



Management and Oversight of Independents Return Funds:

| International Experiences and Lessons
| Learned for Venezuela

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Executive Summary

This report focuses on international best practices and lessons learned for the management and oversight of assets returned through third parties, with particular relevance to the creation of the Social Protection Fund for Venezuela. Inspired by the international experiences of Uzbekistan, Kazakhstan and Equatorial Guinea, the comparative analysis and recommendations for the creation of the Social Protection Fund are structured around two key aspects:

- 1. Development of a management structure for the Fund; and**
- 2. Oversight measures to ensure transparency, accountability and inclusion of civil society in the management of the Fund.**



Introduction

Independent return funds, also known as indirect return mechanisms or third-party returns, refer to practices whereby sums of money, confiscated or seized outside of the country from where it originated, are returned to that country via a process outside of pre-established state structures. This means that rather than being sent directly to government accounts, funds are transferred to an external intermediary mechanism. While this can take many forms, an independent return fund has two key elements:

- 1. It can disburse funds only for specific purposes, and**
- 2. It is run under governance structures that differ from those existing nationally¹**

Independent return funds are typically established to address concerns over the use of funds in the country receiving the return. This can be related to governance, where avenues for public oversight and institutional control over finances are weak, where there are human rights concerns that may be furthered or exacerbated by the use of the returned funds, or where there is otherwise a need to ensure that funds are returned as closely as possible to vulnerable persons or those who are identified as a priority. They are also typically used where these funds relate to individuals who still hold power or considerable influence in the jurisdiction to which the funds are being returned.²

The Fondo para la Protección Social del Pueblo de Venezuela (hereinafter referred to as the Social Protection Fund) is expected to transfer up to USD 3 billion to the people of Venezuela in the coming years.³ It is the result of negotiations between the Maduro government and Venezuelan opposition to advance a political and humanitarian solution to the ongoing crisis

and would see the return of assets currently frozen under various international control or protection mechanisms outside of Venezuela through an independent trust fund.⁴

This paper explores international best practices for the oversight of independent return mechanisms, drawing on both principles and examples from other returns. In doing so, it explores the unique characteristics that the Social Protection Fund will operate in and the proposals for its structure, and it makes recommendations for transparent, accountable and participatory oversight over its operations and the disbursement of the assets it will control.

It does this over three sections. Section I explores principles and examples of independent return mechanisms. This includes looking at the newly created Uzbekistan Vision 2030 Trust, the BOTAF Foundation for Kazakhstan and the FRACCK Agreement in Kenya. Section II delves into the context of return and proposals made for the Social Protection Fund mechanism. Section III concludes the paper by outlining a proposed oversight structure for the Social Protection Fund and opportunities for civil society involvement.

Section I: Independent Return Mechanisms

While the use of independent return mechanisms has largely taken place in the context of corruption, the use and structures established for these kinds of return are nevertheless relevant to the return of state funds, as will be the case with the Social Protection Fund.

Independent return mechanisms can be described as a situation where assets are returned through an intermediary rather than directly to the national budget. These mechanisms have been used in several asset recoveries in recent years. Their use has been particularly to increase transparency and oversight over the return process to lower the risk of misappropriation of the returned assets. They have also been used to provide additional capacity to the process. At the same time, the use of independent return mechanisms can lead to higher administrative and financial burdens than directly returning assets, especially when strong anti-corruption safeguards are required.

They have also suffered from opacity, both in establishment and operations.⁵

A. Best practices for independent return funds

As outlined in the paper "*Best Practices for Independent Return Funds: Lessons Learned on Independent Return Funds Applicable to Venezuela*," several policy tools exist that are relevant in considering the structure and particularly the oversight structure of the Social Protection Fund.⁶ Among these:

1. Transparency embedded into the Social Protection Fund

All international principles, as well as best practices from the cases above, highlight the fundamental role that transparency – both proactive

disclosure and effective freedom of information rules – plays in ensuring a successful return. This has also been highlighted as essential to the specific context of the Social Protection Fund by the Coalición Anticorrupción.

2. Strong accountability provisions

Accountability is essential to an independent return fund, both in ensuring that funds are not subject to corruption and in demonstrating to the Venezuelan people that the funds are being spent in a way that is nonpartisan and based on national priorities relating to the Fund's purposes. Accountability is recognized as fundamental in the international principles highlighted above, as well as in the functioning of existing mechanisms and the communication of the Coalición Anticorrupción.



3. Stakeholder inclusion

All international principles and practice indicate the importance of including a wide range of stakeholders in the operation of independent return funds, as partners in the disbursement of funds and in monitoring the use of assets controlled by the Fund.

