



**Office of Evaluation and Oversight, OVE  
Inter-American Development Bank**

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***RE-285***

***Evaluation of Innovative  
Bank Projects that Work  
with Non-Governmental  
Organizations***

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## ANNEXES

*The following Annexes are available on OVE's Website in the Intranet: <http://ove/> (Topics / Social Development). If you need a hard copy please contact OVE.*

- ANNEX I: CASE STUDY BRAZIL
- ANNEX II CASE STUDY COLOMBIA
- ANNEX III CASE STUDY ECUADOR
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## EXECUTIVE SUMMARY

**Purpose:** In 1995, the Board of Directors indicated to the IDB that it develop a program to strengthen civil society organizations (CSOs). The programs and specific actions indicated by the Board in document GN-1883-5: “Frame of Reference for Bank Action in Programs for Modernization of the State and Strengthening of Civil Society” include: (i) the promotion of a legal framework that favors associations of and participation by citizens; (ii) the identification of new ways of delivering social services through local governments and intermediate and grass-roots organizations; (iii) the promotion of philanthropy and volunteerism; and (iv) the establishment of financial and technical support mechanisms for giving the more vulnerable sectors of the society an economic role to play. The purpose of this report is to evaluate whether the Bank is implementing this program.

**Methodology:** OVE chose to review the Bank’s relationships with NGOs, rather than with other organizations of civil society because they are becoming important Bank and country partners and they often combine the efforts of many community based initiatives in order to have a greater impact. To make its assessment, OVE asked Management to suggest projects for review that had used NGOs in various capacities and which illustrated a broad spectrum of substantive issues and innovative approaches. The projects chosen for evaluation were in Brazil, Uruguay, Peru, Columbia and Ecuador. Each one illustrates one or more of the activities outlined by the Board in 1995. Five case studies, which are on the OVE website, were developed. This report synthesizes the results of the cases.

**Background:** The IDB has had a long relationship with civil society and NGOs. Beginning as early as 1978, the Bank’s Small Projects Program provided loans and technical assistance grants to NGOs that worked with low-income people to increase their skills and diversify their economic opportunities. The relationship has expanded as other Bank initiatives have increasingly recognized the importance of civil society generally, and NGOs in particular, in its development efforts. For instance, in Guadalajara in April 1994, President Iglesias persuaded governments to agree to the largest replenishment in IDB’s history, in which poverty alleviation and reduction of social inequity were major targets and civil society an important means for achieving them. In addition, because development strategies in the 1990’s emphasized decentralization and private sector initiatives in delivering social services and increasing democratic participation, the role of NGOs became even more important.

**Findings:** The projects reviewed for this report demonstrate that the Bank is active in all of the programs and specific actions specified by the Board of Directors in GN-1883-5.

### Successes:

- The Brazilian TC (AT-1107 and MIF/AT-200) “Programa Comunidade Solidaria” has strengthened the legal position of NGOs in that country, and has also helped to insure greater networking partnerships between the NGOs and government at all levels. It has also encouraged volunteerism and philanthropy.
- The Colombian project (1171/OC-CO) “Reconstruction EJE Cafetero 863 and 774” used NGOs in an important role at a time of great emergency, thus

expanding the space for NGO activities into important new areas. The project also proved that NGOs could be both efficient and effective partners with Government and provided a regulatory system under which both the GOC and NGOs were accountable for their actions.

- Two of the projects reviewed identified new ways of delivering social services through local governments and intermediate and grass-roots organizations. Uruguay's "Citizen Safety and Prevention of Violence and Delinquency Project" (1096/OC-UR) expanded the menu of social services to include areas that have risen partially because of the rapid processes of urbanization and demographic, social, and economic change confronting many member countries. The program used an extensive network of central, local governments and citizen organizations to teach civil society about the causes of violence and delinquency and supported actions to prevent them.
- The Colombian project "Reconstruction EJE Cafetero 863 and 774 offered new ways of delivering housing solutions. Not only did it offer several choices of housing designs to its clients, but also a choice in contractors. In addition, it offered these services to both homeowners and renters whose homes were damaged or destroyed by the 1999 earthquake. Previously, housing subsidies were only offered to home owners.
- The Uruguay Program for Citizen Safety produced impressive and diverse programs, which were attended by a substantial number of beneficiaries. It also was innovative. For example, Sub-Program C included Pilot Prevention Centers which took an inter-disciplinary approach when dealing with antisocial behavior covering subjects such as domestic violence, family dysfunction and problematic behavioral relationships.
- Five of the reviewed projects had goals of establishing financial and technical support mechanisms for giving the more vulnerable sectors of the society an economic role to play. Two of them offered training for both unemployed youth and the trainers. A third project sought agreements between trainers and enterprises to insure correspondence between skills that were needed in the job market and training that was being offered. The fourth and fifth programs, Ecuador (ATN/CT-7567-EC and ATN/SF-7476-EC were to strengthen the capacity of Ecuadorian Indigenous Peoples to Participate in the Oil and Gas Sector) to Strengthen the Capacity of Ecuadorian Indigenous Peoples to Participate in Gas Concessions and other Gas and Petroleum ventures.
- Brazil's "Programa Capacitación Solidaria" (MIF/AT-200) financed 3,882 courses, which 114,956 youth attended. In addition 169 technical pedagogical seminars were given to 7,010 professionals and 179 financial seminars were attended by 7,478 persons. Uruguay's Program "Citizen Safety and Prevention of Violence and Delinquency" also had a component for skills training. Training programs, which covered a variety of activities, covered 5888 youths. Peru's PROJoven (PPF loan operation 944/OC-PE) trained 25,000 students from the beginning of the program (1997), and used 265 different training, including NGOs, universities, public and private, and various sectoral professional training

organizations. In order to be considered for participation in the program, the training organizations had to find places in the job market for the students during their practical training.

- In addition to the above activities, the programs in Uruguay, Brazil, and Peru are noted for the transparent system established for selecting training agents. Public announcements were made of the programs, criteria for selection was made public, and selection panels were praised by participants for their objectivity. These methodologies will be followed in future programs.
- The two Ecuadorian TCs were successful in accomplishing their objectives of advisory services and training and a new gas company owned almost entirely by an Indigenous organization was established. In addition, Petroecuador, the Ecuadorian National Gas and Petroleum Company, has accepted the joint venture program as feasible.

### **Problems:**

- In the Colombian project, there was insufficient co-ordination with some elected local officials when designing and executing the program. This has led to some problematic situations after the project was completed, when some mayors, who were not consulted, refused to allocate budgets for continuing to support buildings or communities that were constructed through it. Furthermore, the selection criteria for NGOs who participated in the project tended to exclude smaller, more local, organizations.
- In the Uruguayan program there did not seem to be a systematized set of operational definitions that applied to at-risk children. Rather, a large number of disparate sub-programs were taking place without the assurance that these were getting at the causes of increasing crime. This makes it difficult to understand which programs were relevant to the goal of reducing crime, and which not.
- Both the Peruvian and the Brazilian training programs were not very successful in procuring long-term jobs for their student participants. In Peru, the insertion rate into the labor market was 4.7%, In Brazil 28.5% of the students found jobs after taking the courses, in contrast to the 26.8% in the control group who did not have the training. In addition, in both the Brazilian and the Uruguayan cases, there was not a clear vision of what the courses were intended to accomplish.
- The Ecuadorian TCs accomplished their goals without insuring that there would be the follow-up steps necessary to establish a viable joint venture. The IDB paid insufficient attention to the difficulties that an indigenous company would face when seeking admission into an important industry and based its support on an unrealistic time frame. There was not enough communication between the various players in these complicated projects as a whole and among the involved IDB departments in particular.

**These problems lead to the following recommendations:**

**Recommendations:**

1. The Bank should continue to work with and strengthen NGOs to give added voice to civil society. Rather than using them solely as implementers of projects, the Bank should give extra attention to dialogue with NGOs during the identification and design stages of projects to benefit from their multiple perspectives.
2. In order to support sustainability and increased participation of NGOs, the Bank should work with borrowing member countries to establish a clear institutional framework for NGOs in general terms ( legal, judicial, and financial obligations) (Brazil), as well as specific circumstances (Colombia).
3. Bank interventions with NGOs should be considered within the context of long term strategies within a sector, rather than discrete projects.
4. Bank projects should carefully weigh the cost/benefits of technical expertise vs. local representation. Although selection criteria for project participation should, in part, be targeted towards reaching the most experienced and technically advanced NGOs, there should also be criteria to engage the participation of locally based partners with less operational experience but more cognizance of local conditions.
5. When awarding TCs to NGOs and other citizen based organizations which are trying to innovate new areas for participation, the Bank should be realistic as to the length of time such efforts will require. In addition, a single point of management should be established, along with an information system that functions regularly between all participants. Finally, the Bank's departments should establish a dialogue between themselves so that encumbrances caused by Bank procedures can be recognized at an early date and addressed, as necessary.

## I. INTRODUCTION

### A. The IDB and Civil Society

1.1 During the 1990's,<sup>1</sup> the IDB increasingly recognized the importance of civil society<sup>2</sup> in its development efforts. President Enrique Iglesias played an important role in legitimizing civil society as a “partner” in efforts to place poverty and social inequality at the heart of post-structural adjustment development policy in Latin America. Many Latin American governments remained reluctant to acknowledge the idea of an autonomous societal arena, and the IDB could not proceed without their agreement and collaboration. In Guadalajara in April 1994, President Iglesias persuaded governments to agree to the largest increase in resources in the IDB's history, in which poverty alleviation and social inequity were the major targets and civil society a major means for achieving them<sup>3</sup>. The 8<sup>th</sup> Replenishment document emphasizes the importance of social cohesion and political participation and it specifically mentions consultation processes with beneficiaries and NGOs in the context of environmental projects.<sup>4</sup> In addition, other currents in IDB strategies and policies also have led towards increasing awareness of NGOs as participants in borrower operations. Trends towards decentralization and privatization point to more local governmental and non-governmental entities as keys to development effectiveness.

1.2 In 1995, the Board of Directors adopted a “Frame of Reference for Bank Action in Programs for Modernization of the State and Strengthening of Civil Society” (GN-1883-5). That document defines civil society as “encompassing all activities of citizens, either individually or in association, in the economic, social and political spheres” and proposes that the Bank support a comprehensive group of activities in modernizing and strengthening the judicial and legislative branches, and other areas outside the executive branch, and in strengthening civil society. More specifically, it says that:

*“The strengthening of civil society is one of the central objectives of the policies of the Eighth Replenishment. Therefore, programs and specific actions are required to strengthen civil society organizations (CSOs), such as (i) the promotion of a legal framework that favors associations of and participation by citizens; (ii) the identification of new ways of delivering social services through local governments and intermediate and grass-roots organizations; (iii) the promotion of philanthropy and volunteerism; and (iv) the establishment of financial and technical support mechanisms for giving the more vulnerable sectors of the society an economic role to play.” (GN-1833, p. vi).*

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<sup>1</sup> The Bank used NGOs to train beneficiaries and support small projects as early as June 1978 (see 1.14 below). However, their importance as democratic actors was less defined at that time.

<sup>2</sup> The Division of State, Governance and Civil Society (SGC) suggested in a memo that although they did not have an “official” definition, “Civil Society” could be defined as “the way in which citizens organize themselves in groups to accomplish common goals and develop common interests”.

<sup>3</sup> Jude Howell and Jenny Pearce, Civil Society and Development, Lynne Rienner Publishers, Inc. Boulder, Colorado, 2001. p. 217

<sup>4</sup> Paragraph 2.44

- 1.3 The Board of Directors adopted the frame of reference of the document GN-1883-5 (DEA/96/9), which indicated that the Bank should support the development of specific areas of civil society. In pursuit of these goals, the Bank established a Civil Society Unit at its headquarters in Washington. It also facilitated multi-lateral meetings between Bank members both in Washington and in member countries. The results of these conferences were a determined effort to strengthen civil society and to strengthen partnerships between civil society, government, and the private sector.
- 1.4 In the past, and currently, the Bank works with civil society in several ways:
- a. Regional departments have moved towards increased consultation and participation with beneficiaries in most of their projects. Participation of civil society organizations and direct beneficiaries in the execution of Bank projects is becoming a requirement aimed at ensuring community involvement to help guaranty project sustainability. The move has been away from external expertise to community participation.
  - b. The Small Projects Program has been one of the key programs through which the Bank supported the productive activities of the poorest groups of society. This program provided loans (up to US\$500,000) and technical assistance grants (up to US\$150,00) to NGOs targeting low-income people.<sup>5</sup>
  - c. The Multilateral Investment Fund (MIF) has also become an important instrument for helping NGOs through its equity investments. It has helped launch various venture capital funds and has directly supported the transformation of several NGOs into formal regulated financial institutions. Its main activities have included institutional capacity-building, entrepreneurial services and training and sustainable micro-finance (equity investments).<sup>6</sup>
  - d. The Division of State, Governance and Civil Society (SGC) supports the Regional Departments conceptually and technically in the identification and design of operations directed at modernization of the state, promotion and consolidation of the rule of law and strengthening of civil society. SGC's fundamental mission also includes research, study and dissemination, including publications, seminars, etc.

## **B. The Bank and NGOs**

- 1.5 NGOs comprise a sub-set of civil society-a broader term which encompasses all association activity outside the orbits of government or the for-profit sector. Other civil society organizations (CSOs)<sup>7</sup> include community based organizations that are managed

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<sup>5</sup> Promoting Growth and Equity, 1998 Annual Report on Microenterprise Development, Inter-American Development Bank. P. 13

<sup>6</sup> Op cit. P. 16.

