

PROPOSAL FOR FINANCING AND TECHNICAL COOPERATION FOR:

FUNDICAR

EXECUTIVE SUMMARY

AMOUNT AND SOURCE:	IDB: Financing:	US\$500,000 (local currency)
	Technical cooperation:	<u>US\$120,000</u> (local currency)
	Subtotal:	US\$620,000 (local currency)
	Local counterpart funding:	<u>US\$100,000</u>
	Total:	US\$720,000

The resources contributed by the Bank will be drawn on the net income of the Fund for Special Operations.

FINANCIAL TERMS AND CONDITIONS:	Amortization period:	25 years
	Grace period:	8 years
	Disbursement period:	3 years
	Fee:	1%

PARALLEL TECHNICAL COOPERATION: A nonreimbursable technical cooperation program will be carried out for the purpose of increasing the coverage, quality and efficiency of the support services provided by FUNDICAR for the indigenous Wayúu population in the department of Guajira, and to strengthen and consolidate the institutional and financial bases of FUNDICAR, thereby contributing to the sustainability of the organization.

OBJECTIVES: Overall objective: Raise family income levels among marginalized groups in Wayúu communities in the department of Guajira, as well as enhance their self-reliance in approaching government agencies to help find solutions for their problems. Specific objective: Consolidate and increase the coverage, quality and efficiency of support services extended to the Wayúu population, making it possible for them to upgrade their skills and the productivity and competitiveness of their agricultural and handicraft products.

DESCRIPTION: The program resources will be used to finance two subprograms: (i) an investment program aimed at improving breeding stock for goats raised on FUNDICAR's model farm, and boosting agricultural and handicrafts production by Wayúu families (women); and (ii) a technical cooperation program intended to provide institutional strengthening for FUNDICAR and

improve environmental and health conditions in Wayúu communities.

ENVIRONMENTAL CLASSIFICATION: The Environment Committee, at its meeting of October 30, 1995, classified this as a Category II operation.

TARGETING OF POOR BENEFICIARIES: The target group for the operation will be 25 Wayúu communities located in the department of Guajira and made up of 645 families containing approximately 4,500 individuals. The beneficiaries under this program are classified as poor according to criteria established by the Bank.

RISKS: The risk is that the program might fail to achieve adequate participation by indigenous people in the area despite careful selection of beneficiary communities. The management of goat-raising operations is not expected to involve any significant risks since the Wayúu community has broad experience and a long-standing tradition in tending these animals. Institutional, financial and technical strengthening will be provided to help FUNDICAR minimize the risks inherent in a program designed to assist a marginalized community overlooked by government programs and hence lacking motivation.

THE BANK'S COUNTRY STRATEGY: The Bank's strategy for Colombia seeks to support the country's government in its efforts to reduce poverty through the economic and social development of marginalized groups having very low income levels. The proposed project to be financed under the Small Projects Financing Program meets these objectives.

SPECIAL CONTRACTUAL CONDITIONS: It is recommended that the following special terms and conditions be included in the financing and technical cooperation agreement:

Prior to the first disbursement under subprogram A, FUNDICAR must submit for the Bank's approval:

- a. The credit regulations established under the fund for the goat-raising and the forage/gardening components (see paragraph 2.15).
- b. The operating rules governing the fund for the marketing of handicrafts (see paragraph 2.15).

Prior to the first disbursement under the technical cooperation component (subprogram B), FUNDICAR must submit for the Bank's approval:

- a. The initial work plan for execution of the program, including the timetable for hiring consultants and indicating the type, number and duration of services, and the definitive terms of reference (see paragraph 2.13).