4. Establishment of clear purposes for the Social Protection Fund

International principles and practice from other mechanisms emphasize the importance of establishing purposes that ensure that they are created together with all members of society and designed to support those most vulnerable.

More details on best practices and recommendations on independent return mechanisms can be found in the report *"Best Practices for Independent Return Funds: Lessons Learned on Independent Return Funds Applicable to Venezuela."*





B. Examples of the use of independent return mechanisms

The international experience in asset returns through independent parties varies greatly and is relatively recent. On one side, the use of international bodies, trusts or other entities to manage and monitor asset returns has proven useful, particularly in situations where the country of asset return poses corruption risks or when those held to account in the related corruption cases are still in power. On the other side, research has highlighted some limitations and shortcomings in these mechanisms.

Regardless of the specific management structure or oversight mechanism used, independent asset returns hold the potential to increase oversight over and transparency of the returning funds and lower the risk of misappropriation of the returned assets.

International third parties can also provide additional capacity as they often bring substantial experience in managing large sums of funds for development or humanitarian

purposes. On the other hand, challenges and limitations include high administrative costs, the lack of transparency and accountability of the third parties themselves, and the difficulty in establishing criteria to select the third parties to be involved.

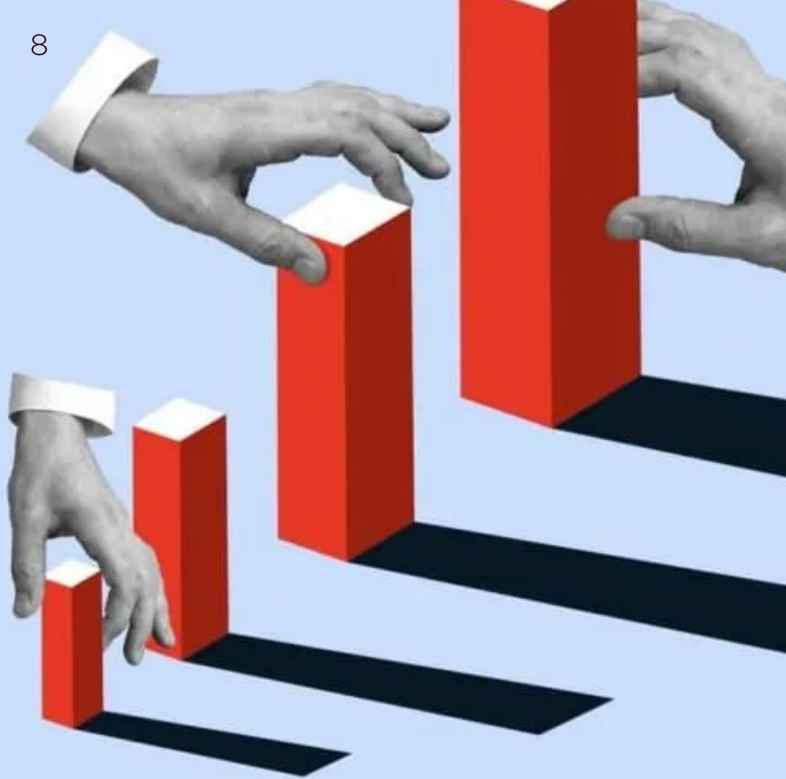
The types of organizational structures and practices in oversight and asset management also vary greatly in international experience. Recurrent models include the direct outsourcing of asset management and monitoring to international third parties – such as the U.N. or the World Bank, particularly adding returned funds to existing programs of those organizations (as seen in Nigeria); more recently, the establishment of international trust funds, which include the creation of hierarchical administrative structures, such as strategic, advisory or management committees (as seen in Uzbekistan and Equatorial Guinea); and the establishment of new independent bodies tasked with the management of funds, such as foundations (as seen in Kazakhstan). The observation of more recent cases indicates that the establishment of international trust funds seems to be somewhat preferred by the international community in comparison to other models. As explained in the section

below, this may indicate that this type of model, although it requires lengthier negotiations and more planning, offers the most comparative advantages in terms of its administrative and financial costs, efficiency of oversight and transparency tools, and involvement of non-state stakeholders. However, experience in this model is still relatively recent and limited. This includes, for example, the lack of implementation of established transparency

measures, involvement of non-state actors in decision-making processes about asset reuse, and lengthy decisional procedures.

This section discusses some of the most important and relevant oversight and asset management models for the context of the Social Protection Fund, alongside the benefits of this kind of fund and the challenges they bring.

