AIDCO/(2008) D/11555
Draft

COMMISSION DECISION

of [...] on the Annual Action Programme 2008 in favour of the Bolivarian Republic of Venezuela to be financed under Article 190901 of the general budget of the European Communities

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No. 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation¹, and in particular Article 22 thereof,

Whereas:

(1) The Commission has adopted the Country Strategy Paper for the Bolivarian Republic of Venezuela² and the Multiannual Indicative Programme for the period 2007-2013³, point 6.1 of which provides for the following priorities: (1) the support to the modernization and decentralization of the state and, (2) equitable and sustainable economic growth and diversification.

(2) The objectives pursued by the Annual Action Programme are to help develop a culture of prevention against the consumption and trafficking of illicit drugs by strengthening the national institution responsible to comply with relevant international agreements.


(5) The Commission is required to define the term “substantial change” in the meaning of Article 90 (4) of Regulation (EC, Euratom) No.2342/2002 to ensure that any

substantial change in this decision shall follow the same procedure as the initial decision.

(6) The measures provided for in this decision are in accordance with the opinion of the DCI Committee set up under Article 35 of Regulation (EEC) No. 1905/2006 of 18 December 2006,

HAS DECIDED AS FOLLOWS:

**Article 1**


**Article 2**

The maximum contribution of the Community to the Annual Action Programme is set at EUR 3,300,000 to be financed from budget line 19 09 01 of the general budget of the European Communities for 2008.

This decision shall also cover any possible interest due for late payment.

**Article 3**

Within the global indicative budget of all the specific actions, cumulated changes not exceeding 20% of the maximum contribution of the Community shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the Annual Action Programme.

The authorising officer may introduce non substantial changes to the Annual Action Programme in accordance with the principles of sound financial management.

Done at Brussels, […]

For the Commission

[...]  
Member of the Commission
Annex

EN

AIDCO/ (2008) D/11555
ANNEX
ACTION FICHE FOR VENEZUELA

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Support to the Implementation of the National Antidrugs Plan 2008-2013 – DROGASTOP, DCI-ALA/2008/019-739</td>
</tr>
<tr>
<td>Total cost</td>
<td>€6.3 M, EC contribution: €3.3 M; Contribution Venezuela: €3.0 M</td>
</tr>
<tr>
<td>Aid method / Management mode</td>
<td>Project approach – decentralised management (direct)</td>
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<tr>
<td>DAC-code</td>
<td>16063</td>
</tr>
</tbody>
</table>

2. RATIONALE

2.1. Sector context

Due to its geographical proximity to producer countries Venezuela has become a transit point for illicit drugs resulting in increased local consumption and illegal activity. The fight against illicit drugs and this project respond to the national priorities included in the “Plan for the Economic and Social Development of the Nation, 2007-2013” approved by the National Assembly in December 2007. The National Anti-drugs Office (ONA) has identified two main problem areas: the first revolves around a lack of technical instruments to intervene against drug trafficking, i.e. tools to detect and stop money laundering (especially in non-banking sector); sufficient functioning offices to cover the affected territory, and software solutions that will enhance the analytical capability of the National Drug Information System (SINADRO). The second set of problems centres on the limited awareness and lack of prevention culture among state and society: existing research and documentation is not systematic and under-utilised, reliable data are scarce making it difficult to understand the depth and nature of drug use and to effectively raise public awareness and instil a culture of prevention.

By law, ONA is a financially and administratively autonomous agency under the Ministry of the Interior. Its mandate includes the design and implementation of government strategy against production, traffic (including money laundering), and illicit consumption of drugs. The agency assumes coordination responsibilities over other stakeholders (national and international) in this respect.

2.2. Lessons learnt

Earlier EC support to the ONA’s predecessor (CONACUID) revealed the need for: (1) The development of clear indicators both for ONA’s general activities and for this project; (2) The production and use of reliable data to render the observatory more central to ONA’s decision-making. (3) To build institutional memory so as to ensure continuity despite high staff fluctuation; (4) Greater national ownership of the project. There are also lessons to be taken into account from regional projects, such as the Andean Community of Nation’s (CAN) project in the area of chemical precursor.
2.3. **Complementary actions**

The Organization of American States though its Inter-American Commission on Drug Abuse Control (OEA/CICAD) provides support to Venezuela to prepare the National Anti-drugs Plan and, with EC financing, the twinning of one European city and one Venezuelan city (Maracaibo) in order to share experiences, good practices and an interchange of public policies in consumption prevention. Several Member States (MS) provide technical, training and operational support. The German cooperation, for instance, is aimed at implementing a joint unit of analysis and research, financed by the German police BKA, to fight against cocaine trafficking in air and sea routes which originate in Venezuela with destination Europe, or which involve German citizens. France and Spain are considering similar support. There is also an offer of cooperation on the part of the Serious Organized Crime Agency (SOCA/UK) for which no specific field has yet been defined. If the EC is to support a second phase of the above-mentioned CAN project there is potential for fostering regional links. Involvement of the Observatory in Lisbon will be sought.