I. FRAME OF REFERENCE

- 1.1 The indigenous communities of Colombia, which make up roughly five percent of the country's population, face numerous social and economic problems. New rights were granted to these communities under the 1991 Constitution, the most important of which are: (i) the right to elect two representatives to the Senate and the Chamber of Deputies; (ii) the right to form band councils legally recognized as representing the indigenous communities in departmental affairs; and (iii) the right to own land within indigenous reserves.
- 1.2 The department of Guajira forms the extreme northeastern tip of Colombia, with an extensive, undeveloped coastline and a long border with Venezuela. Guajira differs from the other Caribbean departments of Colombia in that it has a semiarid climate with very little and poorly distributed rainfall, high temperatures, and unproductive soils.
- 1.3 According to the country's economic and social indicators, Guajira is one of the poorest regions in Colombia, with disproportionately high child mortality and malnutrition rates, and inadequate education and health services. Sanitation is severely lacking, leading to ever-present gastrointestinal and respiratory disorders which are making tuberculosis endemic to the area owing to poor nutrition, lack of water and deficiencies in the treatment of wastes.
- 1.4 The Wayúu people are an indigenous group native to the region, numbering some 110,000 people and thus constituting 31 percent of the department's total population (according to the 1993 census). They live on indigenous reserves created by the government and encompassing approximately 900,000 hectares in all. The Wayúu community is the country's most important ethnic group in demographic terms, and has retained its own language and customs. The Wayúu family tends to be numerous in order to compensate for the high infant mortality rate and because of the need for family workers, coupled with the lack of education.
- 1.5 For decades now the Wayúus have had to watch the constant deterioration of their physical and economic environment as the growing pressure and spread of society slowly but surely forced them off the best lands and into more arid and unproductive zones.
- 1.6 Economic difficulties caused many in the indigenous population to take up smuggling and drug trafficking, which wreaked further havoc with their traditional values and, when added to Guajira's scant productive capacity and endemic poverty and neglect, helped ensure that earnings from the coal mines operated by Carbocol-Intercor (Exxon) would reach only a limited portion of the population. Meanwhile, large numbers — particularly the numerous indigenous peoples — remained mired in extreme poverty.

- 1.7 Traditionally, the most important and widely practiced economic activity among the Wayúu people has been the raising and tending of sheep and goats. For the Wayúus, their flocks not only provide their primary means of subsistence, but also play a pivotal role in determining position within the hierarchy of the community and serve as an economic reserve for meeting obligations within the band, e.g., payment of dowries, compensation for damages, offerings at wakes. Other activities used to supplement their income include salt and gypsum works, small-scale fishing, small garden plots cultivated during the rainy season, and traditional handicrafts made by women and children.
- 1.8 Many decades of crossbreeding within the same herd has led to degeneration of the stock and lowered productivity, gradually reducing the area's income from goat-raising. It is necessary to bring in new breeding stock and increase the size of herds in order to improve the diet and raise incomes in the area.
- 1.9 At the initiative of Carbocol-Intercor, the Comprehensive Assistance Plan for Indigenous Communities [Plan de Ayuda Integral a la Comunidad Indígena] (PAICI) was launched in 1985 with the goal of aiding the Wayúu community, seeking to improve their working conditions and standard of living, and preserve their culture, customs and traditions. The PAICI includes activities in the areas of health, education, handicrafts, fishing, crop-raising, animal husbandry, housing, water supply and technical assistance. In 1991, the Fundación para el Desarrollo Industrial, Comercial y Artesanal de la Guajira (FUNDICAR) took over responsibility for this program, administering its activities in the cities of Riohacha, Maicao, Albania, Cuestecita, Hatonuevo, Barrancas, Fonseca, San Juan del César and Villanueva, providing advice and assisting with the financing of plans put forward by the indigenous community.
- 1.10 In February 1995, the Bank signed technical cooperation agreement ATN/JF-4816-CO with FUNDICAR for the equivalent of US\$285,000 to finance the excavation of ten wells, procurement and installation of four windmills, repairs to six other windmills, and construction of ten reservoirs for storage of water, as well as to provide advice on farming practices, goat-raising, and the maintenance of windmills and wells. This program will benefit 2,300 individuals from eight different Wayúu bands, and will increase water supplies for human and animal consumption as well as small-scale farming activities. The operation proposed in the present document is intended to support proper utilization of the new sources of water by proposing the introduction of new productive activities aimed at enhancing economic conditions among indigenous populations and extending program coverage to a significant number of new beneficiaries.
- 1.11 With this purpose in mind, FUNDICAR submitted a request for financing to support and expand the above-mentioned PAICI program,

and to improve and strengthen its own technical and institutional capacity.

