promoted by the program will not be adopted by a sufficient number of states in Brazil. The strategy for minimizing this risk is to enlist the federal government's support in promoting the model, in addition to the dissemination efforts that the Government of Minas Gerais will be making.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

None.

**POVERTY-TARGETING  
AND SOCIAL-SECTOR  
CLASSIFICATION:**

According to paragraph 2.13 of the Eighth Replenishment document (AB-1704), this project can be classified as social, because it is aimed at reducing poverty, and its investments will be concentrated in the areas of sanitation, upgrading housing, improving the productive capacity of small farmers, and creating microenterprises. It will also help to update the state government's approach to social equity programs. The project may be considered poverty-targeted (consistent with paragraph 2.15 of that document), since its activities will be restricted to low-income groups.

**EXCEPTIONS TO  
BANK POLICIES:**

None.

**ENVIRONMENTAL/  
SOCIAL REVIEW:**

The program will promote better health and sanitary conditions, which will help to reduce the incidence of water-borne diseases. The improved housing, the new community services and the new jobs that will flow from the program will impact positively on the quality of life for beneficiaries. Some of these improvements will be of particular benefit to women. Aspects of the program that could produce negative environmental fallout, such as work-related accidents and the generation of solid and liquid wastes, will be of minor dimension. To prevent and eliminate such impacts, the following measures will be taken: (a) environmental eligibility criteria will be prepared and applied for the various kinds of projects; (b) environmental guidelines will be prepared; (c) as part of the performance evaluation of the program, the Bank will receive a report showing the results of applying the environmental eligibility criteria to projects, and identifying lessons learned and any adjustments to those criteria made or recommended.

**PROCUREMENT OF  
GOODS AND  
SERVICES:**

Procurement of goods, construction of works, and contracting for related services financed by the program will be carried out in accordance with the procedures indicated in the Bank's policies. Purchases of goods by the program's end-beneficiaries will be arranged through private tendering, with proof that at least three proposals have been requested. These tenders will be reviewed by the executing agency as part of the reporting requirements, and the Bank will review them on a sample basis. The contracting of consulting services

and procurement of goods by the executing agency will be governed by the provisions of Annexes C and B, respectively, of the loan contract. The Bank has approved the terms of reference for the contracting of consulting services financed with Bank resources.

## I. FRAME OF REFERENCE

### A. Socioeconomic indicators for Minas Gerais

- 1.1 Minas Gerais is the second largest Brazilian state in population (14 million), and occupies the number two position in terms of gross output. It has experienced sustained and dynamic growth, in particular since the 1970s. Today it enjoys a high degree of industrialization, and a modern agricultural sector. Its major industry is mining, but agriculture employs the greatest number of people.
- 1.2 In terms of social indicators, the situation is similar to that of the country as a whole: although it has an average income per capita estimated at US\$3,600, there are stark contrasts in the level of development among its regions, and between the wealthy and poor segments of its population. A recent study <sup>1/</sup> on social conditions in the state, using the United Nations human development index, found that the index for the state, at 0.75, is similar to the national figure, and places it among the "medium human development" countries. Of the state's 723 municipalities, 98 are classed at a low level of human development, 587 as medium, and only 28 have a high index. This means that 73% of the population lives in municipalities with a low or medium level of human development. These poorer municipalities tend to be located in the northern and north-eastern part of the state (a region prone to periodic drought), their economy is farming-based, and their populations are smaller than those of the more developed municipalities in the southerly portions of the state.

### B. The state government's social policy

- 1.3 The current state administration has launched a series of noteworthy initiatives in the area of social development, including innovations in education, health, social assistance and other fields. One of its most significant departures is the new system for distributing tax revenues among municipalities, through what is known as the "Robin Hood Law". This law has introduced new criteria for sharing state tax revenues among municipalities, based on indicators that reflect socioeconomic conditions and the nature of local expenditure. The intent is to encourage the progressive redistribution of these revenues, to foster administrative efficiency, and to promote investment in socially strategic sectors.
- 1.4 Education policy is another area that has seen major innovations. The state government has introduced a strategy of decentralizing

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<sup>1/</sup> IPEA and Fundação João Pinheiro: Condições de Vida nos Municípios de Minas Gerais - 1970/1980/1991.

education spending, and a new scheme for distributing resources within the sector. The success of this policy has been recognized nationwide, and is attributed primarily to the autonomy of school units, an enhanced role for principals and parents' councils in running them, and the incentive that municipalities have been given to increase operating and maintenance spending on their schools.