 CASE	 AMOUNT RETURNED / IN PROCESS OF RETURN	 THIRD PARTIES INVOLVED	 STRENGTHS	 WEAKNESSES
Uzbekistan Vision 2030 Fund (2022– ongoing)	USD 131 million	UN inter-agency pool	<ul style="list-style-type: none"> * Link to Sustainable Development Goals makes funds objectives clear and broadly consensual * Clear organizational structure * Dedicated website with accessible information in English * Official involvement of CSO through an Advisory Committee 	<ul style="list-style-type: none"> * Limited information published in Uzbek language to date * Role of CSO Council only advisory * Limited detailed data on spending of implementing third parties
Kazakhstan/BOTA Foundation (2009– 2014)	USD 115 million	CSOs, World Bank	<ul style="list-style-type: none"> * Strong accountability measures and integrity controls * Involvement of CSOs in the management, oversight and decision structure * Ability to learn and innovate in funds disbursement 	<ul style="list-style-type: none"> * High administrative costs and bureaucracy * Challenges in creating a whole new structure, including set up
Equatorial Guinea (2021-ongoing)	USD 20 million	UNICEF, WHO and UNDP	<ul style="list-style-type: none"> * Clear purpose of funds * Clear organizational structure and roles of different organs * Some financial transparency on U.N. website * Technical and advisory roles foreseen in committees and working groups 	<ul style="list-style-type: none"> * Lack of involvement of CSOs * Concern over whether use of funds reflected the needs of population * Returned funds seen as part of, and not additional to, existing programs



Uzbekistan Vision 2030 Fund

The Uzbekistan 2030 Fund (Ishonch Fund) was established in 2022 to return the confiscated proceeds of corruption to Uzbekistan. The source of the funds is assets confiscated in Switzerland relating to Gulnara Karimova, the daughter of the former president of Uzbekistan. The initial amount expected for the fund is USD 131 million.⁷ This, however, can increase with further judgments.

The mechanism established for the return of these funds is a U.N. interagency pooled fund, which has a specific purpose of providing funding for projects aimed at achieving the Sustainable Development Goals and includes a commitment to principled, transparent and effective asset restitution.⁸

In September 2023, it announced a first commitment under the fund, to spend USD 43.5 million to support a new joint program run by the U.N. “aimed at significantly reducing preventable maternal and newborn deaths in Uzbekistan.”⁹ This program aims to increase the survival rate of low birth weight babies from 75 percent to 95 percent and reach 300,000 women and babies over 30 months.¹⁰

The fund is structured in a way that may be useful for the Social Protection Fund. It includes the following organs:¹¹

High-Level Strategic Committee

- This committee maintains political dialogue on the return. It can provide strategic recommendations on the direction and structure of the Fund. It also provides strategic oversight.

Management Committee

- This committee manages the Fund. It includes one representative of Uzbekistan, one representative of Switzerland and the U.N. Resident Coordinator in Tashkent.

Secretariat

- The secretariat is within the U.N. Resident Coordinator’s Office in Tashkent. Its role is to support the Management and High-Level Strategic committees. It is also responsible for the day-to-day management of the Fund.

Administrative Agent

- The Administrative Agent is the United Nations Development Program (UNDP) Multi-Partner Trust Fund Office. This office runs multiple U.N. multi-partner trust funds, including their design and administration. In this case, it administers funds transferred to the Fund, in accordance with Management Committee decisions.

Civil Society Advisory Council

- The Civil Society Advisory Council includes representatives of national and international civil society organizations, as well as academia. Its role is to ensure interaction between the Fund and civil society. The role is only consultative.

Implementing Organizations

- U.N. organizations and U.N. specialized agencies undertake program implementation.

Each Joint Program has a designated convening or lead agency, which is responsible for coordination.