- 1.12 The Bank's strategy is designed to enhance the efforts of the Colombian government in priority areas which are geared, among other things, to reduce poverty through the economic and social development of marginalized groups having very low income levels. The proposed program, which will provide institutional strengthening for this private-sector organization dedicated to assisting the indigenous Wayúu people in the department of Guajira, is fully consistent with the Bank's strategy and with its mandate under the Eighth General Increase in Resources.

B. The executing agency

- 1.13 With its headquarters in the department's capital of Riohacha, FUNDICAR is an organization that was founded in 1984 by agencies of both the public and private sectors (University of Guajira, Departmental Planning Office, Chamber of Commerce and the Carbocol-Intercor consortium). Its principal objective is to promote social and economic development among low-income groups in the department of Guajira by promoting industrial, commercial and cottage industry development. As of 1994, all of FUNDICAR's member organizations are private-sector entities. The Foundation has 25 employees, 72 percent of whom are professional management and technical staff, while the rest are administrative personnel.
- 1.14 For the execution of its programs, the Foundation signs agreements with the appropriate federal or departmental agencies, and with nongovernmental organizations. Using this procedure, FUNDICAR has been carrying out activities in the following areas:
- a. Support for microentrepreneurs in the cities of Riohacha, Barrancas and Fonseca in the form of loans, advisory services and training. To this end, FUNDICAR received US\$150,000 in financing from the Bank in 1985 under the Small Projects Financing Program (SP/SF-85-12-CO) for the purpose of setting up a loan fund. Under this operation, over 2,000 microentrepreneurs received training, 120 loans were granted to microenterprises and the project was given a positive evaluation in the project completion report. FUNDICAR has managed these resources well, and today enjoys a permanent line of credit that enables it to act as an intermediary lender under global credit programs financed by the Bank. As of June 30, 1995, FUNDICAR had granted in excess of 22,000 loans worth the equivalent of US\$4.5 million and benefiting over 3,600 microentrepreneurs.
 - b. Support for the Wayúu indigenous community under the PAICI program, with financial resources provided by the Carbocol-Intercor consortium. Under this program, FUNDICAR has conducted community participation seminars attended by over

1,100 members of local bands. At the same time, five model farms have been set up for production and training in vegetable gardening and goat-keeping, and support has been provided for the production and sale of handicrafts made by Wayúu women.

- c. Under an agreement signed with other entities, and especially the President's Program on Youth, Women and the Family, FUNDICAR has carried out activities designed to aid the elderly and women heads of household.
- 1.15 With respect to its financial position, at the close of 1994 FUNDICAR's fixed assets totaled US\$947,197, of which 82 percent was working capital. Of these assets, 99 percent were "restricted", which means that they were administered by the Foundation but earmarked for a specific purpose. Its nonliquid assets were in the form of receivables and investments in properties and equipment. On the opposite side of the ledger, its current liabilities amounted to US\$79,296, while the heading of other liabilities in financial obligations and other long-term liabilities showed US\$416,303 (84 percent of total liabilities). Income from interest, services rendered and donations amounted to US\$520,067, while expenditures totaled US\$509,348, resulting in a small (four-percent) surplus of US\$11,719.
- 1.16 The Foundation's four years of experience carrying out its programs, as well as executing the PAICI, provide solid justification for the assertion that FUNDICAR enjoys the recognition and trust of the indigenous communities, and has the physical, technical and administrative infrastructure required for successful execution of the program proposed below.

II. THE PROGRAM

A. Objectives

- 2.1 The overall objective of the program is to raise family income levels among marginalized groups in Wayúu communities in the department of Guajira, as well as enhance their self-reliance in approaching government agencies to help find solutions for their problems.
- 2.2 The specific objective consists of consolidating FUNDICAR and increasing the coverage, quality and efficiency of the support services it extends to the Wayúu population, making it possible for them to upgrade their skills and productivity and enhance the competitiveness of their agricultural and handicraft products.