#### **The "Robin Hood Law"**

The law setting out the distribution criteria for the 25% of the Goods and Services Turnover Tax (ICMS) earmarked for the municipalities has changed the rules whereby each municipality used to receive a share based on tax collections within its jurisdiction, to a system of indicators that fosters the geographical redistribution of revenues and offers incentives to investment in certain strategic sectors. Among the indicators used are the following: (i) municipal spending on **education**; (ii) spending on **health**; (iii) spending on **environmental protection** (including garbage collection); (iv) increases in **municipal revenues** (compared to transfers); (v) geographic area; (vi) population. The law earned its name because the way it has been applied has meant that the poorer municipalities are receiving higher transfers per capita than the better-off ones.

- 1.5 In the health field, significant success has been achieved with the Family Health Program, under which medical teams and community workers are assigned care responsibilities for a specified number of families. A large number of municipalities throughout the state have adopted this system, and have shown positive results in reducing the indices of disease and hospitalization rates.

#### **C. The Community Mobilization Program**

- 1.6 As part of this innovative approach, the state government, in its efforts to alleviate poverty and direct attention to at-risk groups, has adopted a strategy of mobilizing resources within the community, and delegating responsibility to nongovernmental bodies for project execution and the delivery of services. The Community Mobilization Program (CMP), the target of this technical-cooperation proposal, is the cornerstone of that new approach.
- 1.7 The CMP seeks to identify and facilitate initiatives by civil-society organizations, by providing technical support and counterpart funding for their projects. The CMP assists with projects to build and outfit social service centers (aid to the handicapped, homes for the aged, child care facilities), housing improvements and small-scale sanitation systems, and productive projects. It is the community groups themselves, with technical support from state agencies, that prepare, submit and carry out the projects. An NGO known as SERVAS (see paragraph 3.1) serves as coordinator for implementing the program.
- 1.8 Results of the program during its first two years in operation have been highly positive: it has financed 365 small projects, which have benefitted about 150,000 people directly or indirectly. At an average cost per project of about US\$45,000, the cost per beneficiary has been only US\$257, which is relatively low when

compared with similarly oriented programs in other parts of Latin America.

- 1.9 The features and advantages of the CMP can be summed up in three major aspects: (a) the program offers an effective mechanism for **mobilizing resources** for social programs, by combining the efforts of the state, the private sector and civil society to tap new sources of financial and human resources and to direct them towards meeting social policy priorities; (b) it encourages a clearer **targeting** of state spending, by identifying demand through the self-selection process, and establishing eligibility criteria; (c) it fosters **resource savings** in the achievement of social investment goals, when compared with the cost of similar programs, and achieves higher returns on public funds invested in the sector.
- 1.10 Another important contribution has been to support the establishment and **development of NGOs**. This has allowed advantage to be taken of the potential of such organizations in mobilizing resources from within the community and from local levels of government, and has enhanced their management capacities for providing services and carrying out social projects. The CMP is thus a mechanism for supplementing and broadening the thrust of state social policy, and one that offers major advantages in comparison with other programs that are delivered directly by public agencies. Having the beneficiaries put up cofinancing elicits a sense of ownership and care about the project's outcome. This enhances the prospects of success for such projects, and hence the effectiveness of public social spending.
- 1.11 The CMP strategy is consistent with the Bank's objectives for the development of nongovernmental, civil society entities. The Government of Minas Gerais wants to see this program become firmly established as the most effective form for channeling resources and replacing direct government intervention for achieving its social policy goals. The intent is to extend the methodology developed for this program to other areas of government, and thereby to transform the *modus operandi* of other state agencies involved in social issues. The most important consideration, however, will be to consolidate the efforts of the great numbers of NGOs, neighborhood associations, parents' associations, philanthropic bodies, producers' cooperatives and others that offer so much potential for mobilizing the resources of society itself.
- 1.12 Despite its achievements and its advantages, the CMP experiment is still in many ways at the embryonic stage. For example, the program lacks a consistent approach to technical analysis, project monitoring and evaluation, and its management structure and tools need to be strengthened. The prime reason for supporting this experiment is its potential to serve as a model that can be put to use by other Brazilian states. The technical cooperation to be provided will attempt to demonstrate the viability, the impact and



the sustainability of having the public sector work in partnership with community organizations. Dissemination of this method should lead to the adoption of this kind of program by other governments at the municipal and state level, with significant benefits in terms of the effectiveness and efficiency of social expenditure.