<sup>7</sup> The Division of State, Governance and Civil Society, while abstaining from a "official " definition, said that NGOs could be characterized by private, volunteer, nonprofit groups and organizations usually devoted to public interest causes. Civil society organizations should be considered a broader concept, encompassing all of the organizations and associations that exist outside the state and the market. CSOs are more than the sum of NGOs.

by members on behalf of members, traditional forms of mutual aid, trade unions, religious institutions, professional associations, philanthropic organizations and academic bodies. The rapid growth of civil society and its relevance to development was a major theme addressed by governments participating in the UN's Social Summit held in Copenhagen in 1995.

- 1.6 NGOs are not of government and they are also not for profit. They are independent organizations that receive outside funding to support staff, programs or both. In effect, they are not purely voluntary. They are often engaged in activities related to sustainable development, including advocacy, research and service provision; and they work in such fields as relief, health, human rights, agriculture and the environment. Although NGOs are non-governmental, they are frequently very much engaged in political life and may work in partnership with government. In addition, although they are nonprofit, they may compete with for-profit consultants and service providers for funding and for clients.
- 1.7 Because NGOs are independent and are (presumably) not affiliated with the government or any political party, the Bank walks a narrow line when working with them, between encouraging legitimate citizen participation and supporting influence politics by lobbying groups. Since it is not always clear who NGOs represent, and since their leaders are not elected by the populace at large, their particular input into strategies and policies can be welcome, but should not be definitive. Surely, in a democracy, only elected officials can make final policy because only they are accountable for their decisions to the wider electorate. In addition, as an international financing agency, the Bank's primary client must be the country's government.
- 1.8 A draft of a new "Strategy for Promoting Citizen Participation in Bank Activities" which is presently being considered by the Policy and Evaluation Committee states the situation succinctly:

*"Because the Bank is an intergovernmental institution, a prime consideration for including citizen participation in its activities is that its shareholders and principal clients are the governments of the member countries. Since those activities are structured around a dialogue with each country's government (the main interlocutor), the government's political will is a necessary condition for spurring public participation in Bank activities. There is a close tie-in between democracy strengthening in countries in the region and citizen participation prospects in each country and in Bank activities. The more robust a country's democratic system the greater the likelihood that its people will have a voice in public policy making and implementation and in government decision-making-including decisions that affect how the Bank operates. The region's political evolution in recent years has helped overcome the mistrust and occasional animosity that has colored relations between governments and civil society organizations." (Paragraph 3.2 draft of GN-2232)*

## C. OVE Report

- 1.9 This report evaluates how the Bank is working in the areas identified of civil society as indicated in GN-1883-5, specifically regarding working with NGOs. OVE has reviewed the development, implementation, and outcomes of 7 projects to see whether the Bank is: (a) Promoting the legal framework that favors associations of and participation by citizens;(b) Identifying new ways of delivering social services through local governments and intermediate and grass-roots organizations; (c) Promoting philanthropy and volunteerism; and (d) Establishing financial and technical support mechanisms for giving the more vulnerable sectors of the society an economic role to play.
- 1.10 OVE chose to review the Bank's relationship with NGOs, rather than with other organizations of civil society, because NGOs are becoming so numerous in Latin America, and because they often combine the efforts of many community based efforts in order to have a greater impact. Furthermore, the Bank's emphasis on limited government and expanding private sector responsibility gives NGOs an opportunity to perform more functions than previously.
- 1.11 Bank management suggested the 7 projects that were chosen for this review because they offer a wide spectrum of substantive issues and innovative ways to both increase the use of NGOs and strengthen the NGOs themselves, through helping to build networks and increasing technical knowledge. The projects and TCs included in the review are:
- a. Brazil: AT-1107 (US\$8.3 million FSO/IDB and US\$2.7 million national counterpart) and MIF/AT-200 (US\$9,980,000 FSO/IDB and US\$1,807,000 national counterpart)<sup>8</sup> The goal of the first TC is to revise and broaden the legal foundation of NGOs, promote partnerships and volunteerism between the Federal Government and the private sector, and to facilitate information dissemination among civil society organizations. The goals of the second TC are to establish a training program for youth, as well as to strengthen the service delivery capacity of NGOs.
  - b. Uruguay: 1096/OC-UR (US\$17.5 million IDB and US\$7.5 million GOU): Citizen Safety and Prevention of Violence and Delinquency: This project is to prevent interpersonal violence and the perception of insecurity in the Departments of Montevideo and Canelones. NGOs are being used to execute the program, receive additional equipment to train citizens, and run programs in communities particularly geared towards attention and rehabilitation of victims of violence, youth at risk zones, and train 10,000 teachers in the public education system on the theme of violence prevention.
  - c. Peru: PPF loan operation 944/OC-PE (US\$1,499,903). The project has several goals. One is to train unemployed youth from poor backgrounds, to make them employable and to improve income. A second goal is to build a stronger relationship between the employee's needs of entrepreneurs and the training that is being given by training organizations. A third goal is to support the

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<sup>8</sup> In the last quarter of 1998 a TC N ATN/MH-6211-BR had been signed with FOMIN. This was for the amount of US\$5,056,000.

modernization of the productive sector in Peru, particularly in small and medium enterprises. Although the Bank helped to design the project, and made a loan for the PPF, the program was eventually implemented by the government of Peru without Bank financing. It is included in this study because the Bank's original participation in project development insured that there has been considerable data collection and analysis from the beginning, permitting a more quantitative analysis than is usually the case in social projects.

- d. Colombia: 1171/OC-CO (US\$133.7 million IDB; US\$60.3 million local; US\$93.2 million World Bank): Reconstrucción EJE Cafetalero 863 & 774. The Colombian case study documents the implementation of a project in which the government of Colombia used NGOs to provide housing and other forms of emergency relief after a national emergency. It is a good example of how NGOs in combination with government can step in quickly to help alleviate sudden disasters. It also shows some of the long-term issues that can be overlooked during a time of emergency action.
  - e. Ecuador: ATN/CT-7567-EC (US\$100,000). Strengthening the Capacity of Ecuadorian Indigenous Peoples to Participate in Oil and Gas Sector; and ATN/SF-7476-EC (US\$150,000 FSO/IDB): Strengthening the Capacity of Ecuadorian Indigenous Peoples to Participate in Gas Concession and other Gas and Petroleum Ventures. These TCs were to help build the technical and legal capacity of a group representing sectors of the Ecuadorian indigenous population so that it could ultimately partner in a joint gas venture with a Canadian indigenous company.
- 1.12 Five case studies were developed using site visits, interviews, evaluations done by the countries themselves and also evaluations contracted by NGOs. This report will discuss the areas of the projects which concerned NGO activity. However, the entire case studies are all available on the OVE web site and should be consulted for more details on each project, including areas not concerned with NGOs. In addition to the case studies, information has been included from interviews with Bank staff, both at Headquarters and in the Country Offices, as well as information on civil society and how it has developed in Latin America.
- 1.13 The report is organized along the four criteria established by the Board of Directors in 1995. However, some of the projects reviewed involve efforts in more than one of the categories. In such cases, they will be mentioned in several chapters.

**Table 1.1**

<b>COUNTRY</b>	<b>NAME OF PROJECT</b>	<b>NUMBER</b>	<b>APPROVAL DATE</b>	<b>SIGN. DATE</b>	<b>EFFECTIVE DATE</b>	<b>FIRST ELIGIBILITY DATE</b>	<b>ORIGINAL DISB. EXP. DATE</b>	<b>FIRST ELIGIBILITY DATE</b>	<b>ORIGINAL DISB. EXP. DATE</b>	<b>CURRENT DISB. EXP. DATE</b>
Brazil	Programa Comunitade Solidaria	AT-1107 (ATN/SF-5413-BR)	20-Nov-96	05-Dec-96	05-Dec-96	20-Nov-96	05-Jun-00	20-Nov-96	05-Jun-00	05-Dec-01
	Capacitación Laboral de Jóvenes Urbanos	MIF/AT-200 (ATN/MH-6211-BR)	30-Oct-98	17-Nov-98	17-Nov-98	21-Jan-99	17-Nov-00	21-Jan-99	17-Nov-00	28-Feb-01
Colombia	Fondo para la reconstrucción de la región del Eje Cafetero	1171/OC-CO	18-Feb-99	19-Feb-99	19-Feb-99	30-Apr-99	19-Feb-00	30-Apr-99	19-Feb-00	31-Jul-00
Ecuador	Fortalecer Capacidad Indígenas Ecuador	ATN/SF-7476-EC	20-Jun-01	20-Jun-01	20-Jun-01	20-Jun-01	19-Feb-02	20-Jun-01	19-Feb-02	31-Aug-02
Peru	Capacitación Laboral Juvenil	944/OC-PE	02-Aug-96	21-Feb-97	21-Feb-97	23-Dec-96	13-May-98	23-Dec-96	13-May-98	13-May-99
Uruguay	Seguridad Ciudadana Prevención Violencia	1096/OC-UR	09-Mar-98	14-Mar-98	14-Mar-98	16-Oct-98	14-Sep-02	16-Oct-98	14-Sep-02	14-Dec-03

## **II. PROMOTION OF A LEGAL FRAMEWORK THAT FAVORS ASSOCIATIONS OF AND PARTICIPATION BY CITIZENS AND PROMOTING PHILANTHROPY AND VOLUNTEERISM**

2.1 The importance of a legal framework that favors association of and participation by citizens is underlined by the fact that in many countries in Latin America citizen participation has not always been looked upon favorably. Often evolving from Church movements, NGOs in many cases formed as a reaction against authoritarian governments, and sometimes have found themselves in relationships of mutual hostility with those in power. As more democratic regimes came into power in the 1980's and 90's however, there was a gradual rapprochement between the governments and the NGOs. However legislation and regulations that legalize organizations impartially, rather than as part of political patronage, lack of transparency in mechanisms to access governmental funds and limited fiscal support often characterize government-NGO relationships. Since NGOs often speak for interests that are not well represented by traditional political parties, their activities are essential to the well functioning of representative democracies, and projects that enhance their ability to function transparently and without prejudice fall within the areas covered by the document GN-1883-5.

### **A. Brazil**

2.2 The Brazilian TC AT-1107, was signed on December 1996. The objectives of the TC were defined as "seeking to improve the juridical and normative structure (referring to regulation and operation of the third sector in the country), promote volunteer work and the partnerships between the government and the private sector, as well as facilitate the spread of information between the organizations of civil society. It consists of non-reimbursable funds between the IDB and the Consejo de Comunidad Solidaria, an organization formed in 1995, which included state ministers, persons of civil society with trajectories into NGOs, universities, cultural institutions, the Church and private enterprise.

2.3 The Consejo's main role was to advise and propose activities to combat poverty and social exclusion and to promote the formation and development of civil society organizations that act to create partnerships between different levels of government and civil society. Up until 1998, the Executive Secretary of the Consejo coordinated 16 government programs implemented by five ministries, which were called "The Basic Agenda" in the program to combat poverty. The Consejo gradually focused upon designing and executing innovative programs and, at the suggestion of Dr. Ruth Cardozo, the First Lady at the time, gradually separated into different programs from the government.

2.4 The fact that the Consejo existed was testimony to the opening of a larger space for civil society in Brazil during the last quarter of the 20<sup>th</sup> century. In fact, NGOs (as distinguished from other types of civil society organizations) are of rather recent origin, beginning formally in the 1980's. However, in the 1960s and 1970s, there were organizations that, although they did not specifically identify themselves as NGOs, worked with local communities. Generally they were

- related to the Catholic Church and were involved in educational activities. In the years before the 1964 coup, they formed the Grassroots Educational Movement and Popular Cultural Movements in some states.
- 2.5 By the mid-1960s (during the military regime), these movements began to separate themselves from the Church and to form an independent social movement, often based on liberation theology. The Church encouraged this, viewing it as an independent source of opposition to the regime. In addition, these NGOs began to receive financing and support from international NGOs. Finally, by the end of the 1970's, exiles returned from Europe, bringing their experiences from the European international organizations in such issues as the environment, feminism, gay liberation, etc, began to influence Brazilian NGOs.
  - 2.6 A unique space began to be carved out for the work of the NGOs because of the population trends in Brazil. The population more than doubled between 1960-1990, (70 million to slightly less than 147 million) and the percentage of the population that lived in cities went from 45% in 1960 to 76% in 1991 (a 250% increase in 30 years). The NGOs became concerned about the lack of urban services and were protagonists for the urban poor who were forming their own movements against exclusion and discrimination, with financing, not from the State, but from International co-operation.
  - 2.7 By the mid 1980s, the multilateral financial institutions began to use NGOs in the execution of their programs because of their ability to reach grassroots groups with innovative programs. By 1991, these NGOs organized into a Brazilian Association of NGOs (ABONG), which included 250 associations. The visibility and legitimacy of the Brazilian NGOs increased their ability to participate in international meetings. The most important of these was the United Nations Conference for Economic Development meeting in Rio in 1992, where the NGOs organized an enormous parallel meeting and received heavy press coverage. In addition, they were active in the Foros Sociais, which took place in Porto Alegre in January of 2001 and January/February 2002.
  - 2.8 The type of activities and projects conducted by the associations belonging to ABONG is of great diversity. 41% of the NGOs list their primary job as advisors, helping other organizations deliver services. Grouping the NGOs according to their activities, education (including popular education, education for citizenship and other types of training) accounts for 32.1% of the principal activity. 63% of the NGOs work with children and adolescents. 52% work with urban movements and 46% with inhabitants of tenements. 42% of the NGOs work with women.

## **1. Overall Program Results**

- 2.9 The TC is an interesting example of strengthening participation through participation itself. One of the sub-components was to develop a consensus between the government and the private sector on (1) what should be contained in a strategy to eliminate exclusion and poverty and (2) how to develop the legal framework to support such a strategy. The way chosen to achieve this objective

was through rounds of Conferences in which State Ministers, staff members of the Comunidade Solidaria, representatives of other organizations including NGOs, Foundations, and various organizations of the state met. Through these multiple meetings, networks between government, NGOs, and private philanthropies developed.