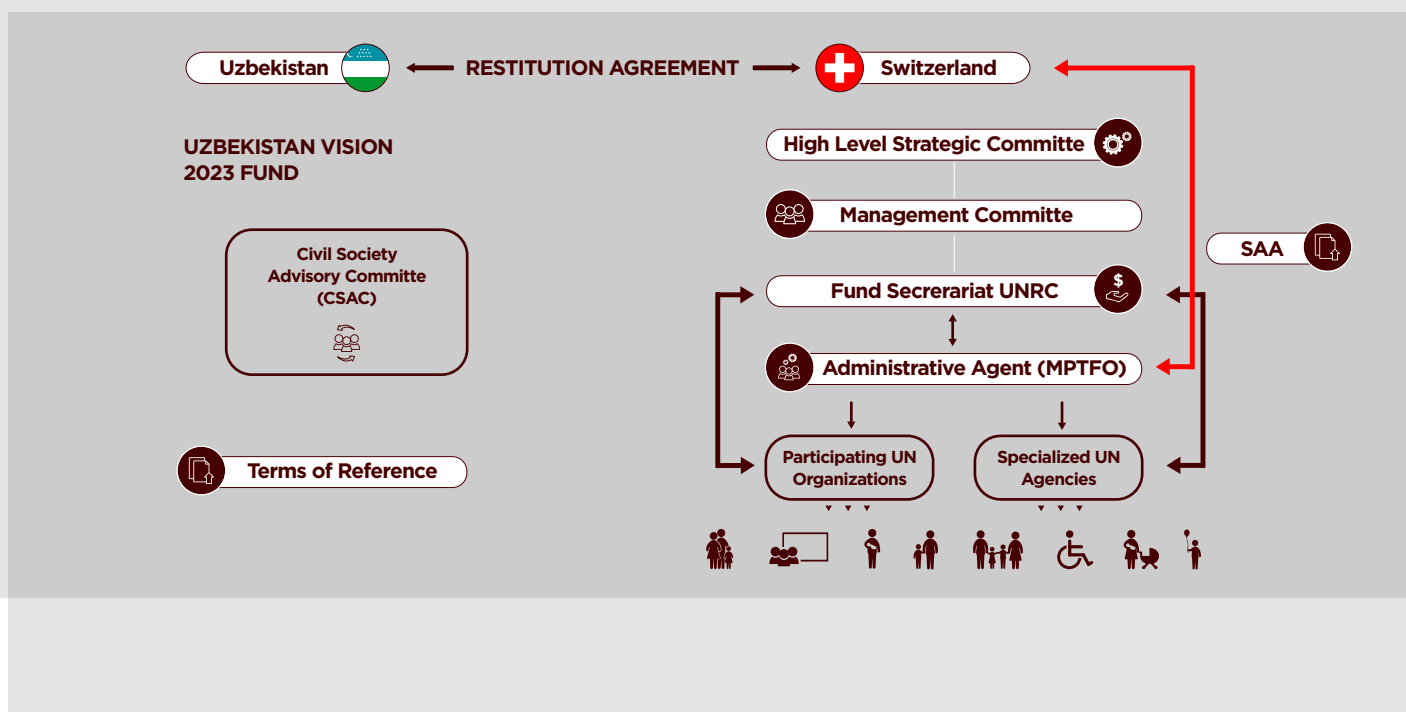


Figure 1: Illustration of the management structure of the Uzbekistan Vision 2030 Fund¹²

A dedicated website¹³ has been established for the Fund that includes information on the governance and founding documents, as well as on projects being implemented and annual financial reports. The financials page of the website illustrates transfers that the Fund has received, how this has been distributed to U.N. organizations and agencies for project implementation, and real-time expenditure of the funds. The Fund itself breaks down expenditure to show how much is directly transferred and how much is retained for administrative costs. These figures are not shown for the U.N. organizations and agencies implementing projects.

While having several positives regarding transparency and accountability, the Ishonch Fund has faced civil society criticism. Three lines of this are particularly important with regards to the Social Protection Fund:¹⁴

1. There was a lack of consultation with independent Uzbek civil society over the purposes of the return. Decisions were taken largely at the government-to-government level and

lacked a consultative and inclusive process to decide the priorities for the returned funds.

2. Limited information has been provided on the return in Uzbek. The main website of the Fund is illustrative of this: while some press releases have also been released in Uzbek and Russian, information on the main website and the text of the restitution agreement between Switzerland and Uzbekistan are only in English.
3. The CSO Council only has an advisory role and is largely composed of service-delivery-focused CSOs. This means that participants are not expert in assessing corruption risks with the Fund and lack experience in these kinds of large international returns. It also means that the Council is only able to give advice and cannot directly participate in decision-making over the use of returned funds.

BOTA Foundation

Established in 2007 to return the proceeds of corruption to Kazakhstan, the BOTA Foundation was a first-of-its kind specially formed mechanism, which saw USD 115 million in recovered funds administered and disbursed by civil society organizations in an agreement brokered by the World Bank between the governments of Kazakhstan, Switzerland and the U.S.¹⁵

Triggered by a criminal investigation in Switzerland over suspicions of money laundering in Kazakhstan and a bribery investigation in the U.S., the aim of the BOTA Foundation was to return the money “to the people of Kazakhstan transparently and accountably.”¹⁶ Operating from 2009 to 2014, BOTA aimed to improve the welfare of 200,000 impoverished children, youth and their mothers in Kazakhstan.¹⁷

BOTA was established as a foundation in Kazakhstan, and it was decided that two international NGOs would be contracted to build the foundation, oversee its operations, and support the administration of its programs. These were IREX and Save the Children.¹⁸

Governance of the BOTA Foundation was established through a series of international agreements between the parties.

This included a Memorandum of Understanding between the parties (the U.S., Switzerland and Kazakhstan), a service agreement between the World Bank and the parties; a Supervisory Agreement between the World Bank and the BOTA Foundation; and a Management Agreement with IREX.