D. Relationship with the Bank's country strategy

- 1.13 The Bank's policy for social-sector activities in Brazil is aimed primarily at offsetting the consequences of social investment shortfalls and reducing income inequalities. Priorities include investing in human resources, enhancing the quality and coverage of education and health services, and upgrading urban and basic sanitation infrastructure, with particular attention to low-income urban and rural groups.
- 1.14 The proposed program reflects this strategy, through its focus on improving the quality of the social services that are offered to the poorest segments of society, in particular in social assistance and housing infrastructure. It will promote closer targeting and greater efficiency in the management of social spending, it will broaden the coverage of social projects, and it will have an impact on basic sanitation conditions for low-income groups in the more disadvantaged urban and rural areas.

## II. PROJECT OBJECTIVES AND DESCRIPTION

A. Objectives and expected outputs

- 2.1 The objective of this technical cooperation is to support the Government of Minas Gerais in its initiative to mobilize civil-society resources, on a permanent and sustainable basis, for financing community projects in poor neighborhoods. The TC will also be used to disseminate this program model to the rest of Brazil, with a view to enhancing the effectiveness of social expenditure.
- 2.2 The objective will be achieved by: (a) developing a methodology for the program, refining its technical tools and project analysis procedures, disseminating its project preparation techniques among communities and NGOs, and strengthening the institutional capacities of its managing agency, SERVAS (the Social Welfare Volunteer Service); and (b) carrying out pilot projects in areas of priority social interest, that can serve as models for adopting and making use of the CMP's operating methodology.
- 2.3 Greater understanding is expected to emerge regarding methodologies for design, preparation, execution and impact evaluation, in the course of implementing the following projects:

- 47 community development projects, including: 12 homes for the aged, 12 support centers for the handicapped, 11 community centers, and 12 daycare centers;
- 26 support projects for productive activities, 13 in urban areas and 13 in rural areas;
- 30 housing improvement projects, 15 of them relating to upgrading dwellings and 15 to simple sanitation systems.
- In addition to their learning effect, these pilot projects will be of benefit to some 19,700 individuals directly, and 30,100 indirectly.

2.4 Activities relating to promotion, training and institutional strengthening will produce the following benefits:

- strengthening about 200 NGOs and neighborhood associations;
- training for about 250 project promoters and technical analysts, members of community associations and NGOs.

B. Components

2.5 The technical cooperation will consist of two components:

1. Methodology development (US\$1.1 million)

2.6 This consists of developing the technical, methodological and logistical tools needed for the CMP to operate effectively. It will include the following subcomponents:

- a. Development of project preparation methodologies: This will involve systematizing and improving methods of technical, financial, institutional and environmental analysis for projects financed by the CMP, in its various fields of operation. The intent is to establish standardized project analysis procedures based on standardized guidelines and instructions. These will be used to provide guidance both for technical personnel involved in promoting and analyzing the projects, and for NGOs and final beneficiaries in preparing and submitting their applications (US\$150,000).
- b. Dissemination and training: The technical cooperation will also pay for the distribution of project preparation and management handbooks among state technical personnel involved in promoting and analyzing the projects, among the NGOs that are helping communities to prepare their submissions, and among the communities themselves that will be managing the projects. Training will be provided through regional programs and workshops in the beneficiary communities (US\$600,000).

- c. Regulations and operating tools: This subcomponent is intended to define and systematize operating procedures for the program's functioning. It involves analyzing the program's internal procedures, its operating rules, eligibility criteria, mechanisms for implementing and monitoring projects, etc. It should result in a set of Operating Regulations for the CMP (US\$50,000).
- d. Management system: Support will be provided for developing a management system for the CMP, including an assessment of information needs, a logical design for an information management model, and setting up a management information system. This component should result in installation of an integrated computer network for managing the program, that will allow for proper control and monitoring of its operations (US\$200,000).
- e. Program evaluation: Evaluation of the performance of the CMP will be made possible by setting up a system for monitoring and evaluating a sampling of projects under way or already financed by the program. The purpose of such evaluation is to identify the social and economic impact of these projects, to analyze the appropriateness of the program's technical and operational procedures, and to prepare recommendations for improving project execution and evaluation practices (US\$100,000).