- 2.10 It was also during these conferences that obstacles to institutional access and difficulties for many NGOs to receive legal recognition were discussed. It became clear that the legislation that applied to the third sector was confused and obsolete because it didn't take recognition of the active part that the private entrepreneurial sector was now playing in social programs, nor the new partnerships that were forming. There were not clear regulations about how the organizations of the third sector could access public funds, or sufficient incentives for the private sector to donate money for public causes. In addition, the existing legislation did not do enough to prevent abusive practices of private philanthropies.
- 2.11 The co-ordination and discussion process took about 20 months before the President of the Republic presented a law to Congress that was approved unanimously in March 1999. The changes to the existing law were:
  - a. Simplification of processes to obtain legal recognition for the NGOs and broadening of definitions of NGO activities that would be recognized as serving the public interest.
  - b. Establishment of a normal form of relation between the NGOs (and other Organizations of Civil Society (OSC) and the State, namely, partnerships, defining procedures for accessing financial help from the State, as well as agreeing to formal auditing and monitoring systems that the NGOs must use if administering State Funds.
- 2.12 The new law defined qualifications for receiving public recognition as an Organization of Civil society in the Public Interest (OSCIP) and established simple and automatic processes for receiving this status. The State had to give recognition to the applicant if the documents submitted were the truth. In terms of funding, the new law provided easier access to government and other sources of funding, but with more control over the results.
- 2.13 The changes in the law were only one of the several activities contained in the TC. Other components of the program included 1. financing the development of a nationwide information network for the third sector (RITS) that would disseminate pertinent information and facilitate interaction among public, private sector and civil society organizations, 2. Promotion of Volunteer Work, 3. Promotion of Partnerships through which private sector organizations would be encouraged to channel resources through the Comunidade Solidaria Program, to obtain greater visibility for the organizations' philanthropic activities, and 4. Social Marketing to create a better understanding of Comunidade Solidaria and

- the activities it supports, and in turn mobilize CSOs to become more involved in the delivery of social services.
- 2.14 The idea of the information network, or RITS, was not new: as far back as 1985, a Brazilian NGO, as well as certain exiles living in Canada had thought of a network that would allow NGOs to communicate with each other. However, the IDB project facilitated the process whereby the RITS would be part of the *Comunidade Solidaria*, but work autonomously. In addition, the availability of IDB funds helped to expand the RITS Website from approximately 1400 monthly hits, to 5600. The philosophy behind the RITS is to use technology to help citizens participate in questions of rights and welfare and give them access to information.
- 2.15 The services now include advice on (1) administration of NGOs, (2) fund raising, (3) legal questions, (4) development of digital technology and (5) opportunities for employment in different areas, It also has an internet site where NGOs can converse with each other. However, in actuality, the number of entities formally associated with the network is 191, much less than the 850 subscriptions that they had hoped to reach. (A formal subscription cost 1000R\$). So, the RITS is not sustaining in itself. However, it sells other services and technical advice to private and public entities, private foundations and international agencies. It has received funding from the Ford and Kellogg Foundations, OXFAM, the International Development Research Center (IDRC), Canada, and the World Bank.
- 2.16 In terms of promoting volunteerism, the original proposal in the Program was to create 10 Centers of Volunteerism in the large metropolitan areas. These were to facilitate the diffusion of the values and practices of volunteering, the coming together of people and organizations interested in these activities, and training for volunteering. In fact, at the end of the execution period, the Program had formed 36 Centers with the formal support of IDB. In addition, it is estimated that about 200 more Centers were being formed without IDB support.<sup>9</sup>
- 2.17 The subcomponent relating to Partnerships has diffused the idea of volunteerism to Foundations (*Fundación Odeebrecht* and *el Institute C&A*) and to the *Grupo de Institutos Fundaciones y Empresas (GIFE)*. These partnerships work to get the wealthier sectors of society involved in volunteerism.<sup>10</sup>
- 2.18 **The Social Marketing component**, (partially because of the “respectability” lent to *Community Solidarity* program by the fact that IDB was helping to fund it),

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<sup>9</sup> “*Volunteer Rio*” is an example of the activities provided by the Centers. Between 1998 and 2000, 5300 people from 354 institutions received training in 66 courses providing information on such matters as legal requirements for volunteer organizations, rights and responsibilities of volunteers, types of honorarium permissible for volunteer coordinators, etc”.

<sup>10</sup> In addition to the programs originally envisioned by the IDB project, other programs have developed. These include: (1) **Volunteerism and the Web**: The Program created a Website for Volunteers which offers information and references relative to practices of volunteer work. The Portal includes links with partners and with the Centers of Volunteer Service and presents information over successful experiences that can serve as “best practices”.

- influenced the private sector to contribute more to NGO projects and for the Government (at all levels) to take NGO actions more seriously. As an example, in March 2002 the government of Rio de Janeiro and its citizens were alarmed by an outbreak of Dengue fever and organized a campaign against it. All levels of government asked the population to collaborate with them and also used NGOs to help in the campaign. Volunteer Rio trained people to participate in the campaign, while Rio Viva was responsible for other parts of the operation.
- 2.19 In addition, although it is hard to attribute increases in philanthropy directly to the program, there is no doubt that private enterprises are taking more interest and contributing more to projects that work with the poor. For instance, a study by Goes and Rohden (1997) about a Corporate effort to support projects to improve social conditions, reports that in 1995, 99 projects received corporate support of US\$285,338,662 dollars. This contrasts with 1993, when the same competition supported 96 projects, with a value of US\$110,168,312.<sup>11</sup> This represents an increase of over 159% in just two years.
- 2.20 Additionally, a recent study by IPEA about the social action of enterprises in distinct regions of Brazil presents statistics on the amount of private resources invested in every type of social action. For the Southeast region, which includes the states of San Paulo, Minas Gerais, Rio de Janeiro and Espirito Santo, and in which is concentrated half of the enterprises in the country, the investment destined for social action by these companies in 1999 was R\$3.5 billion. This represented “approximately 30% of the federal social expenses in the Southeast region (excluding expenses for social security)” (IPEA 2000, p.61). In the Northeast region, which includes the states of Bahía, Pernambuco, Ceara, Alagoas, Maranhã, Paraíba, Piauí, Rio Grande de Norte and Sergipe, the amount of resources assigned by regional entrepreneurs to social action were in 1999, R\$260 million. This represents “approximately 4% of the federal social expenditures in the region (excluding expenses for social security). (IPES,2001, p. 65)
- 2.21 From these figures one can conclude that private philanthropic social efforts are becoming an important part of social spending. Changes in the law have made the relationship between government and private philanthropy clearer. In addition, there appears to be a growing acceptance of corporate social responsibility.
- 2. Observations**
- 2.22 The Brazilian Program of Comunidade Solidaria has had a large impact on the organization and stability of the NGO sector. New laws governing NGOs were established that (1) simplified the process to obtain legal recognition for NGOs and broadened the definition of NGO activities that would be recognized as

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<sup>11</sup> Paul de Goes and F. Rohden. “Filantropia empresarial em discussao: numeros e conepcoes a partir do estudo do Premio Eco.” In Acoes em sociedade. Militancia, caridade, assistencia, etc. Org. Landim, L., NAU Ediora, Rio de Janeiro. 1997

serving the public interest, and (2) norms were established for forming partnerships between NGOs and the State, defining procedures for accessing financial help from the State to manage social and/or anti-poverty programs, and auditing programs using public funds. In addition, an information network for the sector, as well as a network to encourage volunteerism were substantially enlarged and improved with the help of the TC funding. In addition, corporate giving to social causes is increasing.

- 2.23 However, although the Brazilian project is an interesting example of how IDB, working with borrowing member governments and the private sector can help to enhance civil participation, it is also an example of the possible conflicts that could occur in the future from a too-close link between government, the private sector, and organizations of civil society. Independence for advocacy groups is already difficult in Latin America because of the problems of sustaining budgets and programs when there is no tradition of giving to such groups (and no tax advantages). Imagine then the possible problems that can emerge when national governments encourage official partnerships. It is one thing to have organizations themselves combine and associate in order to be more effective when trying to advocate positions before government ministries. It is another thing to have them combined in organizations *with* the government. When, in addition, philanthropies are linked to NGOs and other CSOs, and these in turn are linked to government programs, there may be great risk that the diversity of opinions that is the hallmark of participation by civil society will be diminished.

## **B. Colombia**

- 2.24 A second project reviewed did not necessarily promote a legal framework that favors association of and participation by citizens. However, by using NGOs in an important role at a time of great emergency, the government of Colombia expanded the space for NGO activities into important new areas and provided a regulatory system under which both the GOC and NGOs were accountable for their actions.<sup>12</sup>
- 2.25 In the Colombian case, the GOC was faced with an enormous challenge. The January 25<sup>th</sup> 1999 earthquake hit 6.2 on the Richter Scale, striking the Midwestern region of the country, causing severe damages in 28 municipalities located in five

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<sup>12</sup> Most Colombian NGOs were formed between 1956-65(59%) comprising social groups and organizations from diverse social tendencies, but characterized by a commitment to the poorest. During the 1970s and 80s, the NGO sector experienced a significant quantitative increase favored by substantial support from international NGOs, European and American development agencies and the Catholic Church. Although the period of the National Front gave rise to two different civil society movements, one in opposition to it, the other directly supported by the government, recent democratic openness has influenced a change in the attitude of civil society organizations, including NGOs regarding government institutions. The change has favored a more active role of these organizations as agents of social development. In fact, some organizations and groups created as opposition to the government, or simply indifferent to a political scene, which denied them any channels of representation and influence, have adopted a more collaborative approach, participating in government programs. On the other hand, some of those government promoted organizations gained autonomy and developed into independent civil society organizations.

- departments (provinces). The affected zone is part of the country's coffee heartland, known as "Eje Cafetero" (Coffee Belt), coffee production being the main economic activity. For decades, coffee has been the fuel for much of Colombia's economic and political development, and this region became one of the richest and most stable of the country, with a participation of eight percent in the GNP.
- 2.26 The earthquake affected both rural and urban areas, material damages being worse in the latter due to concentration of buildings and slum zones, mainly built by refugees from other regions as a result of conflicts between the guerrilla and paramilitary forces. According to the census elaborated by the Department of Development in the 28 municipalities, 100,852 houses were damaged, of which 10,064 (10.60%) totally collapsed; 19,984 (19.80%) were severely damaged; and the rest, 70,204 (69.50%) were partially affected. In the rural areas, the National Federation of Coffee Growers estimated damages to 9,732 houses.
- 2.27 Social impacts of the catastrophe were significant. At least 1,185 people died, over 700 were missing and presumed dead, 4,750 were injured and about 250,000 people were homeless. The most affected city was Armenia where 907 people were killed and about 60% of the buildings were destroyed, including police and fire stations. In the neighboring city of Pereira about 50% of the houses were destroyed and 3000 families lost their homes. Approximately 12,000 poor families, the cities' poorest and most vulnerable groups, had their already substandard homes destroyed. Shelter and temporary housing became critical problems. Initially, shelter was provided spontaneously, and without organization. Affected families constructed makeshift shelters on sidewalks or parks near the destroyed properties. Most of them (about 80%) belonged to low income groups, unable to afford housing repair and reconstruction costs. Non-property owners have represented the major relocation problem.
- 2.28 Under such circumstances, the government had to act quickly and decisively. Colombia already had a well-recognized natural disaster response, mitigation and prevention system. OVE has already reported on that system in its evaluation of the Bank's Emergency Reconstruction Facility (ERF)<sup>13</sup>, which found that a recent analysis by the Andean Regional Program for the Prevention and Mitigation of Disaster Risk (PREANDINO) said that the System needed strengthening in both prevention and response capacity and had insufficient capacity to respond to major disasters such as the coffee belt earthquake.
- 2.29 Therefore, in order to facilitate urgent aid to the affected population, the GOC declared a state of national economic, social and environmental emergency by Decree 182 of 1999. It also created the "Fondo para la Reconstrucción del Eje Cafetero-FOREC" (Fund for the Reconstruction of the Coffee Belt). The FOREC was established by presidential Decree, as an autonomous governmental agency committed to finance, manage and provide technical support to the economic,

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<sup>13</sup> RE-264, May 1, 2002. p. 3.17

social and environmental reconstruction of the affected area. FOREC became the executing agency for the Emergency Project and the Reconstruction Project.

- 2.30 A decision was made between the GOC, and the IDB and the World Bank (primary lenders for the emergency rebuilding program), to set broad participation of civil society as a requirement for project financing. To facilitate this, the FOREC structure was kept to an organizational minimum. A formal structure composed of a Directive Committee responsible for direction and administration, and an Executive Director, appointed by the Committee, who was in charge of executing its decisions, were the only permanent FOREC staff. The remainder of the FOREC personnel was hired by means of consulting contracts exempt from the application of the rules of public procurement. This technical team oversaw the work of the 31 organizations (NGOs and other types of private groups) that supervised the 31 reconstruction zones established by FOREC in concert with local authorities.
- 2.31 To allow for quick disbursement of funds, FOREC's activities were exempt from normal national procurement rules. All the contracts financed with resources coming from external credit followed either the lender rules on procurement procedures, (IDB and WB), or the procedures agreed upon with them. This exemption facilitated the participation of NGOs in the program because, as private organizations, they were not under the restraints of the public procurement procedures to perform contracts. However, it served to exclude the participation of local authorities in the Funds' management because if the funds had been transferred to local budgets, the rules governing public procurement would have to be applied.
- 2.32 After zoning the affected region, FOREC selected the organizations that would be in charge of managing the reconstruction tasks in each Operational Zone. In the selection process, the government's interests in keeping control over the program and ensuring prompt answers to reconstruction tasks converged with the need of accomplishing the Bank's participation requests in order to obtain indispensable support and financing. FOREC contacted the National Confederation of NGOs, an entity whose membership includes diverse organizations of civil society, to carry out the selection of the organizations.
- 2.33 Initially, FOREC asked the Confederation to send private invitations to a select number of NGOs. This restriction was opposed by the Confederation and both the IDB and the World Bank<sup>14</sup>. FOREC had to agree to a public bidding process, whose terms of reference were elaborated in accordance with the Confederation, and which was carried out by it. According to the terms of reference, to participate in the reconstruction program as government co-executing agencies, the organizations were to meet such prerequisites as: a) juridical entities with at least three years of existence previous to the Project; b) annual gross receipts superior to approximately US \$150,000; c) at least, five previous social projects

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<sup>14</sup> Meeting with representatives of the National Confederation of NGOs.

or investments administered in the preceding three years; d) a patrimony of at least US\$150,000, (approximately); e) a cash flow average, during the last year, equivalent to US \$35,000; and f) a minimum permanent personnel.