B. Description

1. Investments (Subprogram A)

- 2.3 The reimbursable resources provided under the proposed financing will be used to fund activities in two principal areas: (i) improvement of breeding stock for goats raised on FUNDICAR's model farm; and (ii) boosting agricultural and handicraft production by Wayúu families (women).

a. Improvement of breeding stock for goat-raising activities

- 2.4 This component of the investment program includes various elements:

- (i) Upgrading of the pen. Several small construction projects will be carried out, such as fencing off an existing lot on the FUNDICAR farm, building water troughs and providing for shaded areas, preparing the soil, installing electrical equipment and a drip irrigation system (pipes, pumps, hoses, etc.) for upgrading a 620-square-meter pen for receiving new breeding stock and allowing for acclimatization, separation of nannies, planting of forage crops, and breeding activities. In addition, local counterpart funding will be used for the construction and equipping of roofed areas where training will be provided to beneficiaries chosen by the Wayúu communities in topics having to do with the technical aspects of goat management, production and handling of forage, and vegetable gardening.
- (ii) Operation of the pen. This component will be designed to improve yields (in meat and milk) from existing herds of goats and lay the foundation for eventual self-sustaining production of better-quality animals by Wayúu families. To this end, FUNDICAR will purchase genetically superior males (Anglo-Nubian breeding stock) and selected domestic nannies, and begin a breeding program aimed at producing better-quality goats. The kids produced in this program will be entrusted to participating families selected by the Wayúu communities, for their own use and to build up their herds. By breeding the goats they receive, beneficiaries under this operation will have the option of returning an equal number of animals to the program, paying for them in cash or donating some of the kids they produce to new beneficiary families selected by FUNDICAR. Finally, as part of this component FUNDICAR will also purchase equipment needed for veterinary health and animal husbandry (fumigators, scales, milking equipment, a diesel generator, veterinary and agricultural inputs, etc.) and two vehicles. Local

counterpart funding will be used to provide beneficiaries with the basic veterinary inputs (vaccines, drugs, mineralized salts, antibiotics) needed to ensure proper management of the animals. Families that do not receive animals under this component will have access to the artificial insemination service (using FUNDICAR's breeding stock), and will receive technical assistance for this purpose.

b. Boosting agricultural and handicraft production

- 2.5 The forage and gardening component of the program will be designed to boost production on family farms through the introduction of forage crops (grasses and legumes) to ensure suitable pasturage for purchased goats and existing herds, and garden vegetables which are suited to the region's semiarid conditions and can serve both to improve family diets and to make good use of water obtained from wells to be built under technical-cooperation operation ATN/JF-4086-CO. FUNDICAR will administer a small credit fund for the purchase of inputs (seeds, fertilizers, etc.) and the pipes required for irrigation of family plots using water from the wells that are to be constructed.
- 2.6 Activities under the handicrafts portion of the program will be aimed at encouraging the production and sale of handicrafts made by Wayúu women and girls. With this in mind, FUNDICAR will set up a marketing fund for the purchase of looms, equipment and raw materials, and for the discounting of invoices for handicrafts to make sure that the women receive cash payment for their products, since the normal payment period for suppliers/buyers can run up to 120 days. Under this system, FUNDICAR will recover its costs from buyers.

2. Technical cooperation (Subprogram B)

- 2.7 The resources provided under the nonreimbursable technical-cooperation component will go to finance activities aimed at providing institutional strengthening for FUNDICAR in order to improve the quality of its services and complement the activities carried out under the PAICI program.
- 2.8 To summarize, the program will include activities in the following areas: (i) training for women craftworkers to help them organize and to improve their designs, quality of workmanship and marketing processes; (ii) upgrading of FUNDICAR's information systems at the institutional level and among its beneficiaries; (iii) training in environmental management and primary health care, including training programs for women in the areas of waste disposal, personal hygiene and nutrition; and (iv) training in the areas of goat-raising and small-scale vegetable gardening to supplement the advisory services provided under operation ATN/JF-4816-CO. The

details of the program are presented in the plan of operations (Annex I to this document).

C. Cost and financing

2.9 The total cost of the proposed operation is estimated at US\$720,000. The Bank will provide FUNDICAR with up to US\$620,000 equivalent in Colombian pesos from the net income of the Fund for Special Operations as follows: (i) up to the equivalent of US\$500,000 on a reimbursable basis, to finance the investment component; and (ii) up to the equivalent of US\$120,000 on a nonreimbursable basis, to finance the technical cooperation component. FUNDICAR will provide up to US\$100,000 equivalent in local counterpart funding.