2. Pilot projects (US\$5.2 million)

- 2.7 This component consists of financing and monitoring the implementation of projects in the program's major areas of activity. Sample projects from each subsector will be used as a model for examining technical improvements in promotion techniques within the community, management and community organization models, economic returns and social benefits. The sectors include: (i) community social services; (ii) improvements in housing and sanitation; and (iii) support for productive activities. These projects will be financed in accordance with the CMP partnership model, by providing grants equal to 50% of project costs to requesting NGOs and community groups. The projects will be subject to the program's selection and technical analysis criteria (see paragraph 2.6), and will be monitored and evaluated systematically during execution. Resources from the Bank's TC will be aimed primarily at financing organization, management and training for the recipient groups, providing equipment and supplies, and covering a diminishing portion of recurrent costs.

C. Description of the sectors

- 2.8 Community social services: Financing will be provided for social support services to low-income at-risk groups, organized and administered by community organizations, philanthropic agencies and the like. Eligible projects include: (a) homes for the aged;

(b) *support centers for the handicapped (APAEs)*, which are administered and run by associations of parents of the handicapped, generally with state technical and financial support; (c) *community centers*, which are located in the outskirts of cities or in rural towns, and are used for recreational, community and economic promotion activities; (d) *child daycare centers*, which are run by NGOs with parent participation, and nearly always receive support in the form of supplies and food from the local authorities. The program will finance the construction, upgrading or expansion of these centers and their facilities. Beneficiary associations will be required to provide sufficient staffing and funding for maintaining the services offered in the centers.

- 2.9 Improvements to housing and alternative sanitation systems: These projects involve: (a) *upgrading sub-standard housing units* - usually by adding or rehabilitating a bathroom and making minor improvements to the exterior finishing of existing dwellings - in outlying areas of cities and in rural towns; (b) *installing simplified water distribution systems* (electric pumps and piping for domestic water supply), in rural settlements where the state water utility does not provide service. The projects will be conducted under the mutual aid system, and will serve as a means of strengthening intra-community bonds, as well as making a marked improvement in sanitation conditions for the beneficiaries.

- 2.10 Urban and rural productive activities: This consists in financing and monitoring the implementation of small cooperative projects for producing and marketing farm and cottage industry products. In rural projects, financing is provided for tools and implements used in planting, harvesting and storing farm products, and equipment and facilities for processing products, as well as training for the beneficiaries. All such projects are assessed from the viewpoint of their commercial and financial viability. Beneficiaries (who are expected to form an association) are provided training in such aspects as marketing, simple accounting and management. Stress will also be placed on creating maintenance funds to ensure that the investments are sustainable.

D. Selection criteria

- 2.11 Projects financed under the program must meet not only the specific technical criteria for each type of project, including the CMP's operating rules, but also the following:
- a. The average monthly income of beneficiary families must be below the poverty line, which is equal to US\$60 per person per month.
  - b. Projects must fall within the maximum cost guidelines per beneficiary or per family, depending on the sector, as established for the program.

- c. To be eligible to submit a project, the beneficiaries must have belonged to an organized community group that has been in existence for at least one year.

2.12 Project financing proposals must contain the following information, as a minimum:

- a. Expected benefits, in both quantitative and qualitative terms; the number of direct beneficiaries and a substantiated estimate of indirect beneficiaries.
- b. Simplified plans for the works and technical specifications for the equipment to be financed, approved by the appropriate sectoral body within the state government.
- c. An implementation schedule and a detailed budget of the project's total cost (by year, by category of expenditure, and by source).
- d. Provision for a minimum of monitoring and evaluation, including the submission of monitoring reports and accounts, from which information can be derived on the impact achieved.

E. Cost and financing

2.13 Of the total of US\$6.2 million equivalent to be provided for implementing the TC, it is estimated that US\$1.1 million will be devoted to methodology development and US\$5.2 million to the financing of pilot projects. Of these resources, US\$3.3 million will represent the local counterpart contribution, and US\$2.9 million the Bank's share.