- 2.34 A broad spectrum of civil society organizations was finally chosen as Zone Managers. In the urban area, among the 31 organizations in charge of the Operational Zones there were traditional NGOs characterized by an extensive record of community work and service; non-profit organizations constituted on the initiative of governmental and non-governmental organizations; temporal associations created for the exclusive purpose of acting as Zone Managers; an association created as a result of an agreement between departmental authorities and an NGO; and Consortia.<sup>15</sup> Each of the selected organizations signed an agreement with FOREC, which establishes their duties and responsibilities, submits their activities to FOREC for approval, and subjects them to diverse external supervisions and controls to ensure transparency in the whole process.
- 2.35 In the rural area, the **National Federation of Coffee Growers** was the organization responsible for the reconstruction process. Promoted by the government, this union of coffee producers was created in 1927 and developed into a very powerful organization, dealing directly with the government in the design and negotiation of the policies affecting the coffee sector, removing them from the regular channels of political representation.<sup>16</sup> Since its formation the Federation has contributed to the economic and social development of the Coffee Belt region, channeling substantial resources<sup>17</sup> to the construction of infrastructure (roads, aqueducts, rural electrification, etc), and social facilities such as hospitals and rural schools. The coffee departments show levels of education and healthcare above the country's average largely due to the Federation's programs. The Federation's experience and strong presence in the rural area along with its influence over the government institutions at the highest level made it the indisputable organization to carry out the reconstruction of the rural area. In addition, the Federation has contributed with its own resources to the reconstruction program to the amount of about US \$15 million<sup>18</sup>.

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<sup>15</sup> For example, “**Fondo para la Solidaridad del Valle**” composed of: NGOs, professional associations, and private companies; and (6) two Universities (**National University**, and **University of Antioquía**).

<sup>16</sup> Policies related to coffee production and marketing were not dealing with in the Congress, either in the Foreign Policy Council or the National Planning Council, but directly in the Government Monetary Board and in the Board of Colombia's Central Bank (Banco de la República). EL TERCER SECTOR EN COLOMBIA. Rodrigo Villar. (2001). P. 58.

<sup>17</sup> An agreement signed with the government in 1928 and renovated in following years, entitled the Federation to an important share of the income tax over coffee exports. *Id.*

<sup>18</sup> In the last years, resources of the National Federation have diminished significantly mainly because of the decline in coffee exports. The cessation of the pact of quotas between coffee producer countries in 1989, the entrance in world coffee market of countries such as Vietnam, whose export prices are highly competitive, and the deficiencies in the productive structure of Colombian coffee industry have resulted in a increasing crises in coffee sector. While in 1989, the patrimony of the National Coffee Fund accounted for US \$1,600 million; nowadays it reaches only US \$569 million. This decline in income has reduced the role of the Federation in the development of the coffee region, cutting in the year 2000 several program and projects. (Dinero.com. Ed. Num 137. July 19, 2001)

## **1. Overall Program Results**

- 2.36 The overall result of this project was the provision of 27,711 housing units to satisfy a demand of 25,750 units for renters and relocated families. A strategic decision was made early on to provide benefits not only for people who had actually owned and lost their housing, but also to renters who had never been included as beneficiaries before in post-disaster efforts. The argument employed was that the use of public money to provide multiple housing replacements for the wealthy, while doing nothing for the renter, was inequitable. For more details on the program results, please see the case study.

## **2. Implementation and Civil Society**

- 2.37 There were some problems in implementation regarding the position of local NGOs and local government. Although it is understandable that FOREC desired experienced NGOs as zone managers, these requirements impaired the ability of smaller NGOs and other local civil society organizations located in the region of the projects to be directly engaged. In addition, the initial scheme of participation in the program's execution agreed upon with the IDB and World Bank established a preference for locally based groups and organizations to perform required subcontracts. This was viewed as a way to engage them in the program, looking for broad local support and improving local capacities in working with government programs. In practice, however, most Zone Managers were themselves sometimes overwhelmed by their many and varied responsibilities. Therefore, when specific activities arose that required contracting independent consultancies, they preferred to work with organizations that they already knew who offered guarantees of the correct completion of the contracts under their responsibility. The need of attending to the rapid execution of the projects and, accomplishing FOREC contractual demands, led to placing participation of local groups as a secondary goal.
- 2.38 More serious in terms of the viability of these projects were the uneven relations with local authorities. Although in many cases FOREC directly dealt with municipal and departmental governments in managing activities that affected various Operation Zones, the inability of the municipal authorities to manage programs (and program funding) led to some difficult relations. In fact, even when local authorities were consulted, problems existed when new elections were held. For instance, conflicts have resulted after the election in March of 2001, when the political composition of some local governments changed. In some cases, the new representatives, belonging to opposition parties, have not felt involved with FOREC's program, and have rejected agreements reached by previous local representatives.
- 2.39 In June 2000, the National Confederation of NGOs published a document<sup>19</sup>, written at the request of some members, who acted as Zone Managers, pointing

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<sup>19</sup> Las ONGs y el FOREC en la Construcción de lo Público y Bienes Colectivos: Elementos Necesarios para Fortalecer la Cooperación. Confederación Colombiana de ONG. Bogotá, D.C., June 2000.

out some of the main issues regarding participation in FOREC's reconstruction program. Some of the criticisms were: (1) Scant definition of rules and procedures to follow during the program's execution and confusion caused by continual changes in the procedures to follow; (2) Insufficient planning because prompt execution of the resources has prevailed over the adequate planning of activities to be implemented; (3) Few institutional mechanisms to coordinate the activities of the diverse agents involved in the process and excessive top-down management; (4) Disregard of local public and private capacities, (5) Deficiencies in the follow-up system, and (6). Insufficient mechanisms to coordinate activities executed in the diverse zones, which has impaired the development of integral perspectives necessary to provide more efficient problem solving responses.

- 2.40 The evaluation mission to Colombia that took place in October 2001 met with many of the NGOs whose staff was working as zonal managers in the program. Managers' opinions of the program were essentially positive, although they did agree with many of the issues that were contained in the Confederation document. Most importantly, their primary concern was that the GOC had not listened to their opinions sufficiently. They said that communications were excessively top down, even though they, as managers, had a lot of constructive ideas about the program. They said that improvements could have been made much faster had the FOREC been more concerned with communicating with and listening to the zonal managers. They also had concerns about the ability to institutionalize reforms in order to improve performance during the next emergency.

### **3. Observations**

- 2.41 In the Colombian case, a broad spectrum of civil society, including many NGOs enabled a quick response to an emergency situation. The overall result of the project was the provision of more housing units than had been planned. However, decisions made at the planning stages of the program by the government, with the assent of the Bank, resulted in problems that occurred during implementation and will possibly affect sustainability.
- 2.42 For example, the criteria for choosing NGOs favored selection of older, national organizations rather than local NGOs. In addition, municipal government officials were often displeased by their non-participation in the project, causing them to co-operate less than they might have given more decision making power (and more patronage). The NGOs themselves felt that they were not given enough opportunities to have a greater impact on the program because communications were mostly from FOREC down rather than a mutual flow of information. The emphasis on top down communications made it hard for the NGOs to discuss their problems during implementation and may effect the possibilities of formalizing improved procedures to be used in future emergencies.

### **III. THE IDENTIFICATION OF NEW WAYS OF DELIVERING SOCIAL SERVICES THROUGH LOCAL GOVERNMENTS AND INTERMEDIATE AND GRASS-ROOTS ORGANIZATIONS**

3.1 The identification of new ways of delivering social services can be interpreted in different ways: (1) delivering the traditional social services (education, health, urban services and housing) in non-traditional ways, and (2) expanding the menu of social services to include areas that have risen partially because of the rapid processes of urbanization and demographic, social and economic change that is confronting many member countries. The Citizen Safety and Prevention of Violence and Delinquency project (1096/OC-UR) in Uruguay is a good example of both.

#### **A. Uruguay**

3.2 Uruguay is a society in which civil and human rights are respected, and where there is active participation of civil society. However, the country has been going through an economic downturn, where unemployment is rising along with growing violence that, although not reaching the scope and magnitude in some of the other surrounding countries, has made citizens feel increasingly insecure. To cite just a few figures for Montevideo and Canelones (the two largest urban areas):

1. In December 2001, in 28% of the households interviewed, some member of the household was the victim of a crime in the twelve months prior to the interview and these crimes have been more violent. For example, in the last decade, violent assaults grew 100% mainly due to an increase in the capital city.
2. There is a progressive decrease in the age of people who perpetrate violent or criminal acts. The average age of all offenders sentenced to jail for theft, homicide, and assault is 27 years of age. Almost 50% of young offenders are between 18-27 years of age, when in fact this age group only represents 19 per cent of the total population. At least some of the above increase can be attributed to the fact that juvenile unemployment was reported at 28% in 1998, and to the fact that during the same year the formal education system had considerably higher dropout rates of approximately 11 % in secondary school and as high as 25% in the Universidad del Trabajo de Uruguay.
3. The issue of domestic violence has gained visibility in Uruguay during the past 15 years, due mainly to the efforts of the NGOs themselves. In addition, partially because of the new poverty, child abuse is on the rise. For instance, according to the Instituto Nacional de Menores, INAME, the number of minors in homes run by INAME as a result of child abuse increased by approximately 40% between 1991 and 1996.

- 3.3 In reaction to such statistics, especially in Montevideo and Canelones, the Government adopted measures to deal with the situation including measures for judicial and prison reform and a law to provide a system for inter-institutional coordination to define strategies to deal with the multi-causal nature of crime. In addition to these measures, the Executive Branch established a number of organizations and institutional measures to deal with the increasing crime and violence which included all levels of government and civil society. Namely, establishment of: (a) Municipal government and other public agency agreements to establish crime prevention plans in zones or sectors; (b) Inter-institutional coordination between various Secretaries of State and NGO representatives to prepare a bill regarding family violence; (c) “Neighborhood Safety Committees” as venues for community participation to draft crime prevention plans for certain zones and to mobilize neighbors for a “Vecino Alerta” (Neighborhood Watch); and (d) Police Force decentralization through strengthening the role of the Precinct Police and computerizing precinct networks.
- 3.4 The Program for Citizen Safety, established in March, 1998 had 4 sub-programs, each of which was divided into projects with activities carried out by NGOs and community-based organizations (CBOs), often-in partnership with state agencies to achieve the objectives. The Sub-programs included:
- a. **Sub-program A:** (24% of funds) Increase institutional capacity by restructuring and building institutions through interagency co-operation at the national and municipal levels and strengthening civil participation in the work carried out by the National Directorate to Prevent Crime (DNPD), by strengthening and better coordinating the Commission for Security Liaison.<sup>20</sup>
  - b. **Sub-program B:** (65% of funds) Reduce risk factors associated with crime by providing preventive activities for youth (professional training of individuals and youth groups through integrated actions and campaigns to raise citizens’ awareness, (*sensibilización*);
  - c. **Sub-program C:** (6% of funds) Increase community participation in prevention initiatives by encouraging civil society to become actively involved in crime and violence prevention (extensive civil society participation by way of NGO involvement as co-executors of the Program’s projects); and
  - d. **Sub-program D:** (5% of funds) mitigate interpersonal violence by improved police-community ties and communication with the public about domestic violence.

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<sup>20</sup> Also included is a consolidated information system; a public awareness campaign; and a reorientation of police services towards a more community friendly strategy and joint police-community actions

## 1. Overall Program Results

- 3.5 The final responsibility for managing the PSC was assigned to the Ministry of the Interior who executed the Program through the Program's Coordinating Unit (PCU) that was structured on functional lines. An important part of the overall institutional structure of the Program and the strategy of the Program Coordinating Unit (PCU) was the inclusion of public institutions and NGOs as co-executors of projects<sup>21</sup>. The PCU was particularly interested in strengthening projects already being executed by public organizations and NGOs concerning family violence and at-risk children and establishing a Fund for Local Preventive Activities to fund community initiatives for social prevention<sup>22</sup>.
- 3.6 Utilizing a multi-sectoral approach, the program design drew on professionals from the education, medical, legal, law-enforcement, and economics sectors. The main institutions selected to execute projects were specialized NGOs and CBOs<sup>23</sup>, as well as public institutions such as INAME (National Institute for Minors), the National Institute of Youth (INJU), and the National Department of Crime Prevention (DNPD).
- 3.7 The selection process of the projects financed in Subprograms B and D was highly influenced by the Bank. In fact, projects were selected by the IDB and the borrowing agency during the preparation phase. To do this, NGOs and other public agencies were called together at public meetings and asked to submit proposals. According to the terms of reference, in order to participate in the program, NGOs with proven track records were required to broaden and increase coverage of their services.<sup>24</sup>
- 3.8 Both general and specific criteria formed the basis of selections for all sub-programs. The general criteria specified that the objectives of the project must tally with objectives of the Fund such as: (i) stimulate active participation of the community, (ii) develop and promote valid strategies of support and social solidarity; (iii) implement and develop preventive activities in the light of specific at-risk circumstances; and (iv) promote involvement of children, teenagers and their families in diverse activities.
- 3.9 Specific criteria included institutional, social, technical, methodological, financial, and evaluation specifications. According to the PCU, the criteria that weighed

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<sup>21</sup> Ejecución del medio término de los proyectos de las instituciones apoyadas por el Programa de Seguridad Ciudadana, Proyecto IDB 1096/OC-UR, I. Novacosky, noviembre 2000, p. 12.