The agreements explicitly stated that the Fund should be independent of the Kazakhstan government and that its assets could not be used directly or indirectly for payments or benefits to the Government of Kazakhstan or Kazakhstani officials.¹⁹

Established as a foundation by charter, the Fund had seven trustees – five of whom were from Kazakhstan civil society, and one each from the U.S. and Switzerland. This Board of Trustees was responsible for overall direction and guidance of the Fund. IREX was then responsible for overall management of the Fund, with the World Bank providing supervisory support.²⁰

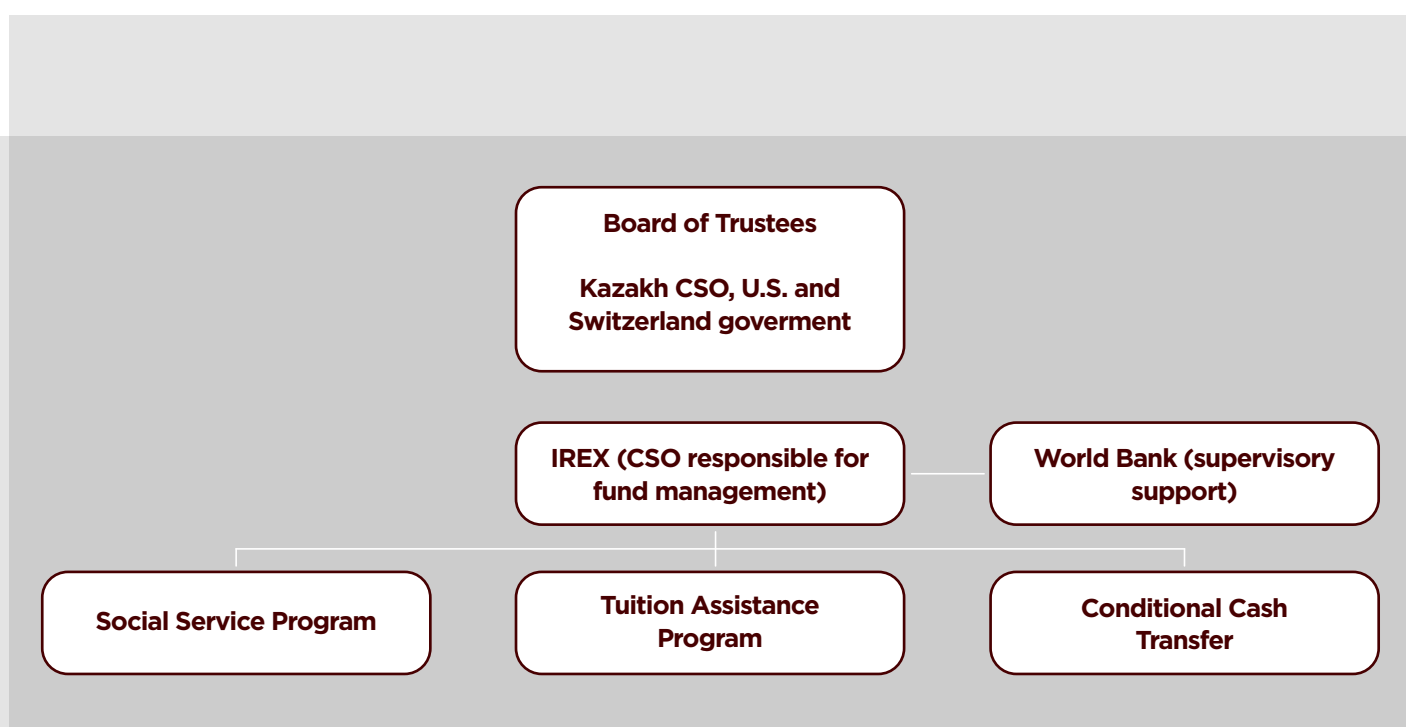


Figure 2: Illustration of the BOTA Foundation structure



The Foundation established several internal rules and procedures to ensure that funds were used for intended purposes and to prevent corruption. This included manuals, budget reviews, codes of conduct and divisions of labor. The work of the Foundation was also subject to reviews. This included annual internal reviews by IREX headquarters, annual audits by an external audit firm, and semi-regular visits by the World Bank as part of its supervisory role.²¹