TABLE II-1 TOTAL COST AND FINANCING OF TC (IN US\$000)					
PROGRAM COMPONENT AND EXPENDITURE ITEM		IDB FSO-LC	LOCAL COUNTERPART	TOTAL	%
1	<b>Methodology development</b>	1,100		1,100	17.46
	Consulting services	450		450	7.14
	Training	500		500	7.94
	Graphic services	50		50	0.79
	Equipment	100		100	1.59
2	<b>Pilot projects</b>	1,800	3,400	5,200	82.54
	Consulting services	230		230	3.65
	Training	200		200	3.17
	Equipment	770	200	970	15.40
	Works and materials		3,200	3,200	50.80
	Recurrent costs	600		600	9.52
<b>TOTAL</b>		<b>2,900</b>	<b>3,400</b>	<b>6,300</b>	<b>100.0</b>
<b>Percentages</b>		<b>46.0</b>	<b>54.0</b>	<b>100.0</b>	

### III. PROGRAM EXECUTION

- 3.1 The executing agency would be the Social Welfare Volunteer Service (SERVAS), a private, nonprofit organization that was set up specifically to support social initiatives cofinanced by the state government. SERVAS has had many years of experience in carrying out social programs of a traditional philanthropic and welfare kind. More recently, however, it has come to play a complementary role to the state's social policy, coordinating the financing of community initiatives, and mobilizing additional resources to this end. SERVAS serves as a conduit for transferring funds to civil-society organizations, which are responsible for executing the projects and for their maintenance and management. Its funds are derived from state contributions, donations, bequests, and gifts from individuals and organizations, public or private.
- 3.2 SERVAS performs the role of selecting and evaluating proposals, coordinating their technical analysis, and supervising the implementation of CMP projects. Upon request by SERVAS, technical analysis of proposals is carried out in the field, by specialized agencies of the state government (such as the Ministry of Labor and Social Assistance, the Ministry of Public Works and Transport, the State Sanitation Authority, the Agricultural Extension Service, etc.). Once they have been authorized on technical grounds, projects are submitted for approval by the CMP Board. SERVAS reviews the analysis, verifies compliance with the eligibility

criteria, and submits the project to the program's Board for approval. Once approved, SERVAS assumes the function of financial control, monitoring and evaluation of the project.

3.3 The Ministry of Planning of the State of Minas Gerais (SEPLAN) manages the funding aspects of the program. Its tasks include making disbursements to beneficiaries, receiving and processing reports and accounts, checking procurement procedures, maintaining overall financial control of the program, and preparing the accounts and financial reports required by the Bank.

3.4 The program's administrative structure is as follows:

a. The **CMP Board**, composed of 15 members, including state ministers, members of volunteer organizations, municipal associations, private enterprise, and community leaders.

b. The **Executive Secretariat of the CMP**, a function performed by SERVAS, which receives and routes community project submissions to the appropriate state ministries to examine their feasibility, and submits those accepted to the Board for approval.

A. Procurement and contracting for goods and services

3.5 Procurement of goods, construction of works and contracting of related services financed under the program will be carried out consistent with the procedures indicated in the Bank's policies. According to program rules, the program's contribution to any one project cannot exceed the equivalent of US\$60,000. Procurement by the end-beneficiaries (community organizations) will be conducted, through private tendering, in accordance with the principles set out in the program's regulations, which are compatible with Brazilian legislation on tendering and require the submission of at least three proposals. These tenders are all to be reviewed on an ex post basis by the executing agency, and will be made available to the Bank.

3.6 The procedure for selecting and contracting consulting services and for goods procurement by the executing agency will be governed by the provisions of Annexes B and C of the loan contract; one requirement is an international calls for proposals for the award of consulting contracts worth more than US\$200,000. The Bank will give ex ante approval for the terms of reference and the consulting contracts financed with Bank resources.

B. Implementation period and schedule of activities

3.7 The program will be implemented over a period of 24 months, and the technical cooperation funds will be disbursed over 30 months, dating from the time the agreement enters into force. It is

expected that 40% will be disbursed during the first year, 50% in the second year, and the remaining 10% in the third year.