2.10 The following table summarizes this financing (in US\$ equivalent):

SUBPROGRAM	BANK	FUNDICAR	TOTAL
A. Investment	500,000	80,000	580,000
1. <u>Breeding stock</u>	300,000	80,000	380,000
a. Upgrading the pen	90,000	60,000	150,000
b. Operation of the pen			
- Purchase of animals	115,000	0	115,000
- Veterinary inputs	25,000	20,000	45,000
- Equipment	40,000	0	40,000
- Vehicles	30,000	0	30,000
2. <u>Agricultural production and handicrafts</u>	200,000	0	200,000
a. Agricultural fund	45,000	0	30,000
b. Marketing fund	155,000	0	170,000
B. Technical cooperation	120,000	20,000	140,000
TOTAL	620,000	100,000	720,000

2.11 The local counterpart will be in the form of construction work and agricultural and veterinary inputs, plus the value of the support services and counterpart personnel providing advisory services.

D. Program execution

1. Responsibility for program execution

2.12 FUNDICAR will sign a financing and technical cooperation agreement with the Bank and will be accountable to the Bank for the execution, administration and supervision of the activities to be carried out under the program.

2.13 FUNDICAR will hire experts to provide the professional services required for implementation of the program. These persons must be duly recognized specialists in their respective fields and will be hired in accordance with the terms of reference set forth in

Appendix 1 to Annex I (plan of operations), as well as with the procedures, rules and policies of the Bank in this area. Prior to the first disbursement under the technical cooperation component (subprogram B), FUNDICAR must submit the initial work plan for the technical cooperation program, including the timetable for hiring consultants and indicating the type, number and duration of services, and the definitive terms of reference.

- 2.14 FUNDICAR will be responsible for procuring the items required to achieve the objectives of the program, and will do so in conformity with the procedures, rules and policies of the Bank governing these matters.

2. Credit and operating regulations

- 2.15 In the credit regulations for the fund under the goat-raising component and the agricultural fund, and in the operating rules governing the fund for the marketing of handicrafts, FUNDICAR will establish the necessary terms and conditions to ensure proper management of these support funds. The credit regulations will specify *inter alia* the way in which animals and inputs are to be delivered, the method to be used in setting prices and interest rates, the plan and form of payment (replacement of animals, etc.) and other particulars. The operating regulations for the handicraft marketing fund are to specify the pricing method, the procedures for advances, discounting of invoices, use of surpluses, etc. A condition precedent to first disbursement will be that FUNDICAR shall have submitted the above-mentioned regulations for the Bank's approval.

3. Interim reviews of program execution

- 2.16 The Bank will contract directly for the professional services necessary to conduct interim reviews of execution under the financing program, in order to determine the progress that has been made toward achieving the original objectives and to ensure proper execution of the program. The cost of this consulting service will be charged against the technical cooperation. These interim reviews will be carried out in accordance with the terms of reference specified in Appendix 1 to Annex I. Unless otherwise agreed, an interim review will be conducted when 30 percent of the resources available under this operation have been disbursed, and again when 70 percent of the financing has been disbursed.

4. Execution and disbursement periods and advance of funds

- 2.17 The execution of subprogram A is scheduled over a period of 42 months and its financing will be disbursed within 36 months, reckoned from the date on which the agreement becomes effective.

- 2.18 The execution of subprogram B is scheduled over a period of 24 months and its financing will be disbursed within 18 months, reckoned from the date on which the agreement becomes effective.
- 2.19 Given the nature of the program, FUNDICAR needs to have sufficient resources at its disposal to initiate the program activities. For this reason, it is proposed that funds be advanced in an amount of up to 10 percent of the resources allocated for the two subprograms.

5. Environmental considerations

- 2.20 The proposed program, which will directly benefit disadvantaged and excluded groups having very low income levels, is not expected to have any adverse effects upon the environment. Under the technical cooperation provided, the indigenous community will receive assistance and training in basic environmental sanitation, hygiene and primary health care. Accordingly, the Environment Committee classified this project as a Category II operation at its meeting of October 30, 1995.