BOTA had three programmatic departments – Conditional Cash Transfer (CCT), the Social Service Program (SSP) and the Tuition Assistance Program (TAP) – and employed at any one time between 80 to 140 people.²² The CCT program was a series of regular cash payments to four categories of persons within poor households: (1) persons with preschool-aged children, (2) women with infants up to six months old, (3) households that included children with disabilities up to the age of 16, and (4) young people aged 16–19 who have completed school but were not yet in employment. The SSP provided grants to small and medium-sized NGOs and associations to provide activities for community mobilization and to strengthen social assistance. The TAP provided scholarships for young people from poor backgrounds who normally attend college or university in Kazakhstan for any area of study.²³

Despite operating costs in the region of USD 25 million,²⁴ BOTA has been lauded as one of the most successful indirect returns, with success factors attributed to (1) committed engagement of the government of Kazakhstan, (2) strong anti-corruption controls,

(3) competent staff put in place, (4) non-controversial purposes for the use of funds, and (5) having the ability to innovate and learn in disbursing funds.²⁵

Equatorial Guinea Multi-Partner Trust Fund

The Equatorial Guinea Multi-Partner Trust Fund was established as a U.N. Trust Fund in 2021 to receive USD 20 million in assets settled between the US and Vice President of Equatorial Guinea Teodoro Nguema Obiang Mangue. Under the terms of the settlement in the U.S. v. One Michael Jackson Signed Thriller Jacket case,²⁶ Obiang was required to sell a USD 30 million mansion, a Ferrari, and Michael Jackson memorabilia. Under the agreement, USD 10 million was forfeited to the U.S. and the remaining funds were to be distributed to for the benefit of the people of Equatorial Guinea.²⁷

The funds support one project, entitled “Towards an Accelerated Immunization Program Against Covid 19 for the Population of Equatorial Guinea,” which aims to (1) accelerate COVID-19 Immunization, (2) support logistics management and cold chain, and (3) support COVID-19 patients. The project is run by UNICEF, the WHO and UNDP.²⁸

The governance of the Fund is across five levels:

Steering Committee

- This body provides strategic guidance and general supervision of the Fund. It is co-chaired by a high-level government representative and the U.N. Resident Coordinator and is composed of the U.N. and donor representatives,²⁹ in this case, the U.S.

Thematic Window Steering Committees

- These committees decide on functions specific to that window, in line with strategic guidance provided by the Steering Committee.

Secretariat

- The secretariat is responsible for the operational functioning of the Fund. It provides technical and administrative support to the Steering Committee; advises on priorities, programmatic and financial allocations, providing logistic support; and organizes calls for proposals and appraisal processes. It also monitors operational risks and fund performance, consolidates annual and final narrative reports, and facilitates collaboration and communication between participating U.N. organizations.

Thematic Working Groups

- Members review projects or joint programs submitted to the Fund. They qualify the technical quality of projects through specialized technical reviews and analysis of intervention relevancy.

Administrative Agent

- The Administrative Agent, the Multi-Partner Trust Fund, handles the receipt, administration and management of contributions, disbursement of funds and consolidation and dissemination of progress reports.

As noted by UNICEF, this trust fund was established following U.N. advocacy coordinated by the UN's Resident Coordinator and "was an important step in meeting the donor requirements to secure funding."³⁰ This is important to note, as the return has been criticized by civil society for failing to consider the perspectives of civil society and activists on the needs of the population.³¹ This report also implies that returned funds were seen as part of, and not additional to, existing programs.





Figure 3: Illustration of the Equatorial Guinea Multi-Partner Trust Fund structure

Como señaló UNICEF, este fondo fiduciario se estableció tras la promoción de las Naciones Unidas coordinada por el Coordinador Residente de las Naciones Unidas y “fue un paso importante para cumplir con los requisitos de los donantes para asegurar la financiación”.³⁰ Es importante señalar esto, ya que el retorno

ha sido criticado por la sociedad civil por no tener en cuenta las perspectivas de la sociedad civil y los activistas sobre las necesidades de la población.³¹ Este informe también implica que los fondos devueltos se consideraron parte de los programas existentes y no adicionales a ellos.

Section II:

Context of Return and Proposals for the Management and Oversight of the Social Protection Fund

Background and status quo

Following years of economic and political crisis in Venezuela, teams representing the Maduro government and opposition Unitary Platform Coalition embarked on a series of negotiations beginning in August 2021 to address humanitarian needs, elections, constitutional order and victim reparations.³²

As part of these negotiations, in November 2022, the parties signed the “Second Partial

Agreement for the Protection of the Venezuelan People.” This Agreement establishes the basis for creating a series of humanitarian and development assistance programs to be funded by Venezuelan assets frozen under international protection and control mechanisms. Although the final figure is unclear and may not be made available all at once, the projects outlined in the Agreement amount to approximately USD 3.2 billion.³³ Of note, this would make the Social Protection Fund the largest of the trust funds discussed above.