C. Environmental quality and social impact

- 3.8 **Favorable impacts.** The improvement in sanitation conditions will help to reduce the incidence of water-borne diseases; improvements to housing, new community services, and the creation of jobs will have a positive effect on the living standards of the beneficiaries. Some of these improvements will be of particular benefit to women.
- 3.9 **Potential negative impacts.** Program activities that could produce negative environmental impacts are: (i) productive activities (work-related accidents and the generation of solid and liquid wastes); (ii) small-scale works (poor location, work-related accidents, and generation of wastes). Any such impacts would be of very low dimension and impact.
- 3.10 To eliminate possible negative impacts, the following steps will be taken: (a) environmental eligibility criteria will be drawn up and applied for different kinds of projects; 2/ (b) training and the development of guidelines on environmental aspects under the methodology development component; (c) as part of the program performance evaluation, the Bank will receive the results of applying the environmental criteria for project eligibility, identifying lessons learned and any adjustments to those criteria made or recommended.

D. Monitoring and evaluation

- 3.11 The program's execution will be monitored by the Bank's Country Office in Brazil, on the basis of data supplied by SERVAS. The following reports are called for:
- 3.12 Semiannual reports: To facilitate monitoring of the program's impact and its compliance with benchmarks, monitoring data must be submitted in accordance with the guidelines set out in the program's Logical Framework (Annex I). These twice-yearly reports must contain information on financial execution, a list of approved projects and their results, the findings of studies and other output by the contracted consultants, and the reports that will be generated by the program evaluation system.
- 3.13 Final report and evaluation: At the end of the program execution period, the executing agency must prepare and submit to the Bank a final report on program execution and evaluation. In addition to

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2/ Environmental review of projects will begin six months into the TC, so that appropriate methods and criteria can be developed.



the kind of information generally required to support expenditures and systematic information on the program's overall performance, including physical and financial execution, this report must contain an analysis of the extent to which development objectives have been achieved, according to the benchmarks in the Logical Framework. This evaluation must be carried out on the basis of the monitoring system for projects to be financed and implemented with technical-cooperation resources.

- 3.14 The executing agency will have full autonomy in its approval of projects for financing under the program, and will have to maintain complete documentation and records of expenditures, for ex post review by the Country Office.

#### IV. BENEFITS AND RISKS

##### A. Benefits

- 4.1 The principal benefits expected from the program are:

- a. Development of civil-society organizations, by providing technical, financial and managerial support to some 200 NGOs, in particular neighborhood associations, welfare agencies, and associations of parents and families of people with disabilities.
- b. Support for low-income and at-risk groups, among whom some 11,900 individuals are expected to benefit directly from social service support projects, 4,440 from sanitation and housing improvement projects, and 4,120 from production projects. In total, these pilot projects will affect about 19,770 beneficiaries directly, and 30,120 indirectly.
- c. Dissemination and replication of CMP-style pilot experiments in other states, to demonstrate the viability, impact and sustainability of having the **public sector work in partnership with civil-society organizations** in cofinancing social projects. The goal is to disseminate the program's results to other Brazilian states, so as to encourage its adoption and derive the resulting benefits in terms of greater efficiency and better management in social programs.
- d. Development and reinforcement of the participatory management model that involves civil society in financing and maintaining social services for the poorest segments of society.

B. Risks

- 4.2 One major risk is the possibility that a new government might shift priorities in the state's policy regarding poor communities, which might reduce official logistical and political support for the CMP. In terms of logistical risks, these will be minimized through technical assistance, which will be provided to all technical personnel involved in executing the program, including the municipalities, and which will result in a sound institutional structure for decentralized implementation of the CMP. With respect to the political risk, the best way to minimize it is to disseminate and establish the program itself, thereby generating a productive and dynamic dialogue with civil society that will build positive pressure for maintaining and sustaining the program.
- 4.3 Another risk is that the needed steps might not be taken to institutionalize community participation strategies in the programs of other state agencies. Such a failure would compromise one of the CMP's major objectives, which is to enhance the efficiency and effectiveness of social programs. To minimize this risk, the state authorities have given their commitment to extend the experiment to other state agencies, and to disseminate the findings of the evaluation of the CMP methodology.
- 4.4 A third risk is that, despite its advantages, the methodology promoted by the program will not be adopted by a sufficient number of states in Brazil, because of local political considerations and other factors beyond the project's control. The strategy for minimizing this risk, in addition to the dissemination efforts that the Government of Minas Gerais will be making, is to enlist the federal government's support for these dissemination activities, which could be supported by other Bank projects.