<sup>22</sup> Idem, I. Novacosky, p.12.

<sup>23</sup> According to the PCU, all NGOs and CBOs in the project had prior experience and long institutional curriculum and professional experience. They had worked with national and international organizations as intermediaries to support work at the grassroots level. By contrast the CBOs in the Program, "organizaciones barriales", had worked in specific communities and had little if any international professional experience. The PSC worked with 33 NGOs as co-executors in association with the municipal government, and national government ministries and agencies.

<sup>24</sup> According to the mid-term report, there is no exact information about the project selection process nor the organization selection process.

- heavily in the selection of organizations and their projects included: (1) Institutional strength; (2) Integration in the community; (3) Focus on barrios with the biggest pockets of poverty (three in Montevideo and one in Canelones).
- 3.10 ANONG (la Asociación Nacional de ONGs, National Association of NGOs) served as one of the advisory groups of the Evaluation Committee. The selection evaluation committee was composed of representatives from the Program (one from the División de Seguimiento, the Follow-up Unit and another from the Dirección de Capacitación, the Training Unit) and a representative from the DNPD. Notification of the results were publicly announced<sup>25</sup>.
- 3.11 Special provisions were made for selecting projects financed from the Fund for Local Preventive Initiatives (sub-program C). In order to attract the greatest number of proposals, and to insure transparency, workshops were held in the neighborhoods (barrios) to disseminate the bidding terms and conditions. The workshops were designed by a consultant who also prepared an information document to circulate in the workshops. These meetings provided an opportunity for interested organizations to receive assistance in preparing their projects and to understand clear-cut rules through an all-inclusive forum. During the first call for bids 40 projects were submitted and 4 projects financed. In the second phase, 35 proposals were submitted and 11 were selected.<sup>26</sup>
- 3.12 The overall program clearly was successful in utilizing NGOs in projects that increased citizen awareness and participation. During the field mission, NGO staff was particularly enthusiastic about the transparency of the selection process and the fact that they could increase the scope and outreach of projects in their particular specialties, rather than having to conform to a single training model. They said that they were sometimes hesitant to participate in government programs because they thought that their own missions would be undermined. By encouraging individual initiative, this program has facilitated an especially creative way for civil society and government to work together towards a single purpose.
- 3.13 In addition, NGOs also benefited from this Program because they received training in resource mobilization skills, thus building their internal knowledge about how to raise funds for future activities. For example, by December 2000 the PSU had organized a fund-raising skills workshop in which 20 organizations participated. This kind of capacity empowers NGOs to make them less dependent on outside sources of funding, and helps them build partnerships with outside actors.

## **2. Observations**

- 3.14 Through the use of NGOs and community organizations, the project's sub-components produced impressive and diverse programs which were attended by a

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<sup>25</sup> Idem, I. Novakovsky, p. 24

<sup>26</sup> Idem, I. Novacovsky, November 2000, p. 23.

substantial number of beneficiaries. For instance, sub-program B projected that it would serve 5,444, whereas by December 2001, the number of beneficiaries was 5,888. Services offered for at-risk youth varied from arts and crafts for young offenders to health, community cleanups and sports activities for low-income adolescents. Sub-Program C included Centros Pilotos de Prevención (CPP) at which inter-disciplinary coverage of violence problems was used. For example, one caseload used techniques that covered a broad spectrum of problems related to domestic violence such as family dysfunction, problematic behavioral-relationships, and school drop-out.

- 3.15 One of the long-term objectives of this program was to transform the pilot experience of Uruguay into public policy. This meant conditioning civil organizations to participate in issues of public safety. The decentralization of the program, devolving project co-execution to NGOs and CBOs, has resulted in empowering community organizations to play a participatory role in a public debate that seeks effective solutions countrywide. However, in interviews, representatives of NGOs said that to date their contribution to public policy-making was very limited if at all present.
- 3.16 One of the problems with dealing with such a diverse group of NGOs and other citizen groups is that there did not appear to be a harmonized strategy for dealing with at-risk adolescents nor a systematized set of operational definitions that apply to at-risk children in all at-risk situations. In fact, the most problematic aspect of the project was that it tried to do too many activities, without a clear indication of how one related to the other. A large number of disparate sub-programs and activities were taking place without the assurance that these were the factors that were contributing to increasing crime (for instance, would a public works program that created more low-skilled jobs have helped alleviate the situation more than family therapy sessions?).
- 3.17 A lesson to be learned is that although it is necessary to involve citizen's groups, NGOs, neighborhood associations, etc. in an effort of this sort, it is also essential to have a coordinated program beforehand and constant monitoring on the part of the government agency in charge and the part of the NGOs themselves, to see whether activities are effective and goals are being met. Although a substantial monitoring program was established, the end results often were evaluated in terms of number of activities held and number of participants rather than the impact of the program.

## **B. Colombia**

- 3.18 The Colombian Program of Reconstruction of the Coffee Belt (see above) is also an example of new ways of delivering social services through local governments and intermediate and grass-roots organizations.
- 3.19 The largest part of IADB financing was addressed to subsidize housing. In the initial estimates (emergency stage), only people who had actually owned and lost

- their housing were to receive benefits: renters were not included among housing subsidy beneficiaries. However, FOREC established a housing policy without precedent in post-disaster contexts, providing subsidies not only to owners but also to renters, based on the idea of equitable development. The argument employed was that the use of public money to provide multiple housing replacements for the wealthy, while doing nothing for the renter, is inequitable
- 3.20 This generosity was partially to counter-act memories of previous experiences with natural disasters. In these, although Colombia's government adopted measures to respond to housing damages, subsidies reached only affected owners never to renters. In addition, delays in disbursements and deviations in fund management generated social conflicts, and reluctance from the population toward government assistance in such disaster situations.
- 3.21 In view of these poor past experiences and given the economic and strategic importance of the Coffee Belt, it was necessary to establish a reconstruction policy that minimized social conflicts and ensured government control and security of the region. After quantifying and verifying housing damages, FOREC set up a subsidy policy that implied universal basic coverage for the population affected, owners and renters. Social pressures and mobilizations from groups located in temporary shelters as well as resources from international cooperation helped the government decide on a solution for about 13.000 family renters in order to minimize social conflicts.
- 3.22 For owners, subsidy amounts were fixed under the premises of providing for real costs of the reconstruction and repairs up to a maximum of about US \$2000, which is the estimated value for a social house unit in Colombia. In the case of owner relocation and renter subsidies, the amount was fixed to also compensate for the cost of the land, up to a maximum of about US \$4000, which is the cost of a regular social house unit including the site in Colombia. In this regard, the policy of housing subsidies was not discriminatory compared to the national housing policy.
- 3.23 Not only did FOREC provide housing subsidies for both owners and renters, but it offered a selection of housing alternatives aimed at supplying suitable urban land and providing for housing construction needs. For instance, for about 17% of the housing needs of relocated owners and renters, FOREC was directly responsible for the Pilot Housing Plans. These are housing projects executed directly by FOREC, which buys the land, designs the housing plans, and hires contractors and auditors to build and carry out the follow up and supervision. Other types of housing have been supplied by various other methods:
- i. Vitrina Inmobiliaria (Housing Exhibit), in which by means of a public bidding, house constructors present diverse house proposals which are selected by the beneficiaries;

- ii. projects executed through Popular Housing Organizations, in which beneficiaries participate by contributing personal work to the construction;
- iii. international cooperation financed projects;
- iv. independent projects and other initiatives.

3.24 The overall result of these projects was the provision of 27,711 housing units to satisfy a demand of 25,750 units for renters and relocated families.

**Table 3.1: Housing Supply**  
(Elaborated from data contained on FOREC Progress Report. August 2001. P. 11)

	Units	Percentage
Pilots Plans	4,530	16.35
Vitrina Inmobiliaria	15,876	57.29
Popular Housing Organizations	2,489	8.99
International Cooperation	2,526	9.11
Independent projects and other initiatives	2,290	8.26
<b>Totals</b>	<b>27,711</b>	<b>100.00</b>

### 1. Observations

3.25 Use of private contractors, popular housing organizations and independent projects was a particular bright spot in the program. Since many of the recipients had never owned a home before, the added bonus of being able to choose from various designs made them feel empowered. In fact, in site visits, the OVE evaluation team was impressed by the enthusiasm that new owners were displaying in both decorating their homes and planning for other ways to improve their neighborhoods, such as trees and sports clubs.

3.26 The only caution might be that although the new owners were enthusiastic, many did not have employment. Although plans were being made by some to open bakeries, shoe repair shops, etc., the possibility did exist that there would be insufficient household income to sustain the new dwellings. This problem merits a review in the future.

### C. Other Projects Delivering Social Services through NGOs

3.27 Three other projects, which are primarily discussed in the next chapter, also delivered social services through NGOs. Although NGOs have been used to deliver educational services to the poor before, the innovative teaching methods used and the components that trained NGOs themselves so that they could deliver a better product added to the menu of NGO services. These projects include PROJoven in Peru, Capacitación Solidaria in Brazil, and Uruguay's Program for Citizen Safety. The primary target of the training in all three of the projects was poorly educated, unemployed youth from poor homes.

- 3.28 PROJoven's main concern was to give youth both theoretical and practical education in a skill, provide short term internships which would result in more long term employment opportunities. Capacitación Solidaria had a complex set of goals. Not only were students to receive job training, but they were also to be given a "civil" education, so that they would be more suited to the job market and to living in society. For instance, field trips were arranged to museums and theatres, places where most of the participants had never been. Although trainees were encouraged to enter the workforce, they were also encouraged to reenter school to finish their basic education.
- 3.29 The training program in Uruguay's Program for Citizen Safety also had complex goals. Since the program was essentially to cut down on crime and the perception of it, the training programs for youth were geared towards this end. Students were encouraged to attend training in various arts, such as dancing and painting, as well as the more traditional programs of literacy and skill training. The long term results were considered met if students returned to school or worked, or did a combination of both, the main concern being to avoid the problems of an unemployed and bored youth contingent that would be open to crime.

#### **IV. ESTABLISHING FINANCIAL AND TECHNICAL SUPPORT MECHANISMS FOR GIVING THE MORE VULNERABLE SECTORS OF THE SOCIETY AN ECONOMIC ROLE TO PLAY**

4.1 The Bank and its member countries have experienced difficulties in creating economic opportunities for the most vulnerable sectors of society because (1) national economies are not expanding quickly enough to absorb a growing workforce and/or there is not a good fit between the jobs that are available and the qualifications of those who are seeking employment. For this reason, governments, and the Bank, are trying to co-ordinate efforts between those people who are seeking jobs and employers in the private sector. They are also trying to upgrade the skills of the trainers, so they will be more effective. Three of the projects reviewed for this evaluation have dealt with these issues to some degree. They will be discussed in this chapter. The results of the fourth project, which involved working to enable entry of a particularly vulnerable group (indigenous) into an important economic sector of their country, will be discussed in the next chapter.

##### **A. Peru: PROJoven**

4.2 The conception and preliminary designs of PROJoven were made with the technical and financial support of the IDB. In great measure the actual characteristics of the program were defined at this initial design stage. This included: (1) the targeted population of the program (2) the fact that the program would be demand, rather than supply driven, (3) the inclusion of indicators that would ensure quality in the training program, and (4) a requirement that the program be a combination of theoretical and practical training. Additionally, the participation of the IDB was decisive in establishing that the program would be evaluated for impact periodically. Because of this provision, PROJoven is one of the few training programs that can be evaluated for both quantitative and qualitative impact<sup>27</sup>.

4.3 The original program required financing of US\$80 million, US\$40 million from IDB, and US\$40 million national counterpart. However, PROJoven was finally scaled back to a program between US\$1 million and US\$2 million per session, with the Government of Peru providing all of the funding.

4.4 The principal objectives of PROJoven were to improve the employment opportunities for low-income youth and give impetus to the training system in the country, improving its relevance and technical expertise. It was also to improve incomes, enlarge the % of youth that could find placement in the labor market, reduce the time for looking for employment, and lessen the gender segregation in the various occupations covered by the program.

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<sup>27</sup> However, although there is information about the impact of the training on the ability to find work, there is not a long-term study to find out the duration of employment.

- 4.5 The targeted group for the program was men and women between 16-25 years, with low levels of schooling, belonging to poor or extremely poor households, who were unemployed, under-employed, or in forced inactivity. Acceptance into the program was established in order of application. However, criteria for entrance were rigorously enforced. Those selected were called the “beneficiaries”.
- 4.6 The program paid the costs of the training (including travel, refreshments, and medical insurance), rather than delivering the training itself. The training was provided by private organizations called “entidades de capacitación”, or ECAPS, which competed to win government financing for their proposed courses. Among the competitors were both private and public institutions, such as NGOs, Educational Institutions (CEO, IST and universities, public and private), and sectoral professional training organizations (SENATI, SENCICO, and CENFOTUR, among others)<sup>28</sup>. The ECAPS were called upon to organize and implement courses designed to match the needs of the productive sector and the characteristics of the beneficiaries. ECAPS were selected for the program based on their experience, their ability to administer and their staff expertise. ECAPS that were selected formed a registrar of training entities (RECAP) and only they could offer proposals in the program’s bidding auctions. In addition, the ECAPS were assigned the responsibility for finding places in the job market for the students during their practical training.
- 4.7 Courses, which generally lasted three months, were chosen according to price and the technical quality, and according to whether the ECAPS could demonstrate agreements with enterprises that would hire the beneficiaries during their practicum. In this way, a menu of courses was presented which the beneficiaries could attend. The practicum was to last a minimum of three months, during which time the enterprise would pay a minimum legal salary.