The Agreement originally foresaw that humanitarian and development programs would be implemented through U.N. agencies and monitored by two newly created bodies, which, as of December 2023, are about to be created, with equal representation of the Maduro government and opposition. However, both groups have now accepted that the structure would be more reflective of a traditional U.N. Trust Fund.³⁴

The Agreement also foresees specific purposes for the Fund. These have been published, with negotiated, detailed projects only found in private annexes. These broad, public areas are:³⁵

- ▶ Restoring the public health system
- ▶ Rehabilitating the country's broken electrical grid
- ▶ Addressing malnutrition with an emphasis on children in need
- ▶ Improving public education infrastructure
- ▶ Providing relief for victims of recent floods in central Venezuela

There have been delays in establishing the Fund since the conclusion of the Agreement. This has been attributed to concerns from the U.N. side about reputational risks in managing the funds, along with a need for guarantees of where funds are located and how they can be transferred to the U.N., and delays on the U.S. side around shielding the Fund from creditor claims.³⁶

These delays have seemingly been overcome to an extent. In October 2023, the U.N. Secretary-General gave the go-ahead for the U.N. administration of the Social Protection Fund as a U.N. Trust Fund, according to sources.³⁷ However, at the same time, there is little information to indicate that the Fund will be established in the near future, with a need to still identify the funds that can be transferred and for proposals to go through U.N. bureaucracy. There are indications, though, that the Pan-American Health Organization (PAHO), UNICEF, UNDP, and the World Food Programme (WFP), will implement the programs over three years, with experts from the Maduro government and opposition supervising the Fund.³⁸

Section III: Proposals for Oversight over the Social Protection Fund

Given that the Social Protection Fund will likely be a U.N. Trust Fund, this final section of the report will focus less on the legal status of the Fund and more on what types of oversight mechanisms should be in place within the framework of a U.N. Trust Fund. This will be discussed across three levels: general structure and management of the Social Protection Fund, oversight mechanisms and processes internal to the Social Protection Fund, and oversight over the activities of the Social Protection Fund.

■ General structure and management of the Social Protection Fund

With negotiations ongoing, civil society has

only given a lukewarm endorsement to the idea of a U.N. Trust Fund so far. While there has been support for the Fund being focused on humanitarian need and social aims, the use of the U.N. has been criticized as likely to lead to high costs and inefficient implementation.

Though it seems highly likely that the Social Protection Fund will be established as a U.N. Trust Fund, ideas for its overall structure have been put forward that could help to address some of this criticism.

Following the recent examples of cases in Uzbekistan and Equatorial Guinea, suggestions for the structure of the Fondo include:

A. High-Level Strategic Committee/Board of Directors

As discussed with other funds, there is likely to be a high-level committee or board of directors responsible for the overall direction of the Social Protection Fund and for overseeing the work of the Fund.

Typically, this committee/board comprises representatives of the involved governments and the U.N. In the case of the Social Protection Fund, this would likely be composed of the Maduro administration, the opposition, the U.S. and the U.N.

- B. ▶** The creation of a **Management Committee and a Secretariat**, responsible for the practical aspects of program allocation and oversight of the work of the implementing organizations, would be equally advisable.

C. Civil Society Advisory Council

- ▶ As found in the Uzbek Vision 2030 Fund, establishing a civil society advisory council including representatives of national and international civil society organizations, technical experts in the different areas of reuse of the funds, and academia is important to help shape the direction of the Fund to ensure that returned assets are delivered to the most needed areas and in the most effective ways, and to broadly ensure interaction between the Fund and civil society. Civil society involved in this council should be independent of the negotiating parties (the U.S., the Maduro administration and the opposition) and should include civil society both involved in service delivery related to the purposes of the Fund and human rights and anti-corruption civil society organizations.

Given the formal role proposed for civil society as part of the high-level strategic committee/board of directors, this advisory council should directly select and regularly engage

in dialogue with the civil society representative of the committee/board. The management and secretariat should be required to consult with the civil society advisory council before agreeing to new projects or funding for programs with assets controlled by the Fund.

D. Implementing Organizations

- ▶ Given that it is unlikely that the Social Protection Fund as a U.N. Trust Fund would directly implement projects related to its purpose(s), implementing organizations would be selected to carry out projects using assets of the Fund.

Typically, this has been U.N. organizations, but consideration should also be given to partnerships between U.N. organizations and civil society organizations, and direct implementation by civil society organizations. This can be particularly appropriate for programs implemented by the Fund that require particular expertise or connections at the local level for which civil society organizations are best placed. Doing so can also help reduce overhead costs and ensure that more of the assets controlled by the Fund reach the beneficiaries directly.