III. THE BENEFICIARIES

A. Description

- 3.1 The target group is the indigenous people known as the Wayúus. The beneficiaries under the proposed program will be from 25 communities made up of 645 families containing approximately 4,500 individuals. The goal is to provide these communities with additional income opportunities stemming from new activities such as vegetable gardening, to improve breeding stock in their goat herds, and to create a marketing fund to promote production of their handicrafts. Among the beneficiaries of this program are eight bands made up of 2,300 native people who will receive water from wells to be built under operation ATN/JF-4816-CO.

B. The role of women

- 3.2 The Wayúu woman is a symbol of respect and unity, although this may not be apparent at first glance given the social organization of the Wayúus, which is based on matrilineal clans with political authority descending through the female line and vested in a maternal uncle, and the fact that males, depending on their economic status, may take several mates. Women are responsible for various activities such as managing the household, obtaining and carrying water, and raising and educating children to whom they teach the traditional values and laws of the Wayúus. In addition, the Wayúu women are expert craftworkers, making their own rudimentary tools for use in their labors and handcrafting objects of great beauty, especially textiles and pottery.

- 3.3 It is estimated that some 60 percent of the beneficiaries under the proposed operation will be women and girls, since handicrafts and the cultivation of family gardens are activities that have traditionally been carried out in the home by women and children.

IV. FEASIBILITY AND RISKS

A. Socioeconomic feasibility

- 4.1 The institutional strengthening of FUNDICAR and the investments to be made under this program will enable the Foundation to upgrade and consolidate the methods it uses in serving the Wayúu community, a disadvantaged and marginalized indigenous population that has very low income levels.
- 4.2 The program will offer support and services to an estimated 4,500 native people, all of whom are in the low-income category and around 60 percent of whom will be women. In general, the project will make a significant contribution toward improving the well-being of this target population and creating among the citizens of the area a more understanding and tolerant attitude toward the Wayúu people.

B. Institutional feasibility

- 4.3 FUNDICAR has been working in this field for 10 years and has gained a wealth of experience both in granting loans and in its knowledge of the indigenous population of the department of Guajira, having developed its own strategies and created the infrastructure required for its activities. It has the necessary professional staff and resources to ensure proper execution of the project, and has become the most effective nongovernmental organization providing social welfare services in the department, and a model of institutional cooperation in this area.

C. Financial feasibility

- 4.4 The reimbursable resources provided under this program will be used for the purchase of goats and the establishment of family vegetable gardens, as well as for the creation of a credit fund for goat-raising, an agricultural fund, and a fund for the marketing of handicrafts. Given that these investments are to be financed under unsubsidized, credit-in-kind arrangements, FUNDICAR will reimburse the Bank for these resources while maintaining the capitalization of the fund. Similarly, the cost of the component for improving the breeding stock will be recovered through the sale of milk produced on the model farm.

D. Risks

- 4.5 The main risk involved is that the program might fail to achieve adequate participation by indigenous people in the area despite careful selection of beneficiary communities. It is of great importance to ensure that they not only join the program, but attend the training courses as well. The management of the goat-raising operations is not expected to involve any significant risks since the Wayúu community has broad experience and a long-standing tradition in tending these animals. At the same time, the execution of the project and the technical cooperation will provide the resources FUNDICAR needs for strengthening its institutional, financial and technical capacity so as to minimize the risks involved in a program intended for a marginalized community overlooked by government programs and hence lacking motivation.

E. Justification and recommendation

- 4.6 The proposed operation is justified in that it satisfies the eligibility criteria for the Small Projects Financing Program as set out in the Operations Policies Manual (section OP-706), accords with the Bank's policy on women in development as established in that same manual (section OP-761), and directly benefits marginalized indigenous communities having very low income levels by generating opportunities for their future economic and social development.
- 4.7 Analyses of the institutional and financial status of FUNDICAR support the conclusion that execution of this program is feasible, and the Management of the Bank therefore recommends that the Board of Executive Directors approve the respective financing, for which reason it submits for the latter's consideration the draft proposed resolution for nonreimbursable technical cooperation and financing.