## **1. Overall Program Results**

- 4.8 From the beginning of the program in 1997 until mid-2002, PROJoven has initiated eight training cycles. Each cycle included a preliminary auction for ECAPS who desired to participate. During the eight cycles, 25,000 students participated. Also, 265 ECAPS, both public and private, participated in the program, including many NGOs. For example, during the 6<sup>th</sup> convocation<sup>29</sup>, NGOs represented about a third of the entities that gave courses, and these courses were attended by about 24% of the total students in the program.

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<sup>28</sup> These constitute one of the most important occupational training systems in the country. They are public organizations but enjoy administrative autonomy, and are financed through business contributions, the Public Treasury, and their own resources.

<sup>29</sup> The sixth convocation (end of 1999 to beginning of 2000) was used by the study as the base of information about beneficiaries, control groups, and ECAPS.

- 4.9 The Program has trained a large number of students, at what can be considered a reasonable cost.<sup>30</sup> Assuming that each session of the eight sessions already implemented cost US\$2,000,000, (the actual price is between US\$1-US\$2,000,000) and that 25,000 men and women were trained, the cost per student was US\$640.00. (US\$16,000,000 divided by 25,000).
- 4.10 In terms of insertion into the job market the results are positive, but not overwhelming. The evaluation that was done throughout the program contains a sampling of 893 students and a control group of about the same number who did not receive training. The evaluation estimates that for the student group, there was a 4.7% insertion rate into the labor market, while the control group actually lost jobs. It also says that the actual difference in wages between those who received the training and received a raise in wages, and the control group (who also received a pay raise during this time) was 32% in favor of those who received training. However, since the evaluation does not, at this time, follow the graduates for a substantial period of time, it is impossible to say whether the jobs have endured long-term.
- 4.11 One of the interesting aspects of the evaluation was that which calculated differences between the backgrounds and performance of students who attended the courses given by NGOs compared to those using other training institutions. Basic findings relevant to this evaluation include:
1. PROJoven beneficiaries who attended courses given by NGOs were, in the majority, in the provinces (89.2% in provinces, in comparison to 10.8% in Lima). This percentage is quite different from other training organizations, where 54.3% of students were in Lima. Such percentages are indicative of the fact that the NGOs played a fundamentally important role in training students who lived outside of the Capital and is probably directly proportional to the weakness of training organizations in the provinces. In Lima, the array of courses is much wider, and includes centers of occupational education (CEOs) and Sectoral entities as well as colleges, universities, etc. This is also demonstrated by the fact that in six of the training cycles, only 23.9% of the courses were adjudicated to the NGOs. However, in the provinces, 55.3% of the courses were adjudicated to NGOs.
  2. Generally, the proportion of men (48%) and women (52%) students was about the same. However, in the case of students who attended NGO courses, the participation of women is somewhat larger (55.5%). Since one of the goals of the project is to lessen the gender segregation in the various occupations covered by the program, this can be considered a success on the part of the NGOs.
  3. The students attending courses given by NGOs were slightly poorer than those attending other institutions, possibly because more of them live in

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<sup>30</sup> The consultants interviewed many of the NGOs who participated. Almost all said that they had either not earned money from giving the courses, or had actually subsidized the courses. (See next page)

the provinces. In terms of monthly family income, it is estimated that those attending NGO courses earn about 6% less than those attended by other types of training institutions.

4. In evaluating the impact on insertion in the labor force, the decisive factors seems to be the size of the teaching facility, small being preferable to large, and whether it has sufficient infrastructure (classes, workrooms, laboratories, etc). In this sense, NGOs were slightly advantageous to other trainers.
5. For the majority of the training institutions, indirect benefits were greater than monetary ones. NGOs often supplemented the funds provided by PROJoven with international cooperation with the goal of reaching a certain level of quality and efficiency. The NGOs interviewed for the evaluation said that they wanted to have access to the type of beneficiaries attracted by the Program, as this was consistent with their missions in the long run.

## **B. Brazil: Programa Capacitación Solidaria**

- 4.12 The Brazilian “Programa Capacitación Solidaria” (MIF/AT-200) had several objectives, one of which was to train low-income youth; the other was to improve institutional capacity of the third sector. The objectives were to: (a) Reduce the risk factors that effected low-income youth in Belen, Fortaleza, Sao Paulo and Rio de Janeiro, (b) .Improve the institutional capacity of private training institutions, and c. Consolidate the instruments and methodologies of the Program.
- 4.13 Emphasis in this program is on “training the trainers” as well as institutionalizing instruments and methodologies so that they can be reproduced. In contrast to PROJoven, where 265 training institutions were selected during the eight competitions according to their experience and personnel, the Brazilian program worked with 2342 civil society organizations (including NGOs, CBOs etc). In fact, the Brazilian program was less a Government work-training program, than a program administered by an umbrella institution of the “third sector” to strengthen the capacity of its members. At the time the TC was signed, the program was on-going. No new NGOs were formed as a result of this program.
- 4.14 The program was divided into two components. The first component had three subcomponents. The first included orientation seminars for the training organizations, a second sub-component, concentrated on youth training. It was to finance approximately 300 courses for 9,000 youth in four metropolitan regions in both behavioral and job skills. IDB funds paid for teachers’ salaries, pedagogical materials, food and transportation for the participants and a monthly stipend for the students. A third sub-component was to accompany and evaluate the technical contents of the courses and the pedagogic design as well as the administrative and financial aspects of the programs. The program was to finance approximately 30 courses in monitoring and various regional seminars.

- 4.15 The second component was to facilitate the replication of the program by consolidating the techniques and methodologies, the selection of courses, monitoring and evaluation.

### **1. Overall Program Results**

- 4.16 The orientation activities included technical seminars (teaching methods and financial accountability), monitoring visits to training programs, and workshops with students and the NGOs. Between 1996 and 2001, 169 technical pedagogical seminars were given to 7,010 professionals and 179 financial seminars were given to 7,478 persons. Monitoring visits to review pedagogy numbered 6369 between July 1999 and September 2000<sup>31</sup>. In addition, between July 1999 and September 2000, there were 6,369 monitoring visits to lend support to 1,178 projects. In the same period, 1,300 training courses were evaluated.
- 4.17 Sixteen training workshops on pedagogical methods were given, half on the basic module, and the other half on specific modules, and eight workshops of evaluation. Finally, the Program developed a system of baseline data on the students, an on-line monitoring system, and an ex-post evaluation system.
- 4.18 The evaluations that were conducted on this part of the program said that, in general, the NGOs found them very helpful. The NGOs said that heretofore it had been hard to deliver these courses because in Brazil, very few people knew how to work with poor, uneducated youth. The pedagogical courses showed them ways to achieve results, and the on-site monitoring, helped them during the time when they were teaching the students.
- 4.19 The sub-component on Youth Training had mixed results. Between 1996 and 2001, with the support of IDB and other financiers, the program expanded from four to nine metropolitan regions. In this period the program evaluated 10,968 proposed courses, from which 3,882 courses were accepted. The number of youth who attended these courses was 114,956.
- 4.20 Two thousand three hundred and forty two civil society organizations had responsibility for the coordination of the training courses. These groups were heterogeneous in interests, representing community associations, institutions of assistance and social development, religious groups, associations of producers, cooperative, unions, etc.
- 4.21 Comparing the proposed activities in the IDB TC, and those realized between April 1999 and May 2001, the number realized was far greater than the program envisioned.

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<sup>31</sup> In the period when the program did not have IDB financing, it was only able to give 62 pedagogical and financial seminars in which 4,721 participated. These were financed with local support.

**Table 4.1.**

Año	Cursos Programados IDB	Cursos Financiados		Alumnos a capacitar con IDB	Alumnos capacitados	
		Con Aportes IDBD	Otros Aportes		Con Aportes IDB	Con otros Aportes
2000	300	632	608	9000	20555	42199

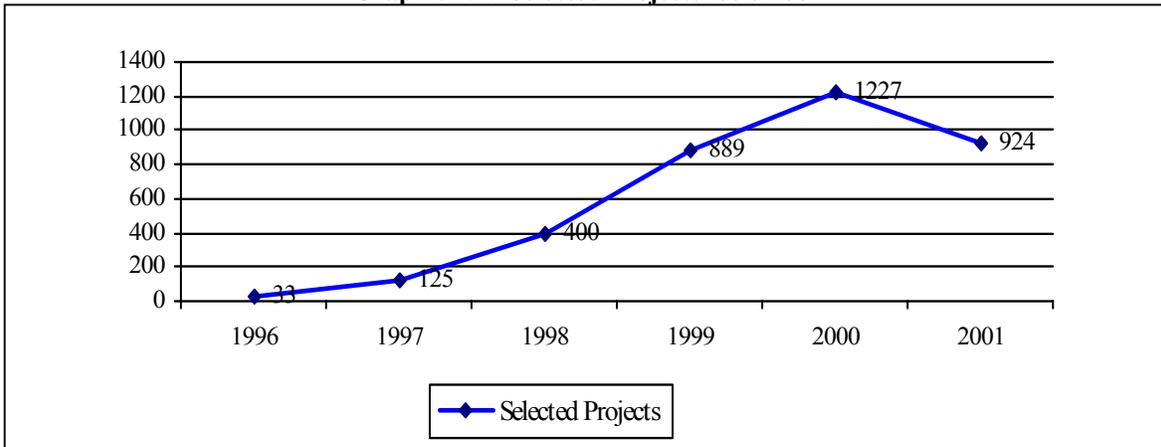
⇓

Dif. Porcentual (programado y realizado con aportes IDB)	110%
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Dif. Porcentual	128%
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4.22 The program expanded greatly because of the IDB support. 51% of the training courses in 2000 were financed from the IDB agreement and 33% of the students attended these courses. After the IDB agreement was concluded, the number of courses declined by 25%.

**Graphic 4.1: Selected Projects 1996-2001**



4.23 Although the number of courses given was high, and the number of attendees exceeded that which was expected, the final results were disappointing. An evaluation commissioned by the Program reported that there was a **very modest impact on employment**. That is, 28.5% of the students found jobs after taking the course, in contrast to the 26.8% in the control group who did not have the training.

4.24 However, the study reported that students said that they were much better trained to comport themselves, to act as full members of their families and of society, and felt more “employable” after the program. The training also amplified the vision that the students had through trips to places they had never visited, such as museums. They returned to school in greater numbers once they had completed the training. (16% of the students who had not been in school before the training, returned to school. 9% of those who were in school before the training, left school after the training). In fact, the evaluation found that the great benefit of the program was in an increase in self-esteem and in the promotion of social values.

- 4.25 The same evaluation describes the benefits that NGOs and other OCs said that they received from this program. They said that selection of projects was based on very transparent criteria and that the committees of selection were unbiased. They thought that a result of the program was new partnerships and expansion of teaching of methodologies. The NGOs also reported that they thought that the basic model was effective in that the students gained social skills through it.
- 4.26 The final consolidation component of the program systematized the proceedings for the selection of social projects and for monitoring the financial and pedagogical components. It has also published a series of documents that can be used in later programs.

### C. Uruguay

- 4.27 Uruguay’s Program for Citizen Safety also had a component for skills training. This component of the project focused on providing at-risk youth with different kinds of skill and vocational training to enter the labor market with paid jobs. At risk youth were defined as those (i) from poor families, (ii) who dropped out of school and (iii) who were not employed.
- 4.28 As previously said (3.16 and 3.17), the Program suffered from a failure to define the links between crime, poverty and unemployment. For instance, one of the better documented programs was the one called “OPORTUNIDAD JOVEN” which was done in conjunction with the National Youth Ministry and the Sports and Youth Ministry. The program had a training course in labor market skills that lasted 36 months. The evaluation done by the Coordinating Unit of the Program (PCU) reports that of the 952 youths who entered the program, 848 completed the courses and 650 completed labor internships.
- 4.29 Twelve months after the end of the training, a follow up survey was conducted with the youth beneficiaries (the 848 who finished the training course). The results from the PCU were as follows:

**Table 4.2.**

<b>Situation 12 months after leaving course</b>	<b>%</b>	<b>Number of youths</b>	<b>Type of work</b>	<b>%</b>	<b>Number of youths</b>
Study only	14	120	Regular employment	70	310
Work only	42	355	Self-employment	10	44
Study and work	10	85	Candy making	10	43
Neither study nor work	34	288	Assistant	10	43
<b>Total</b>	<b>100</b>	<b>848</b>	<b>Total</b>	<b>100</b>	<b>440</b>

- 4.30 Although the documentation shows a rather impressive number of youth receiving jobs after the training (52%), there is no other follow-up to see whether crime prevention, which was the purpose of the overall program was effected by this success. For instance, we do not know whether this youth committed crimes

beforehand, or whether they did afterwards. The other training programs, which in total covered 5,888 youths, are even less clear between linkages.