II. Oversight mechanisms and processes internal to the Social Protection Fund

As a potential U.N. Trust Fund, the Social Protection Fund would likely be established in a form similar to other U.N. Trust Funds, i.e., directly through the Multi-Partner Trust Fund Office and with similar structures to other U.N. Trust Funds. It would, therefore, be important to advocate for effective oversight within the likely framework that would be established. This is particularly relevant as the Fund would be managing Venezuelan public resources, rather than assets recovered from corruption or international donations.

First, it would be important for transparency and accountability to include one representative of independent Venezuelan civil society on the Board of Directors. This would ensure that an independent voice with knowledge of the situation in Venezuela can bridge the gap around strategic decisions between the Venezuelan parties and ensure that the public is aware of what is happening and why, regarding the disposition of assets held by the Fund. A public process for selecting members of the Civil Society Advisory Council against objective criteria would ensure transparency in the process.

Another important lesson from the other Funds that have been established has been ensuring sound accountability and transparency procedures are in place for management, including if a Management Committee is established, and the secretariat, responsible for the practicalities of program allocation and overseeing the work of implementing organizations.

Governing documents should establish policies around procurement, conflict of interest, publication of tenders, decisions and documents, and procedures in place for responding to breaches of policies, in line with the best practices for independent return funds outlined above and in the accompanying paper.

Contracting procedures will require public tenders for the implementation of projects funded by the Social Protection Fund, and decisions with reasoning should be published promptly. The Inspection Panel and Office of Internal Control should be mandated to oversee the work of implementing organizations and to stop the transfer of Funds should irregularities be identified.

Important also is the establishment of oversight and response institutions at the level of decisions taken by the management and secretariat.

As seen in the BOTA Foundation, external audits will also be extremely important and will be a requirement for management to implement the findings of external audit reports.



III. Oversight over the activities of the Social Protection Fund

While partly covered by the Inspection Panel and Office of Internal Control, experience from other large returns of funds has shown the importance of additional on-the-ground civil society monitoring of activities implemented through Fund assets. These can not only identify in a timely manner issues around fraud and corruption but can also help to evaluate the effectiveness of activities carried out through the Social Protection Fund by reporting back to the Fund's organs.

This form of monitoring was included in the Abacha returns to Nigeria through the Monitoring of Recovered Assets through Transparency and Accountability (MANTRA) project.⁴⁰

MANTRA Project was set up to provide civil society oversight over the dispersal of funds returned from Switzerland and relating to the former Nigerian leader – Sani Abacha. Funded outside of the returned funds itself, through a grant from the U.K., the project aimed to (1) strengthen CSO and citizen capacity to monitor the use of repatriated funds, (2) advocate for improvements in the policy, legislative and institutional framework for the recovery and management of stolen assets in Nigeria, and (3) campaign against corruption within society.

It included training for CSOs and citizens to undertake on-the-ground monitoring of the recovery and included the production of independent CSO evaluation reports on the extent

to which funds were being used for their intended goals.⁴¹

A similar process could be established for the projects of the Social Protection Fund, which would help make the process more transparent and would support citizens in becoming more engaged in the process.

It is also recommended that the Inspection Panel and Office of Internal Control establish and publicize routes for reporting instances of corruption and mismanagement in the use of Fund assets.



Conclusions

The Social Protection Fund is likely to be one of the largest trust funds ever established, returning up to USD 3 billion for the Venezuelan people. The Fund is also likely to be established under the aegis of the U.N. and, consequently, be similar in structure to other established U.N. Trust Funds. Several lessons in terms of oversight have come out of the use of these Trust Funds and other Funds outside of the U.N. system. Important for the Social Protection Fund will be attention to policies, procedures and mechanisms.

Policies and procedures, such as open procurement processes, transparency around decision-making, rules on conflict of interest and participatory processes for allocating resources, will ensure that assets controlled by the Fund will be used to truly benefit the Venezuelan people. Particularly important will be ensuring that assets are traceable and decisions are justified throughout the process, from receipt of funds to dispersal to beneficiary groups.

Mechanisms for making decisions over the use of assets controlled by the Fund and for oversight over the implementation of those decisions will be equally important. This will likely include several levels of decision-making, from the strategic level to the specifics of project implementation. Parties to the Social Protection Fund should ensure that there are mechanisms both for audit and evaluation of the work of the Fund and activities carried out by its partners. This can include formal mechanisms and civil society on-the-ground monitoring. Civil society should also be included in decision-making around the spending of Fund assets and should be able to feed into specific decisions around projects to fund.

Due to its size, the Social Protection Fund has the potential to contribute to substantial changes in the lives of many Venezuelans and to building a culture of good governance through its management. This will require careful thought and strong involvement of civil society actors, alongside commitment by the three parties involved in the negotiations.



Endnotes

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