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Investing in rural people

President's memorandum

Bolivarian Republic of Venezuela

Sustainable Rural Development Project for  
Food Security in the Semi-arid Zones of Lara  
and Falcon States (PROSALAFSA III)

Extension of the time limit for signature of the  
financing agreement

Note to Executive Board representatives

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Executive Board — 121<sup>st</sup> Session  
Rome, 13-14 September 2017

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For: Approval

## Recommendation for approval

Given the role of this programme in the national strategy to reduce rural poverty as underscored by the Government, it is recommended that the Executive Board approve an extension of 12 months – to 31 August 2018 – of the period for signature of the financing agreement for the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States (PROSALAF A III).

## President's memorandum

### Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States (PROSALAF A III)

#### Extension of the time limit for signature of the financing agreement

#### I. Background

1. On 7 September 2015, the Executive Board approved a loan of EUR 6.81 million (equivalent at the time to approximately US\$7.62 million) under the lapse-of-time procedure to the Government of the Bolivarian Republic of Venezuela to finance the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States (PROSALAF A III). The Government's contribution amounted to US\$68.0 million. The project is focused on the country's semi-arid zones and targets 18,000 poor and extremely poor families living in 40 communes located in the States of Lara and Falcon. The time limit for the signature of the financing agreement expires on 6 September 2017 (two years after Executive Board approval).
2. The delay in loan signing is due to the fact that since December 2015 (three months after project approval), the country has been going through an unstable political situation that has prevented the required legal authorizations from being obtained.

#### II. Status of loan effectiveness

3. Since September 2015, the Latin America and the Caribbean Division has been following up closely with the country authorities regarding the signature of the financing agreement in view of the need for loan effectiveness and project start-up. The Government's internal approval procedures for formalizing the financing agreement are well under way in the country, but in view of the current country context, additional time is needed to finalize the process.
4. The Government has sent an official letter to IFAD requesting an extension of the deadline for the signing of the agreement to 31 August 2018 in order to allow internal administrative procedures to be concluded (see attachment).



REPÚBLICA BOLIVARIANA DE VENEZUELA  
MINISTERIO DEL PODER POPULAR DE  
ECONOMÍA Y FINANZAS

F 000491

Caracas, 04 AGO 2017

Ciudadano  
**GILBERT F. HOUNGBO**  
Presidente del Fondo Internacional de Desarrollo Agrícola.  
Presente.-

**Ref. Proyecto de Desarrollo Rural Sustentable  
para la Seguridad Alimentaria de las Zonas  
Semiáridas de los estados Lara y Falcón  
(PROSALAF III).**

Tengo a bien dirigirme a usted en la oportunidad de saludarle, y a su vez hacer referencia a la aprobación de la Junta Ejecutiva del Fondo Internacional de Desarrollo Agrícola (FIDA), efectuada el pasado 07 de septiembre de 2015, respecto al Convenio de Financiación para el Proyecto "Desarrollo Rural Sustentable para la Seguridad Alimentaria de las Zonas Semiáridas de los estados Lara y Falcón (PROSALAF III)", hasta por la cantidad de EUR 6.810.000,00, el cual será ejecutado por el Ministerio del Poder Popular de Agricultura Urbana, a través de la Fundación de Capacitación e Innovación para Apoyar la Revolución Agraria (CIARA).

En este sentido, atendiendo a la comunicación del 05 de abril de 2017, en la cual indican que la fecha límite para suscribir el convenio de financiamiento es el 06 de septiembre de 2017, solicitamos el apoyo correspondiente para extender dicho plazo de suscripción hasta el 31 de agosto de 2018.

La extensión del plazo en referencia, permitirá a la República obtener todas las autorizaciones legales requeridas para realizar la suscripción del convenio de financiamiento en el presente año.

Sin otro particular a que hacer referencia, queda de usted.

Atentamente,  
  


**RAMON AUGUSTO LOBO MORENO**  
Ministro del Poder Popular de Economía y Finanzas  
Designado por Decreto N°2.652 publicado en la Gaceta Oficial de la República Bolivariana de Venezuela N° 41.067 de 4 de enero 2017.

True and faithful copy

[letterhead of the Ministry of Popular Power for Economy and Finance of the Bolivarian Republic of Venezuela]

F 000491

Caracas, 4 August 2017

To: Mr. Gilbert F. Hougbo  
President of the International Fund for Agricultural Development

Subject: Sustainable Rural  
Development Project for Food Security  
in the Semi-arid Zones of Lara and  
Falcon States (PROSALAFA III)

Dear Mr. Hougbo,

I would like to take this opportunity to present my compliments to you and make reference to the approval by the International Fund for Agricultural Development's Executive Board of the financing agreement for the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States (PROSALAFA III). The project was approved on 7 September 2015 for a loan of EUR 6.81 million, and is to be implemented by the Ministry of Popular Power for Urban Agriculture, through the Foundation for Training and Innovation in Support of the Agrarian Revolution (CIARA).

To this effect and in view of the letter dated 5 April 2017, which specifies the time limit for signing the financing agreement as 6 September 2017, we kindly request that the aforementioned time limit be extended to 31 August 2018.

This extension would enable the Bolivarian Republic of Venezuela to obtain all the required legal authorizations for the signing of the financing agreement this year.

Yours sincerely,

[Seal of the Ministry of Popular Power for Economy and Finance of the Bolivarian Republic of Venezuela]

[signature]

Ramon Augusto Lobo Moreno  
Minister of Popular Power for Economy and Finance  
Appointed by decree no. 2.652, published in the Official Gazette of the  
Bolivarian Republic of Venezuela, no. 41.067, 4 January 2017