2.4. **Donor coordination**

ONA will establish a coordination mechanism among donors. The aim is to achieve a more systematic capacity building for ONA that benefit from privileged access to MS expertise backed by EC ability to work on the necessary structural and organisational changes.

3. **DESCRIPTION**

3.1. **Objectives**

The *global objective* is to support the design, implementation and evaluation of policies to reduce the illegal consumption, treatment, trafficking and production of narcotic and psychotropic substances.

The *specific objective* is to help develop a culture of prevention against the consumption and trafficking of illicit drugs by strengthening the national institution responsible to comply with relevant international agreements.

3.2. **Expected results and main activities**

**Expected results:**

1. Preventing Trafficking
   - The capacity to enforce laws against illicit trafficking of narcotic drugs exists and is used.
   - The capacity to detect, seize and prevent laundering of funds derived from drug trafficking exists and is used.

2. Preventing Consumption
   - A prevention network is established in 24 states and two major municipalities offering a viable basis for activities also at the municipal and parish level.
   - The Venezuelan Drug Observatory (as part of ONA) offers systematic, pertinent and up-to-date information, research results and documentation on the drug phenomenon in line with regionally agreed CICAD/OEA indicators.

3. Results from cross-cutting initiatives
- The National Information System on Drugs (SINADRO) is equipped with analytical tools that result in successful operations against the proliferation of illicit drugs.

Activities related to result 1 (examples), Preventing Trafficking (DAC code 16063 narcotics control):

- Capacity-building (i.e. training, internships and workshops) on specific law enforcement techniques and use of technologies such as, for example: systems of intelligence analysis; electronic vigilance; container revision (€170,000; EC: 58%).

- Implement an integrated pilot project for the control of illicit drugs trafficking to include X-ray scanners, banned substances recovery equipment and a pyrolitic burner (€1,504,000, EC: 71%).

- Support the design and implementation of the legal framework aimed at regulating the non-financial sectors such as notaries, ship and air registries, real estate, customs, metal and precious stones, etc. Training will also be provided on international norms and practices to detect and prevent money laundering in these fields. (€274,055; EC: 89%).

Activities related to result 2 (examples), Preventing Consumption (DAC code 16063 narcotics control):

- Train and ensure permanent training of staff in the state anti-drugs offices (SAOs), particularly on awareness-raising techniques. Assistance will also be provided in the design and provision of materials (books, games for children and teenagers, etc.). (€1,244,600; EC: 29%).

- Strengthen the design, data collection, processing, analysis and use of indicators that will allow the adjustment of public policies aimed at the prevention of demand and supply of drugs through technical assistance, workshops, exposure visits. Train data collectors (mainly from SAOs) and researchers on the topic of illicit drugs and connected crimes in such areas as: prevention, treatment, interdiction, statistics, and chemicals. (€226,300; EC: 89%)”

- Assist the observatory in carrying out and disseminating quantitative and qualitative research that will feed into prevention policy. (€371,500; EC: 64%).

Activities related to result 3 (examples), Cross-cutting initiatives (DAC codes 16063 narcotics control and 1219 medical services/drug substance abuse control):

- Assist in the further development and application of software that will allow SINADRO to track and analyze (potential) drug movement and related crimes. Three subsystems developed and installed with capacity to monitor a range of indicators and generating alerts based on prognosis. (€116,720; EC: 90%).

- Increase the capacity of SINADRO’S central servers, and provide computer equipment and training to the SAOs as well as to the participating public institutions and rehabilitation centres: two new central servers and 40 computers for the network. (€176,000; EC: 92%).
Support capacity building actions to ensure that contributors to the system (in and outside of ONA) can provide the necessary inputs and use SINADRO adequately. (€326,300; EC: 55%).

The Personnel and management costs of the project are estimated at €1,690,525. (EC: 34%).

3.3. Risks and assumptions

- It is assumed that ONA will continue to receive adequate national funding.
- It is assumed that improvements in the technical capacity of ONA will result in a greater number of prosecutions for drug-related crimes.
- It is assumed that ONA will continue to enjoy the political backing that will allow it to keep maintaining a strictly professional line.
- There is a risk that ONA will face harsh resistance if it does manage to uncover significant crimes and operations of the illicit economy.
- Staff mobility is a risk that limits institutional memory and, possibly, project execution.