## **1. Observations**

- 4.31 A review of the three training programs invites comments on several levels. In all three cases, a selection system for choosing both training organizations and trainees was used that was considered transparent and fair by participants. Criteria for selection of both types of participants were clearly defined and publicly advertised, and selections were made by panels that were considered impartial.
- 4.32 Both the Brazilian and Uruguay cases trained more youths than originally predicted. The Peruvian case represents an on-going program of job training.
- 4.33 The training organizations that participated in the Peruvian case were satisfied because the program allowed them the opportunity to deal with populations (under-privileged youth) that were often hard for them to reach. The program offered provincial NGOs advantages in being able to offer courses in geographical areas that were usually not serviced by government programs. The NGOs in the Brazilian program were enthusiastic about the methodologies they had learned and the financial and management courses they had received. The Uruguay program offered NGOs an opportunity to gain new partnerships with government ministries.
- 4.34 The trainees in all cases were low-income youth with little education from poor families. All three programs reached the targeted population, and served more students than originally predicted. Evaluations in the Brazilian and Uruguayan programs showed that students were satisfied with the social skills they had learned.
- 4.35 On the other hand, both the Peruvian and the Brazilian programs were not very successful in procuring long-term jobs for their students. In Peru, the insertion rate into the labor market was 4.7%, in Brazil 28.5% of the students found jobs after taking the courses, in contrast to the 26.8% in the control group who did not have the training. The Uruguayan case seems to have had more success, although the numbers are not clear in most of the training courses.
- 4.36 Why so little impact on long-term employment for these youths? There appear to be many reasons. In Peru, the courses were generally 3 months long. Whether this is sufficient time to train low income youth with little education is questionable. Even if the job does not require highly skilled activities, the combination of psychological and intellectual insights needed to hold-down a job might take longer than three months to learn. Certainly, for more skilled jobs, such as auto maintenance or secretarial work, 3 months would not have been sufficient.
- 4.37 In both the Brazilian and the Uruguayan cases, there was not a clear vision of what the courses intended to do. Were they meant to improve teaching methods

of organizations of civil society, or were they to prepare students for particular occupations? In the Brazilian case, an important motive of the training was psychological adjustment for the students. In the Uruguay case, the primary motive of the program was crime prevention. Such mixed motives make it hard to establish whether the programs were successful or not. Program evaluation was based on the number of students taking the courses and the number of civil organizations participating. If large numbers in these categories are the measure of success, then the projects were successful. If it was in creating long-term employment or preventing crime, then it is impossible, at this time, to measure success.

- 4.38 Finally, all three projects are dealing with much more complicated problems than simple job training of deprived youth. The macro and micro economic problems of unemployment cannot be solved by a training program or two. The global economy is making it much more difficult for uneducated youth to compete for jobs and for small businesses to compete with national and international private companies. In order to mitigate the problems of unemployment, long term strategies have to be developed and implemented.

## **V. FINANCIAL AND TECHNICAL SUPPORT MECHANISMS FOR GIVING THE MORE VULNERABLE SECTORS OF THE SOCIETY AN ECONOMIC ROLE TO PLAY**

- 5.1 The final project reviewed for this evaluation report is perhaps the most innovative. It enters upon territory not tried before in the Bank's efforts to help vulnerable groups enter important sectors of the national economy. It also is a good illustration of how the Bank must ensure that flexible procedures are in place when starting a new mode of activities. Because the events described in this chapter are rather complicated, the reader is urged to review the entire evaluation on the OVE website.
- 5.2 The Bank's most recent country paper for Ecuador was released in December 2001. In it, the Bank emphasizes its intent to support Ecuador's indigenous and Afro-Ecuadorian peoples by fostering dialogues, conducting consultations on issues and projects affecting the groups and ensuring their participation in projects with a high level of community development.
- 5.3 One of the principal issues that rose in an initial meeting between President Noboa and Ecuador's indigenous leaders concerned the lack of real benefits to the indigenous population from the exploitation of natural resources on or near their ancestral lands. At that meeting, indigenous leaders raised the point that Ecuador is a country that must import cooking gas, while domestic sources of the gas were not being fully exploited
- 5.4 That initial discussion evolved into an opportunity for indigenous peoples to propose and negotiate with Petroecuador a concession to process and commercialize natural gas in Sacha, Ecuador's largest oil field. Sacha is currently being exploited by Petroecuador; it is located in the Oriente region. The gas to be processed is currently being flared and is contaminating surrounding areas. In addition to the cooking gas, other gas products can (and are expected to) be extracted from the flared gas, and sold or used.
- 5.5 In order to advance its proposal to Petroecuador, indigenous leaders had to ensure that their members fully supported the initiative. Bank documents and interviews confirmed that indigenous groups were consulted extensively and a final decision was made to house the project in the Amazonian CONFENAIE that represents some 200,000 culturally diverse Amazon peoples. This agreement should be recognized as a significant achievement by Ecuador's indigenous leaders, given the oil industry's reputation, and the challenge of introducing innovations to traditional societies.
- 5.6 CONFENAIE, however, had extremely limited technical capacity and did not have the financial resources even to contract the experts needed to develop the idea, one of the first of its kind in Ecuador, and one of the first of its nature in Latin America. (IDB, TC-0103047). This need for both financial and technical

support, preferably indigenous, led the CONFENAIE to look towards the Government of Canada, which already had extensive public and private<sup>32</sup> participation in the petroleum industry in Ecuador, as well as a history of indigenous participation in petroleum<sup>33</sup> and other ventures in Canada. In addition, at a meeting in March 2001 of the Indigenous Peoples Summit of the Americas in Ottawa, Canada's Minister for International Co-operation announced that Canada's IDB Trust Fund had a specific component to promote the involvement of indigenous peoples there, with the aboriginal Canadians, who were represented by an organization called First Nations. CONFENAIE also approached the IDB for assistance, since both its regional and indigenous departments in Washington, and its country office was encouraging indigenous economic improvement.

- 5.7 It was believed at this time that the most secure means to ensure indigenous participation in a joint venture between themselves and Canadian Aborigines would be through the establishment of a government-to-government agreement. Ecuadorian legislation allows for direct contracting<sup>34</sup>, (rather than competitive bidding) with foreign governments, when the business conditions are favorable for the country (TC 010347, *Executive Decree 779*). A request for Canadian support in this area was also received by the Canadian Embassy.
- 5.8 A meeting was held in Canada, in August 2000 in which indigenous leaders met Canadian aboriginal firms. This was followed up in March, 2001, when a number of First Nations representatives went to Ecuador to meet with indigenous leaders, and Canadian Embassy and Bank officials. They were shown the Sacha site, courtesy of the Alberta Energy Company (AEC) that has worked with both the Canadian and Ecuadorian aborigines. By the end of the meeting, the Ecuadorians had made a decision to work with Keyano Pimee Exploration Ltd. (hereafter referred to as Keyano Pimee) a company owned by the central Alberta Cree Nations.
- 5.9 The Bank, with its administrative budget resources, assisted the Ecuadorians to develop a Letter of Understanding with Keyano Pimee. This agreement was signed in May 2001. The understanding was that the Keyano Pimee and the Ecuadorian indigenous would bring an equal amount of capital to the venture, that the Canadians would initially run the operation, but would train the Amazonians, and gradually transfer operations to them.
- 5.10 To facilitate a government-to-government agreement, the Ecuadorians indigenous leaders and officials from Petroecuador had originally asked to be put in contact

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<sup>32</sup> Canada's principal investor in Ecuador, and according to the Government of Canada, Ecuador's fifth largest taxpayer is Alberta Energy Company (AEC).

<sup>33</sup> According to Canada's 1996 census, aboriginal peoples comprised 2.8% (799,010) of Canada's then population of 28,528,125. Canada is encouraging its indigenous peoples to enter into joint ventures with non-indigenous partners. In areas such as pipeline construction, well drilling and processing, joint ventures can allow smaller aboriginal firms to enter into business with more established firms, thus leveraging their resources and gaining experience and technical knowledge.

<sup>34</sup> Subsequent sub-contracting is also permitted.

with Canada's state oil company. Since Canada does not have such an entity, a different but acceptable mode of support was found in the **Canadian Commercial Corporation (CCC)**. The CCC's mandate allows it to sign export contracts on behalf of Canadian companies and to provide international buyers with a Canadian government-backed guarantee. Acting in the role of prime contractor, the CCC also provides Canadian companies with advice on preparing bids, risk analysis and mitigation, contract negotiation, and follow-up with monitoring and administration services, including mediating, auditing and close-out. However, the CCC does not provide export funding. The CCC agreed to follow-up on the potential of entering into a contract with Petroecuador for the Sacha gas project and by May 2001, Petroecuador had agreed to analyze the CCC's proposal, when it was developed.

#### **A. Financing for the Joint Venture**

- 5.11 After several refusals for financing the Canadian part of the joint venture (US\$20 million) the Keyano Pimee approached the **Alberta Energy Company (AEC)** and the AEC agreed to assist them and by June of 2001 an overview of the proposed project was presented by the Canadian partners. However, the Ecuadorian side was still not financed. The TC project documents indicate that the indigenous groups expressed interest in the Bank's participation as an eventual lender through the Private Sector Department (PRI) or the Inter-American Investment Corporation (IIC). It was expected that the Bank would be approached once the venture reached a more advanced stage, including the actual awarding of the concession.
- 5.12 In June, 2001, Ecuador's Minister of External Relations, requested technical cooperations to strengthen the capacity of the Ecuadorian indigenous population, through CONFENAIE, to participate in the gas concession with Petroecuador and to lay the groundwork for a broader process of capacity building in the sector, in view of the sectors current and expected growth.
- 5.13 Two TCs were approved, totaling US\$250,000. One was from the Canadian Trust Funds, another from the Bank's FSO. The FSO TC supports two activities: advisory services and training. The advisory services (US\$65,000) had a dual purpose. First, **they were intended to help CONFENAIE to set up Amazonía Gas SA**. This step was a requirement of law in order for CONFENAIE to enter into a business venture of this nature, and also serves to establish a separate identity for business development activities. These services included: (1)-**(Local) legal counsel**: to assist in finalizing the establishment of Amazonía Gas; and (2)-**Administration and office support**: to establish the administrative structure and workings of Amazonía Gas and to assist with the initial four months of operations, including office rental and communications.
- 5.14 Second, they were intended to **assist the CONFENAIE to process the proposal for the joint venture**. These services included: (1) **(Local) legal counsel** specializing in petroleum / gas transactions to help evaluate and negotiate contracts, including the joint venture contract with the Canadian partners, the

- government-to-government contract between CCC and Petroecuador, and the contract between CCC and the indigenous partners. (2) **Technical services:** A specialized petroleum / gas engineer to advise on technical aspects and feasibility, including review of the technical information provided by Petroecuador, and (3) **Financial advisory services:** to assist in evaluating financial structure options, especially mechanisms for funding the participation of the Ecuadorians. The same TC also provides US\$85,000 towards a short-term training program for potential indigenous workers in the oil and gas sector.
- 5.15 The CANTAP-3 TC also comprises two activities. First, the TC would provide 50% of the cost of a technical, economic, legal and environmental feasibility study, in follow-up to a pre-feasibility study completed by Petroecuador. The TC was also designed to provide CONFENAIE with international financial advisory services in order to determine and evaluate financial structure options and especially mechanisms for supporting their participation in the joint venture.
- 5.16 **Bank responsibilities.** The beneficiary in both TCs is CONFENAIE (Keyano Pimee, the Canadian company, has not received direct assistance from the Bank). The IDB is the executing agency for both TCs and is responsible for contracting consultants. In the case of the FSO TC, the IDB was to hire consultants at the request of CONFENAIE, and preference was to be given to experts with experience with the indigenous population and the hydrocarbons sector. In the case of the CANTAP-3 TC, preference was to be given to experts from Canadian indigenous institutions. Execution was estimated at six months. The Indigenous Peoples and Community Development Unit (SDS/IND) and Region 3/Operating Division 5 (RE3/OD5) hold technical responsibility for the two operations. The Country Office holds administrative and financial responsibilities. The RE3/OD5 Ecuador Coordinator was named project team leader for both projects. Neither PRI nor IIC are mentioned as being formerly involved in the TCs, although, as earlier noted, they were to be approached for financing.
- B. Overall Program Results**
- 5.17 The two TCs have contributed to advancing the CONFENAIE's proposal on a number of fronts. First, ***Amazonía Gas S.A. is established*** and operating as a private company owned almost in its entirety by the CONFENAIE. The company has contracted many of the specialists initially required and has met its initial operating expenses (Delays in developing the venture have led the Bank to extend support for the running of the company's office by one month). Amazonía Gas is headed by a respected Indigenous professional from the *Sierra*, with a long association with the umbrella group CONAIE. In addition, a ***feasibility study*** has been drafted and revised. The study was conducted by a Canadian firm known to Keyano Pimee.
- 5.18 Most importantly, following months of review and negotiations, Petroecuador accepted the ***project proposal*** presented by the CCC, TheUS\$34 million,<sup>35</sup> 14

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<sup>35</sup> The Bank documents set the total project costs at US\$40 million.

- year proposal, includes the pricing, supply and delivery terms which make the venture acceptable to the parties. It also sets out basic responsibilities, some of the benefits expected, and the steps needed to finalize the deal.
- 5.19 Petroecuador announced the planned project in its January 2002 trade bulletin and the news was reported in Ecuadorian newspapers.<sup>36</sup> In essence, the project will involve the design, construction and operation of a gas processing plant, through a BOT (Build-Operate-Transfer) agreement to capture flared gas in the Sacha field. Construction of the plant and associated infrastructure is expected to take two years (The plant's construction will not be undertaken by the partners but will be sub-contracted). The project will then assume responsibility for operating the plant for a 12-year period. After this time, the plant will be transferred to Petroecuador.
- 5.20 A broad range of benefits was expected by all parties. Among these were: 1) Amazonian indigenous peoples would participate for the first time in a sector with significant national and local impacts, in a manner which would improve environmental practices, open up employment opportunities, strengthen indigenous technical and managerial capacities, and return benefits to them. 2) Communities surrounding the Sacha field would benefit by the reduction and elimination of flaring (solution) gases that are injurious to the environment. 3) Amazon communities would benefit through increased support for local development.
- 5.21 In February 2002, the Terms of Reference for the *training program* supported by the CANTAP-3 were just being signed. These TORs show that Amazonía Gas is now playing a greater role in the program than the initial TC documents anticipated.
- 5.22 A number of hurdles still face the possible joint venture, some more serious than others. The most significant obstacle as of September 2002 had to do with the financing of Amazon Gas's portion of the deal (approximately US\$20M). As noted in both TCs, it was thought that either the Bank's Private Sector Department (PRI) or the Inter-American Investment Corporation (IIC/MIF) would be approached once the venture had advanced. More recently it appears that the World Bank's International Financial Corporation has also shown an interest in co-supporting the venture.
- 5.23 In December 2001, the AEC learned that the IDB's financing was not a foregone conclusion. The AEC's central concern at that point revolved around their understanding of the Bank's intent to consider their support as subordinate to other financiers. Concerns were also raised about the fees to be charged by the Bank, and the level of guarantees required by the Bank, despite the presence of the CCC.