PLAN OF OPERATIONS

INSTITUTIONAL STRENGTHENING FOR THE FUNDACIÓN PARA EL DESARROLLO INDUSTRIAL, COMERCIAL Y ARTESANAL DE LA GUAJIRA (FUNDICAR)

(TC-93-02-05-1)

I. BACKGROUND

- 1.1 As a complement to its request for reimbursable financing, the Fundación para el Desarrollo Industrial, Comercial y Artesanal de la Guajira (FUNDICAR) has applied to the Bank for nonreimbursable technical cooperation funding to be used for institutional strengthening in support of the proposed investment program.

II. OBJECTIVES

- 2.1 The overall objective of this technical cooperation is to increase the coverage, quality and efficiency of the support services that FUNDICAR extends to the indigenous Wayúu population in the department of Guajira, in order to provide this marginalized group with opportunities for improving their incomes and raising the level of community participation.
- 2.2 The specific objective of the program is to consolidate and strengthen FUNDICAR's institutional and financial bases, thereby contributing to the sustainability of the organization.

III. DESCRIPTION

- 3.1 The institutional analysis and study of FUNDICAR's operations has determined the need for technical cooperation activities that concentrate on institutional and technical strengthening. To meet this need, the components of the technical cooperation program will be designed to:
 - a. Strengthen FUNDICAR's administrative and technical capacity.
 - b. Improve the capacity, quality and efficiency of its Comprehensive Assistance Plan for Indigenous Communities [Plan de Ayuda Integral a la Comunidad Indígena] (PAICI).

- c. Develop strategies and services for increasing the coverage provided under programs to aid indigenous women.
- d. Devise and develop strategies to protect the environment and promote primary health care and hygiene through training for the indigenous community.

3.2 The resources of the technical cooperation program will be used to hire the following consultants and professional services:

- a. One expert in conducting evaluations (for one month) to perform the interim reviews of progress in execution of the financing program.
- b. One expert in animal husbandry (for six months) to assist with the procurement and selection of breeding stock and provide advice to the Wayúus on how to increase yields and improve their herds of goats.
- c. One expert in agronomy (for six months) to work with the Wayúu communities in the cultivation and irrigation of family vegetable gardens and forage crops, conservation practices and the proper use of irrigation methods.
- d. Specialists or an agency specializing in environmental sanitation and primary health care (for 18 months) to develop strategies for improving health conditions in the indigenous community, including environmental sanitation.
- e. One expert in the design, production, quality control and marketing of handicraft products (for 18 months) to provide support for the production of traditional handicrafts by Wayúu women.
- f. One systems expert (for five months) to design systems and cost centers, a database on beneficiaries, accounting, etc.
- g. The organization of meetings and "field days" to provide training for Wayúu women in handicrafts and vegetable gardening, as well as training for program beneficiaries in the management of goat-raising operations.

3.3 The consulting services in animal husbandry and agronomy will be provided for six months each as a complement to the 12-month period to be financed under operation ATN/JF-4816-CO. In this way, a total of 18 months of consulting services will be provided in each of these areas, a period deemed necessary to develop suitable goat-raising and vegetable gardening programs.

- 3.4 Resources from the technical cooperation component will also be used to purchase computer equipment and to organize training sessions for Wayúu women and program beneficiaries in general.

IV. COST AND FINANCING

- 4.1 The total cost of the technical cooperation to be provided is estimated at US\$140,000. To cover these costs, the Bank will provide FUNDICAR with Colombian pesos in an amount up to US\$120,000 equivalent from the net income of the Fund for Special Operations, according to the following breakdown:

(in US\$ equivalent)

ITEM	BANK	FUNDICAR	TOTAL
2. Individual consultants	83,000		83,000
2.1 Fees	83,000		
- Expert in animal husbandry (6 months @ US\$2,000/month)	12,000		
- Expert in agronomy (6 months @ US\$2,000/month)	12,000		
- Expert in handicrafts (18 months @ US\$1,500/month)	27,000		
- Experts in primary health care (18 months @ US\$1,500/month)	27,000		
- Expert in data and computer systems (5 months @ US\$1,000/month)	5,000		
3. Trainees and participants	19,000		19,000
3.2 Training sessions	19,000		19,000
6. General support services	10,000	20,000	30,000
6.3.1 Purchase of equipment	10,000		10,000
6.6 Support staff		20,000	20,000
8. Evaluations	8,000		8,000
8.2 Fees (interim review)	8,000		8,000
TOTAL	120,000	20,000	140,000

V. EXECUTION

- 5.1 The technical cooperation will be provided in parallel with the program of investments to be approved at the same time as this technical cooperation proposal. FUNDICAR will be responsible to the Bank for execution of the technical cooperation and will sign a technical cooperation agreement with the Bank.