3.4. Crosscutting Issues

- The proliferation of illicit drugs undermines transparency and the rule of law, thus hampering good governance.
- Drug consumption often results in more serious consequences for poor people with less recourse to prevention and rehabilitation measures. This project aims to promote prevention also through social and community actions.
- Women in Venezuela are less likely to abuse drugs but may well suffer the consequences of drug abuse, for example through increased domestic violence and loss of income.
- The project also contributes indirectly to conflict resolution as much of current street violence is linked to drug consumption and trafficking.
- The proposed activities do not impact negatively on the environment.

3.5. Stakeholders

ONA, apart from implementing, will also be the primary direct project beneficiary. Amongst the other beneficiaries will be the prosecutor general’s office, the security services, the police force, the CICPC (the police investigative body), the Banks Supervising Agency, as well as the Ministries of Popular Power for Health, Education, Higher Education and Defence.

4. Implementation Issues

4.1. Implementation method

The implementation method applicable to this project will be partially decentralized management (Option 3). ONA will be the contracting authority for procurement actions and the management of Programme Estimates. The Commission controls ex ante the contracting procedures for procurement contracts >50,000 euro and ex post for procurement contracts < 50,000 euro. The Authorizing Officer ensures that, by using the model of financing agreement for decentralized management, the segregation of duties between the authorizing officer
and the accounting officer of the delegated entity will be effective, so the
decentralization of the payments can be carried out for contracts up to the ceilings
specified below.
Through the programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings (*):

<table>
<thead>
<tr>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 300,000</td>
<td>&lt; € 150,000</td>
<td>&lt; € 200,000</td>
<td>≤ € 100,000</td>
</tr>
</tbody>
</table>

(*) Exchange controls are in place in the country and have to be taken into account.

For the management of the project ONA will dedicate at least two full-time staff (the authorizing officer and the accounting officer) who can draw on local and international expertise for support under a service contract. The only long-term expert foreseen will be an administrative adviser with expertise in EC rules and procedures. It is foreseen that the advisor's role will decrease in importance during the second half of the project. The team will be based in the offices of ONA, no PMU will be created. Technical expertise needed in the various fields of illicit drug prevention will either be contracted on a short-term basis or placed at the disposition of ONA by a relevant member state institution (on an expenses only basis). The emphasis is on capacity building for ONA and other relevant national institutions.

4.2. Procurement and grant award procedures

(1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by DCI Regulation No. 1905/2006. Extension(s) of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 31(7) and (8) of the above mentioned DCI regulation.

(2) Specific rules on grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.
(3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.3. Budget and calendar

The Financing Agreement (FA) will come into force on the date of the last signature. It will last 48 months in two different phases, namely:

1. Operational execution phase, which begins upon the signature of the FA and will last 48 months. During this phase all activities will be carried out. Those related to the planning and preparation of project execution will be carried out by ONA previous to the signing of the FA.

2. Closing phase. It will last 6 months beyond the operational execution. During this phase the Beneficiary will carry out all necessary actions for the final closure of the project as foreseen in the Technical and Administrative Provisions (TAP).

<table>
<thead>
<tr>
<th>BUDGET (€)</th>
<th>EC</th>
<th>%</th>
<th>Government</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Services</td>
<td>1,605,170</td>
<td>48.65%</td>
<td>1,145,275</td>
<td>38.18%</td>
<td>2,750,445</td>
<td>43.66%</td>
</tr>
<tr>
<td>1.1 Technical Assistance</td>
<td>895,000</td>
<td>27.13%</td>
<td></td>
<td></td>
<td>895,000</td>
<td>14.22%</td>
</tr>
<tr>
<td>1.2 Monitoring, Audit, Evaluation</td>
<td>100,000</td>
<td>3.03%</td>
<td>100,000</td>
<td>3.33%</td>
<td>200,000</td>
<td>3.17%</td>
</tr>
<tr>
<td>1.3 Studies</td>
<td>323,720</td>
<td>9.81%</td>
<td>135,000</td>
<td>4.50%</td>
<td>458,720</td>
<td>7.28%</td>
</tr>
<tr>
<td>1.4 Training</td>
<td>129,300</td>
<td>3.92%</td>
<td>910,275</td>
<td>30.34%</td>
<td>1,039,575</td>
<td>16.5%</td>
</tr>
<tr>
<td>1.5 Exchange of experiences</td>
<td>157,150</td>
<td>4.76%</td>
<td></td>
<td></td>
<td>157,150</td>
<td>2.49%</td>
</tr>
<tr>
<td>2. Equipment and supplies</td>
<td>1,418,200</td>
<td>42.97%</td>
<td>219,825</td>
<td>7.33%</td>
<td>1,638,025</td>
<td>26.00%</td>
</tr>
<tr>
<td>2.1 Equipment</td>
<td>1,168,600</td>
<td>35.41%</td>
<td>171,525</td>
<td>5.72%</td>
<td>1,340,125</td>
<td>21.27%</td>
</tr>
<tr>
<td>2.2 Materials and others</td>
<td>249,600</td>
<td>7.56%</td>
<td>48,300</td>
<td>1.61%</td>
<td>297,900</td>
<td>4.73%</td>
</tr>
<tr>
<td>3. Works</td>
<td></td>
<td></td>
<td>589,800</td>
<td>19.66%</td>
<td>589,800</td>
<td>9.36%</td>
</tr>
<tr>
<td>4. Information and Visibility</td>
<td>176,630</td>
<td>5.35%</td>
<td>59,100</td>
<td>1.97%</td>
<td>235,730</td>
<td>3.74%</td>
</tr>
<tr>
<td>5. Operational costs</td>
<td></td>
<td></td>
<td>886,000</td>
<td>29.53%</td>
<td>886,000</td>
<td>14.06%</td>
</tr>
<tr>
<td>5.1 Local staff</td>
<td></td>
<td></td>
<td>528,000</td>
<td>17.60%</td>
<td>528,000</td>
<td>8.38%</td>
</tr>
<tr>
<td>5.2 Miscellaneous</td>
<td></td>
<td></td>
<td>358,000</td>
<td>11.93%</td>
<td>358,000</td>
<td>5.68%</td>
</tr>
<tr>
<td>8. Contingencies</td>
<td>100,000</td>
<td>3.03%</td>
<td>100,000</td>
<td>3.33%</td>
<td>200,000</td>
<td>3.18%</td>
</tr>
<tr>
<td>9. TOTAL</td>
<td>3,300,000</td>
<td>100.00%</td>
<td>3,000,000</td>
<td>100.00%</td>
<td>6,300,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
CALENDAR