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<sup>36</sup> Description of the proposal is based on Petroecuador (2002) and other documents provided to the evaluation mission by the Bank.

- 5.24 In February 2002, Keyano Pimee board members were arriving in Quito to continue discussions begun the previous week in Alberta. While a formal Bank decision had not been transmitted, what the indigenous partners understood and what they were now acting upon, was news that the Bank would not contemplate support for the project, given its current parameters. The venture's current structuring was seen to contravene Bank policies, with no possibility of exception. The contentious elements of the project, which could not be overcome, as explained to the indigenous partners were that: (1) The project, to be supported through the bilateral agreement between Canada and Ecuador, had not been awarded through a competitive bidding process; (2) The market for the gas products was too narrow, the sole purchaser being Petroecuador; (3) The project was in the oil and gas sector.<sup>37</sup>
- 5.25 Certain Bank offices prepared arguments to counter the concerns raised in the first two points. Arguments were also prepared to defend the Bank's support for a sector in Ecuador, which was seen to be lagging in the reform process.<sup>38</sup> These focussed on the fact that the proposed project is supportive of reform objectives. It would help strengthen private sector capacities and participation in the sector, and was likely to better inform segments of the population about the sector, including both costs and benefits.

### **C. Update**

- 5.26 As of July 2003, ATN/SF-7476-EC has been fully disbursed. In addition, ATN/CT-7521-EC is almost completely disbursed last payments being made on several activities. Specialists in the Country Office and at Headquarters said that important outcomes of the projects have been training of Indigenous People (IP) in oil and gas industries and the development of a trust fund designed to manage revenues to be used in IP professionalization, and funding for more IP business initiatives.
- 5.27 During the past year, Petroecuador granted a concession to process gas to a Canadian public entity that was backed by the CCC. The CCC in turn created a Project Special Enterprise formed from Amazonía Gas (AG), Keyano Pimee (KP) and Encana. Encana is a company formed in 2002 as the result of the fusion between Alberta Energy Company, Ltd and Pan Canadian Energy Corporation. Encana is presently one of the largest independent oil and gas exploration and exploitation companies in the world, and is the largest private oil and gas operator in Ecuador
- 5.28 With sufficient technical and financial resources, Encana was supposed to provide financing for the AG part of the joint venture and also additional funding for

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<sup>37</sup> To the outside observer, it is difficult to understand why this particular project would raise concerns. A cursory glance at the Bank's pipeline does not reveal any gas processing plants. But it does show that there are at least three proposals on stream for activities related to natural gas, at least one of which originated from the PRI. Given the Bank's appreciation of the importance of the hydrocarbons sector in Ecuador, it is also difficult to see how the sector can be ignored

<sup>38</sup> Sector reform aspects of OP-708, Public Utilities (GN-1869-3).

Keyano. However, an IVA dispute between Ecuador and its foreign companies, plus a change in government and the introduction of completely new actors and agents responsible for approving business deal with Petroecuador, has further delayed the project. Negotiations are continuing however, a presentation of the project being made at the Bank's Annual Meetings in Milan and potential new equity partners are being found.

#### **D. Observations**

- 5.29 The IDB and Canadian and Ecuadorian Governments, along with the two indigenous organizations involved in these TCs have taken major steps to gain entrance into a major industry in Ecuador. In addition, the proposed joint venture between the Canadian and Ecuadorian indigenous groups could be an important source of more jobs in an important sector as well as a stimulant to gaining new skills and expertise.
- 5.30 The TCs themselves were successful in accomplishing their objectives of advisory services and training and a new gas company, owned almost entirely by CONFENAIE has been established. However, although the TC project documents indicate that the indigenous groups expressed interest in the Bank's participation as an eventual lender to the joint venture, there was little follow through by the major parties involved in this operation to insure that barriers to IDB financing were either made more flexible, or that alternative funding arrangements were developed. Because of this oversight, a potentially exciting effort by the Bank and its members to include beneficiaries in a new sector may result in disappointment.
- 5.31 Insufficient attention was paid to the difficulties for an indigenous company to be admitted into the oil business in Ecuador and/or Latin America. The indigenous peoples themselves have to go through a long-term training effort to understand the complexities of the situation. In addition, the complex financial negotiations and a fluid social and government context make these efforts worthwhile, but long-term. A more realistic assessment of time frames and financial arrangements would be helpful in this and future projects.
- 5.32 There were many actors, both national and international in this operation, some of whom talked to each other, some of whom didn't. Throughout the evaluation, there was always a question of "who is in charge here?" The indigenous participants did not receive sufficient information about Bank processes to understand how to proceed from TC to actual joint venture financing. The Bank itself had several centers of supervision, all of which were active, none of which seemed to be taking the steps necessary to ensure that the financing question would be adequately addressed when the TCs were disbursed. Stronger leadership is required for such nontraditional operations.

## VI. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

- 6.1 This report has reviewed seven innovative projects and TC operations to see how the Bank has worked on the areas identified in the document: “Frame of Reference for Bank Action in Programs for Modernization of the State and Strengthening of Civil Society” (GN-1883-5). This document cites 4 types of activities that are necessary to strengthen civil society organizations: (1) Promotion of a legal framework that favors associations of and participation by citizens; (2) Identification of new ways of delivering social services through local governments and intermediate and grass-roots organizations; (3) Promotion of philanthropy and volunteerism; and (4) Establishment of financial and technical support mechanisms for giving the more vulnerable sectors of the society an economic role to play.
- 6.2 The projects reviewed for the report demonstrate that the Bank is active in all of the areas mentioned above. The TC in Brazil (AT-1107), has not only strengthened the legal position of NGOs in the country, but also supported greater networking partnerships between the NGOs and government agencies at all levels. In addition, it has encouraged volunteerism by establishing a volunteer network and facilitated philanthropy by supporting networks between NGOs and private sector organizations that are increasing their donations to many civic causes.
- 6.3 Although the legal framework that favors associations and participation of citizens was not the primary goal in the case of the Colombian Emergency Program, (1171/OC-CO), the insistence of the IDB on using citizen organizations to manage these extremely urgent activities brought significant benefits to those concerned. For the GOC, it allowed for a “mean and lean” organizational framework that could get the work done, without establishing a new bureaucracy. For the NGOs, the program meant new responsibilities and was an opportunity to show both the government and the citizens that they could provide a necessary service in an efficient way. The contracts also provided funds for NGO staff and gave experience in managing this type of program. Finally, the variety of organizations used to manage the “reconstruction zones” was proof to the citizens of Colombia that a vibrant civil society existed. Rather than always looking towards government for solutions, citizens interacted with NGOs and other organizations to satisfy their needs.
- 6.4 Uruguay’s Citizen Safety Program (1096/OC-UR) is a good example of how local governments and civil organizations can be used to identify new ways of delivering social services to help resolve a growing problem. The GOU correctly analyzed the increasing crime rate and the growing insecurity of its citizens as a problem that only citizens themselves could alleviate. Rather than simply calling in more police, or finding other ways of using more forceful means, the GOU established programs between the national ministries and local governments, and

- citizen organizations including NGOs and community based organizations, to work on a long-term solution. In addition, advisory boards were established between police forces and citizen organizations to insure communications and more trusting relationships between the two.
- 6.5 In the Uruguayan case, the decentralization of the program, and devolving project execution to NGOs, has empowered communities to play a participatory role in a public debate that seeks effective solutions nationwide. The Uruguayan NGOs said that their traditional social/educational activities were supported by the government, which also encouraged NGO partnerships so that particular skills could be shared. The program clearly was successful in increasing citizen awareness and participation as witnessed by the substantial number of citizens who took part in the various programs.
  - 6.6 Colombia's Emergency Program initiated new ways of delivering housing solutions to a population urgently in need of help. Rather than offering one type of public housing, the Government, with the help of local governments and citizen organizations, offered a menu of housing alternatives so that clients could have a choice of dwelling, and different suppliers could be used to satisfy customers more quickly than would be the case if only one alternative was available. The wisdom of helping not only owners, but also renters to build and rebuild homes is demonstrated by the satisfaction of clients with the program.
  - 6.7 This report contains several examples of programs that established financial and technical support mechanisms so that vulnerable sectors could play a greater economic role. Chapter 4 reviews training programs to adapt youth to changing economic opportunities and make them more employable through changes in attitude and comportment. The programs also helped to train the trainers so that they would be more able to serve the targeted population.
  - 6.8 Peru's PROJoven was a joint effort between the government and the private sector in establishing training programs for low-income youth. Using NGOs and other private organizations, a large number of students have been trained in courses which they themselves, have chosen. In addition, in the case of the courses offered by the NGOs, provincial youths of low-income, a group not ordinarily served, was offered courses, as well as a majority of female students.
  - 6.9 The Brazilian TC (MIF/AT-200) has used NGOs to reach parts of society that have not here-to-fore been served by government programs and developed innovative teaching methods. The objectives of the program were to reduce the risk factors that effected low-income youth in Belen, Fortaleza, Sao Paulo and Rio de Janeiro and to improve the institutional capacity of private training institutions so that an improved service could be offered to students. Over 2342 civil society organizations participated in the program and over 20,000 students received some training.

- 6.10 A component of Uruguay's Program for Citizen Safety was devoted to skills training. This component of the project focused on providing at-risk youth with different kinds of skill and vocational training to enter the labor market. A variety of programs trained 5888 youths.
- 6.11 Finally, in the Ecuadorian case, the TCs (ATN/CT-7567-EC and ATN/SF-7476-EC) helped establish Amazonía Gas, S.A., which is operating as a private company owned almost in its entirety by the CONFENAIE. They have also supported feasibility studies for the proposed gas project, which have resulted in acceptance by Petroecuador. A financier for the Amazonía Gas part of the joint venture was identified, but fell through. The project is currently seeking new financiers.
- 6.12 There have been some weaknesses in these programs that could teach lessons for the future. These include:
1. In the Colombian case, there was not enough co-ordination with some elected local officials and FOREC. In fact, it sometimes appeared that NGOs were being used to circumvent elected political entities from rival parties. Secondly, criteria established for participation of the private sector all but eliminated smaller, and more local NGOs. From the point of sustainability use of both local elected officials and-or local NGOs, was important, since their co-operation was essential to ensure that the works that were built by the project would be supported. Finally, the NGOs themselves complained that there was not enough bottom-up co-operation. They felt that they were treated as employees, rather than partners in the rebuilding efforts and did not feel that their particular skills in certain sectors were being used.
  2. The skills training programs all have one thing in common: the students who graduate from the courses often do not find employment. This is, in part, a matter of the overall economic situation, because the economies of these countries have simply not been growing fast enough to incorporate all of the unskilled or semi-skilled labor available, particularly in the face of large internal migrations to the cities. On the other hand, more realistic time frames for training courses and a broader view of actions that are required to expand the workforce might have helped.
  3. The Uruguay program introduces another problem into the training projects. Since the goal of the program was to mitigate crime, rather than create employment, some confusion existed about how one set of objectives linked with another. A variety of different sub-programs were implemented to involve citizens in crime prevention and to get at some of the causes of violence, including youthful unemployment and domestic violence. Since youthful training programs included sports, dancing, ceramics, and other types of creative endeavors, along with job skills, it is difficult to determine which type of training produced jobs, particularly when evaluative information is not available. The lack of a harmonized

strategy and a systematized set of operational definitions that apply to at-risk children, make the evaluability of the program doubtful. Although the entire program was well thought out, the individual building blocks are hard to connect.

4. Finally, the program to strengthen the capacity of the Ecuadorian Indigenous Peoples to participate in the oil and gas industry of their country is an important example of financial and technical support to vulnerable sectors to enable them to enter new areas. However, in designing and approving the TCs, the Bank did not take a realistic view of the complexities of opening an important industry to new players. These conclusions lead to the following recommendations:

## **B. Recommendations:**

6.13 The evaluation shows that, in its programs that work with civil society, and especially NGOs, the Bank is carrying out effectively the work in the areas indicated by the Board of Directors in 1995 in the document GN-1883-5. Although there have been successes, improvements could be made to expand the effectiveness and efficiency of NGO and Bank participation. In particular the Bank should:

1. The Bank should continue to work with and strengthen NGOs to give added voice to civil society. Rather than using them solely as implementers of projects, the Bank should give extra attention to dialogue with NGOs during the identification and design stages of projects to benefit from their multiple perspectives.
2. In order to support sustainability and increased participation of NGOs, the Bank should work with borrowing member countries to establish a clear institutional framework for NGOs in general terms ( legal, judicial, and financial obligations) (Brazil), as well as specific circumstances (Colombia).
3. Bank interventions with NGOs should be considered within the context of long term strategies within a sector, rather than discrete projects.
4. Bank projects should carefully weigh the cost/benefits of technical expertise vs. local representation. Although selection criteria for project participation should, in part, be targeted towards reaching the most experienced and technically advanced NGOs, there should also be criteria to engage the participation of locally based partners with less operational experience but more cognizance of local conditions.
5. When awarding TCs to NGOs and other citizen based organizations which are trying to innovate new areas for participation, the Bank should be realistic as to the length of time such efforts will require. In addition, a single point of management should be established, along with an information system that functions regularly between all participants. Finally, the Bank's departments should establish a dialogue between

themselves so that encumbrances caused by Bank procedures can be recognized at an early date and addressed, as necessary.