## LOGICAL FRAMEWORK OF THE PROGRAM

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	EXOGENOUS VARIABLES
Additional resources and broaden community organizations, groups and local governments social programs and services	<p>Increased public and private spending on community programs</p> <p>Broader coverage (number of beneficiaries) under social programs with community participation</p>	<p>Ex post analysis of the program</p> <p>Statistical information supplied by the state government</p>	<p>Limitations on resources for community programs</p> <p>External financing difficulties</p>
<p>Objectives</p> <p>Living standards for socially disadvantaged groups (children, youth, the disabled) and low-income</p>	<p>Degree of satisfaction of beneficiaries with improvements in their situation and living standards, by target group</p>	<p>Survey of project beneficiaries</p>	<p>Economic factors (fiscal situation, shocks), natural factors (drought, floods) and adverse political factors</p>
<p>Community development</p> <p>Preparation and analysis of methodologies</p> <p>Organization and training of community organizations and operational tools</p> <p>Implementation system</p> <p>Monitoring and evaluation</p>	<ul style="list-style-type: none"> <li>- Some 200 NGOs and neighborhood organizations strengthened</li> <li>- SERVAS established as the major player in mobilizing resources in the social area</li> <li>- Some 250 project promoters and analysts trained</li> </ul>	<p>Program monitoring reports</p>	<p>Political will. Regional and national pressure on investment priorities</p> <p>Inadequate capacity of community organizations to mobilize resources</p>
<p>Projects</p> <p>Community social services: support centers for the aged, support centers for the handicapped, community centers, health centers</p> <p>Projects related to housing and sanitation: improved dwellings, improved water supply systems</p> <p>Productive projects</p> <p>Small projects</p> <p>Micro projects</p>	<p>Population benefitting directly from services and works. Targets:</p> <ul style="list-style-type: none"> <li>- 47 social service support projects, with 9,412 direct beneficiaries</li> <li>- 30 sanitation and housing improvement projects, with 3,824 direct beneficiaries</li> <li>- 26 productive projects with 4,122 direct beneficiaries</li> </ul>	<p>Surveys of beneficiaries (program monitoring system)</p>	<p>Political factors</p>

**Social Mobilization Program: Investment Program and Expected Beneficiaries**

<b>Sectors</b>	<b>No. of projects</b>	<b>Investment/sector</b>	<b>Cost/direct beneficiary</b>	<b>Direct beneficiaries</b>	<b>Cost/indirect beneficiary</b>	<b>Indirect beneficiaries</b>
<b>1. Productive projects</b>	<b>26</b>	<b>940,546</b>	<b>353</b>	<b>4,122</b>	<b>420</b>	<b>9,555</b>
Rural	13	511,840	212	2,414	336	1,522
Urban	13	428,705	251	1,708	53	8,033
<b>2. Better housing</b>	<b>30</b>	<b>1,349,977</b>	<b>353</b>	<b>4,437</b>	<b>420</b>	<b>3,443</b>
Upgraded dwellings	15	802,547	516	1,555	473	1,697
Simple sanitation systems	15	547,430	190	2,881	313	1,746
<b>3. Social support</b>	<b>47</b>	<b>2,609,478</b>	<b>277</b>	<b>11,210</b>	<b>106</b>	<b>17,125</b>
Homes for the aged	12	1,064,481	367	2,900	13,306	80
Support centers for hand.	12	623,347	355	1,756	346	1,801
Community centers	11	527,330	102	5,170	46	11,401
Daycare centers	12	394,319	285	1,384	103	3,844
<b>TOTAL</b>	<b>103</b>	<b>4,900</b>	<b>257</b>	<b>19,769</b>		<b>30,123</b>

PROPOSED RESOLUTION DE- /98

BRAZIL. NON REIMBURSABLE TECHNICAL COOPERATION FOR A  
COMMUNITY MOBILIZATION PROGRAM

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is hereby authorized, in the name and on behalf of the Bank, to enter into such agreements with the Serviço Voluntário de Assistência Social (SERVAS) of the Federative Republic of Brazil and to adopt such other measures as may be necessary for the execution of the proposal referred to in Document \_\_\_\_\_ with respect to a non reimbursable technical cooperation to support an initiative for the mobilization of civil society resources to finance community projects.
2. That up to the equivalent of US\$2,900,000 (two million nine hundred thousand dollars of the United States of America), in local currency, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.
3. That the above-mentioned sum is to be provided on a non reimbursable basis.