- 5.2 FUNDICAR will hire experts to provide the required professional services. These persons must be duly recognized specialists in their respective fields and will be hired in accordance with the terms of reference set forth in Appendix 1 to this plan of operations, as well as with the procedures, rules and policies of the Bank in this area.
- 5.3 FUNDICAR will be responsible for procuring the items required to achieve the objectives of the program, and will carry out its duties in conformity with the procedures, rules and policies of the Bank governing these matters.
- 5.4 The Bank will contract directly for the professional services necessary to conduct interim reviews of execution under the financing program, in order to determine the progress that has been made toward achieving the original objectives and to ensure proper execution of the program. The cost of this consulting service will be charged against the funds budgeted for this purpose under the technical cooperation. Unless otherwise agreed, an interim review will be conducted when 30 percent of the resources available under this operation have been disbursed, and again when 70 percent of the financing has been disbursed.
- 5.5 FUNDICAR will have overall responsibility for providing the counterpart personnel necessary to manage and coordinate the project, installations, services and support material.
- 5.6 The execution period for the technical cooperation component will have a duration of 24 months reckoned from the date on which the financing and technical cooperation agreement is signed.

VI. SUPERVISION AND RESPONSIBILITY

- 6.1 FUNDICAR will be responsible for supervising the activities carried out by the consultants that are to be hired. For its part, the Bank - through its Country Office in Colombia - will oversee the technical cooperation program.
- 6.2 The Bank's Country Office in Colombia will have basic and technical responsibility for the proposed operation.

VII. DISBURSEMENTS AND ADVANCE OF FUNDS

- 7.1 The project timetable calls for disbursement of the technical cooperation resources over a period of 30 months, reckoned from the date that the agreement becomes effective.

- 7.2 It is recommended that an amount equivalent to 10 percent of the technical cooperation funding be advanced to ensure that FUNDICAR has the necessary liquidity to begin carrying out the program.

VIII. JUSTIFICATION AND RECOMMENDATION

- 8.1 The proposed technical cooperation satisfies the requirements set by the Bank for granting nonreimbursable technical cooperation funding inasmuch as it will be used to strengthen and reinforce the institutional and economic viability of a financial intermediary committed to the process of economic and social development for low-income groups.
- 8.2 FUNDICAR lacks the necessary resources to finance the activities described in the proposed technical cooperation program. This project will enable FUNDICAR to significantly boost its effectiveness, by upgrading its technical and financial areas and consolidating its methodology in order to improve and expand its services and ability to aid and protect very low-income indigenous populations. At the same time, the project will enhance the Foundation's management capacity and efficiency in the handling of its production programs, seeking to make its operations self-sufficient. The project will directly benefit approximately 4,300 members of indigenous communities, of which some 60 percent will be women.
- 8.3 For these reasons, the Management of the Bank recommends that the Board of Executive Directors approve the nonreimbursable technical cooperation project proposed in this plan of operations.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE FUNDACION PARA EL
DESARROLLO INDUSTRIAL, COMERCIAL Y ARTESANAL DE LA GUAJIRA
WITHIN THE PROGRAM FOR FINANCING SMALL PROJECTS

The Board of Executive Directors

RESOLVES:

1. 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 agreement or agreements as may be necessary with the Fundación para el Desarrollo Industrial, Comercial y Artesanal de la Guajira, of the República de Colombia, to grant it, within the Program for Financing Small Projects, approved by Resolutions DE-85/78 and DE-147/79: (a) reimbursable financing for the execution of the program referred to in Document PR- ; and (b) nonreimbursable technical cooperation for the execution of the program, in accordance with Annex I of said document.

2. That up to the equivalent of US\$500,000 in pesos colombianos, is authorized for the purposes indicated in paragraph 1(a), and up to the equivalent of US\$120,000 in pesos colombianos, for the purposes indicated in paragraph 1(b), both chargeable to the net income of the Fund for Special Operations.