<table>
<thead>
<tr>
<th>Activities</th>
<th>Quarters</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in seizure technologies</td>
<td></td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
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<tr>
<td>Pilot Project in seizure</td>
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<tr>
<td>Training, money-laundering typologies</td>
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<td>Develop norms for non-fin. sectors</td>
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<tr>
<td>Support Decentralization - OEAs</td>
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<tr>
<td>Teaching and entertainment tools</td>
<td></td>
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<tr>
<td>Train researchers and data collectors</td>
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<tr>
<td>Supply and demand indicators</td>
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<tr>
<td>Observatory Studies</td>
<td></td>
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<tr>
<td>Development of analytical software</td>
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<tr>
<td>Servers capability, equip net for institut.</td>
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<tr>
<td>Support implementation different institutions</td>
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<tr>
<td>Operation Management Unit (ONA)</td>
<td></td>
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</tbody>
</table>

Calendar for payments (ME):

<table>
<thead>
<tr>
<th>Article</th>
<th>Amount</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.0901</td>
<td>1,9</td>
<td>0,9</td>
<td>0,3</td>
<td>0,2</td>
<td></td>
<td>3,3</td>
</tr>
<tr>
<td>19.0901</td>
<td>Total</td>
<td>1,9</td>
<td>0,9</td>
<td>0,3</td>
<td>0,2</td>
<td>3,3</td>
</tr>
</tbody>
</table>

4.4. Performance monitoring

ONA will establish a monitoring and evaluation system to verify progress of the project and attainment of the organisation's broader aims. A first draft of output and outcome indicators exists (see log frame) but still requires further refinement before it can be included as part of the Financing Agreement. The current lack of reliable baseline data complicates consistent monitoring efforts. As much as possible, project indicators will be aligned with those ONA needs to monitor as part of its commitment to implement the commonly agreed regional standards. By the end of year two it is expected that a baseline of data for monitoring of these standard indicators is in place.

Following are some of the benchmarks:

Result 1, Traffic prevention (examples)

1. Increase from 2 to 6 tons the drugs seized by the end of the project;
2. Increase the number of investigations on money laundering from 200 to 400 (100% increase) by the end of the project.

Result 2, Consumption prevention
1. 350 staff from the State Drugs Offices are trained once a year during 4 years;  
2. By end of year two a reliable baseline data to monitor internationally agreed  
   standard indicators will be established and reliable.

Result 3, Integrated Drugs Information System (SINADRO)

1. The services provided through this portal will be expanded from 5 to 10 by the end  
   of the project;  
2. Increase from 7 000 to 12 000 the monthly accesses to the portal.

4.5. Evaluation and audit

One mid-term and one final evaluation missions will be carried out. Two external  
audits will also be implemented: one at the end of the second year of execution and  
one during the closing phase, all with EU funding. ONA will contract annual local  
audits financed with its own resources.

4.6. Communication and visibility

The resources destined to these items will be used for:
- Workshops for opinion leaders and the mass media to promote the objectives  
of ONA and the EU’s support.
- Ensure an effective communication strategy (print, internet) for the project and  
the EC support to it.