



Board of Executive Directors

For consideration

On or after: 6 June 2007

PR-3161

22 May 2007

Original: Spanish

To: The Board of Executive Directors
From: The Secretary
Subject: Venezuela. Proposal for a loan for a program to support the Centro de Acción Social por la Música, Phase II

Basic Information:

Loan type	Specific Investment Project (ESP)
Borrower	Bolivarian Republic of Venezuela
Amount	up to US\$150,000,000
Source	Single Currency Facility of the Ordinary Capital

Inquiries to: Mr. José Cuesta (extension 1487)

Remarks: As reported to the Board of Executive Directors at its meeting on 10 August 2006, the Office of the Secretary is distributing simultaneously a document (PR-3161-1) containing the text of the electronic links of the above-referenced document.

References: GN-1838-1(7/94), DR-398-5(5/03)

Other distribution: Representative in Venezuela

isolated manner (as is common in other traditional teaching methods), but rather collectively with other boys, girls, and young people. Unlike other group teaching methods (such as, the Suzuki method), the Venezuelan method also ensures early and continued exposure to great musical works, on the one hand, and on the other, seeks continuous contact between the beneficiary and his or her community. This strong link with the community—through frequent community performances—ensures that the beneficiary remains motivated and stays in the System. According to the baseline developed for this program, beneficiaries participate in the System for an average of 10 years. This allows them to absorb values such as teamwork and the pursuit of collective excellence during their participation in the System. As a result, 85% of students achieve a level of music proficiency considered good or excellent. All beneficiaries receive at least one individual class per week and at least three weekly workshops by instrument. The System provides an average of 17 hours of classroom time per week, for 40 weeks a year. Despite this academic load, each of the System's orchestras averages 26 musical performances a year. Despite swelling enrollment in recent years, the ratio of musical instruments per student has remained at two instruments for every three students, which is considered adequate for musical instruction.

- 1.12 **Benefits.** Sixty-three percent of the System's beneficiaries have good or excellent achievement in school (compared to 50% among their classmates who do not participate in the System). Parents report substantial improvements in their children's punctuality, responsibility, and discipline after going through the System (95%, 96%, and 86%, respectively, according to the 2004 ULA report). According to the results of a recent cost-benefit study conducted during program preparation, there are important social benefits—representing about 1.68 bolívars for each bolívar invested in the System—from the decline in the school dropout rate and the drop in victimization in communities where the System is present (see Table IV-1 in Chapter IV). The program's baseline also confirms the benefits related to the training of human capital and individual behavior (two-thirds of parents surveyed report these as the primary advantages of their children's participation in the System). As shown in Table I-2, there are also significant benefits in terms of social capital formation and improvement in formal employment expectations for boys, girls, and young people of working age (14 and up).

Table I-2
Baseline indicators⁴

Measure	Indicator	Intervention group	Control group
Academic achievement	Class attendance	95.5%	87.6%
	School dropout rate	6.9%	26.4%
Employability	Participation in formal employment of youth ages 14 and up; participation in social security system and/or written contract	40.7%	12.5%
Conflict management/ social capital	Participation in community activities	60.1%	37.9%
	Percentage of beneficiaries whose parents or guardians are notified of behavior problems at school	12.4%	22.5%
Socioeconomic profile of beneficiary	Persons living in poverty	59.9%	69.8%

- 1.13 **Beneficiaries.** It is estimated that more than two million boys, girls, and young people ages 3 to 19 have passed through the System since its creation in the 1970s. The annual growth in enrollment over the last seven years has been over 13%, with annual growth rates exceeding 20% in states with medium or low human development such as Sucre, Guárico, Trujillo, and Yaracuy. This has allowed the System to more than double its enrollment over this period from 100,000 beneficiaries in 1999 to the current 245,343. In Caracas, the population served has grown annually at an average rate of 8.5% (below the System's annual growth rate).
- 1.14 FESNOJIV's 2005 Annual Report indicated that nearly 67% of the System's beneficiaries came from poor strata of the population, that is, those living below the level of the basic shopping basket, made up of foodstuffs, essential products, and services, while this figure would jump to 81% if beneficiaries from the medium-low stratum were included. This beneficiary profile is achieved despite the fact that the System does not include explicit mechanisms for positive discrimination of its beneficiaries beyond their location in poor districts, resulting from a process of self-selection, and the provision of services based on community demand (demand-driven). This program, however, identifies safeguard criteria to ensure that future System beneficiaries are not excluded for reasons of gender, ethnicity, disability, or other personal characteristics (see Table IV-2 in Chapter IV).
- 1.15 **Bank support for the System's growth.** The System has continuously expanded since its creation in 1979. Coinciding with the Bank's support (through operation VE-0105), the pace of System expansion began to accelerate in 1998. The operation helped to more than double enrollment from 100,000 in 1999 to the current 245,343 beneficiaries. The music instruction method was systematized for all of the

⁴ The survey was conducted from October to December 2006, in 15 System centers (12% of all centers) in six states. The sample consisted of 840 boys, girls, and young people, as well as 500 parents and/or guardians. They were organized into two groups of equal size: the intervention group and the control group, based on whether or not they participated in the System. Information was collected on a total of 26 indicators.