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President's report

Proposed loan to the Bolivarian Republic of Venezuela for the

Orinoco Delta Warao Support Programme

Executive Board — Ninety-fifth Session Rome, 15-17 December 2008

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

GEF Global Environment Facility

UNDP United Nations Development Programme

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Bolivarian Republic of Venezuela for the Orinoco Delta Warao Support Programme, as contained in paragraph 36.

Map of the programme area

Bolivarian Republic of Venezuela

Orinoco Delta Warao Support Programme



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD

Bolivarian Republic of Venezuela

Orinoco Delta Warao Support Programme

Loan summary

Initiating institution: IFAD

Borrower: Bolivarian Republic of Venezuela

Executing agency: Ministry of People's Power for Health, through the

Indigenous Health Directorate

Total programme cost: US\$18.0 million

Amount of IFAD loan: SDR 8.8 million (equivalent to approximately

US\$13.0 million)

Terms of IFAD loan: The loan will have a term of 18 years, including a grace

period of 3 years, with an interest rate equal to the reference interest rate per annum as determined by the

Fund annually

Contribution of borrower: US\$4.6 million

Contribution of beneficiaries: US\$0.4 million

Appraising institution: IFAD

Cooperating institution: Directly supervised by IFAD

Proposed Ioan to the Bolivarian Republic of Venezuela for the Orinoco Delta Warao Support Programme

I. The programme

A. Main development opportunity addressed by the programme

1. The programme will establish a process of territorial development with cultural identity, based on recently implemented reforms designed to protect and expand indigenous peoples' rights and assure their capabilities related to self-governance. This will be the most comprehensive effort to date to implement the legal reforms embodied in the 1999 Constitution and other special laws that recognize indigenous rights in the Bolivarian Republic of Venezuela.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the Bolivarian Republic of Venezuela in the amount of SDR 8.8 million (equivalent to approximately US\$13.0 million) on ordinary terms to help finance the Orinoco Delta Warao Support Programme. The loan will have a term of 18 years, including a grace period of three years, with an interest rate equal to the reference interest rate per annum as determined by the Fund annually.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for the Bolivarian Republic of Venezuela under the PBAS is US\$13.0 million over the 2007-2009 allocation cycle. IFAD's financial contribution to the programme falls within the remaining PBAS allocation estimated for the current period.

Relationship to national medium-term expenditure framework criteria

4. Since President Chavez took office in 1999, the Bolivarian Republic of Venezuela has pursued a policy agenda based on the sustainable economic integration of the rural poor. The Government is investing considerable resources in rural poverty reduction programmes. The high level of public spending on social programmes (14 per cent of GDP) reflects the priority attached to addressing the country's underlying social problems, but also makes the Bolivarian Republic of Venezuela the region's leader in social spending. IFAD projects target the poorest and most excluded segments of the rural population in the country, which include indigenous and Afro-descendant communities, inhabitants of semi-arid territories and landless, female-headed households.

Relationship to national sector-wide approaches or other joint funding instruments

5. The Government has actively supported international norms that recognize the rights of indigenous peoples. It voted with the overwhelming majority in the General Assembly of the United Nations in favour of the Declaration on the Rights of Indigenous Peoples in 2007. The country's national policy, institutional and legal framework, and active support for international norms recognizing the rights of indigenous peoples, provide a broad enabling foundation for the programme.

Flow of funds

6. IFAD loan proceeds will be channelled through a special account with the Central Bank of the Bolivarian Republic of Venezuela. The special account will be operated by the Ministry of People's Power for Health through the Indigenous Health Directorate. A programme account will be opened at a commercial bank acceptable to IFAD to finance programme activities.

Supervision arrangements

7. The IFAD loan will be directly supervised by IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

8. No exceptions are foreseen.

Governance

9. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) transparency in programme operations will be supported by a systematic process of participatory monitoring and evaluation whereby indigenous communal councils will gradually assume a primary role and eventual control of local and territorial development; (ii) in this context, decisions about resource allocation and operating priorities will be fully in the public domain and the product of input from multiple actors; and (iii) the programme will implement almost all operations in the context of inter-institutional alliances that require full disclosure.

C. Target group and participation

Target group

10. The programme area is the Municipality of Antonio Díaz (Delta Amacuro) where 80 per cent of the population is Warao, and where half (roughly 18,000) of the total Warao population of the Bolivarian Republic of Venezuela is concentrated. The area has the highest poverty indicators in the country (80 per cent poor or extremely poor; 70 per cent functionally illiterate).

Targeting approach

11. The programme will implement an approach based on direct targeting, to ensure inclusion of the most vulnerable settlements, in the first few years. The strategy will evolve towards an increasing use of self-targeting as the communities are empowered through capacity-building related to self-governance, indigenous knowledge systems and technical know-how.

Participation

12. The programme is based on participation on all levels, from the steering committee to the indigenous communal councils and extended families who will implement self-organized development initiatives. The process of participatory monitoring and evaluation will ensure that indigenous communal councils take on a more direct and primary role in defining priorities and undertaking investments.

D. Development objectives

Key programme activities

13. The main goal is to build the capacity of indigenous communal councils in the programme area to enable sustainable improvements in the material well-being of communities and lay the foundation for an autonomous process of territorial development. The programme will have two main thrusts: (i) strengthening Warao communal councils to facilitate their effective, informed participation in all aspects of public service delivery and project implementation, including monitoring and evaluation; and (ii) operating a community investment fund that will be responsive to local demand to facilitate planning and implementation of services related to public health, livelihoods, social infrastructure and natural resource management, within the framework of a negotiated territorial development strategy.

Policy and institutional objectives

14. The programme will provide incentives to promote the integration of activities usually separated by institutional sector. Warao community organizations cannot be viable without consolidating advances on public health issues and sustainable livelihoods; and in order to achieve the expected impact, investment decisions must be made with the effective participation of community members, administered with

transparency, and implemented in accord with the capacity of communities to manage the process. Hence, the pace of programme implementation will be aligned with the process of community capacity-building and, in particular, with the capacity of indigenous communal councils to manage, coordinate, monitor and evaluate activities.

IFAD policy and strategy alignment

15. The programme will implement the country strategic opportunities programme (COSOP), which identifies support for indigenous peoples as a top priority given their relative exclusion from the benefits of poverty reduction in the country as a whole over the past 10 years. Programme design incorporates best practices learned from IFAD's long-term experience in supporting indigenous peoples' development and the United Nations Development Group Guidelines on Indigenous Peoples' Issues, adopted in February 2008.

E. Harmonization and alignment Alignment with national priorities

16. The programme will contribute to consolidating legal and institutional reforms advancing indigenous peoples' rights in the country, and will demonstrate best practices in connection with participatory processes in an indigenous territory. The implementation experience will no doubt stimulate further policy dialogue to facilitate consolidation of this process in a coordinated and inclusive manner and support the newly established indigenous communal councils in fulfilling their mandate.

Harmonization with development partners

17. The potential for alliances with external development partners is limited due to the diminished role of multilateral agencies in the country. The most important project in the region, funded by the Global Environment Facility (GEF) and the United Nations Development Programme (UNDP), is the Conservation of Biological Diversity in the Orinoco Delta Biosphere Reserve and Lower Orinoco River Basin Project. The programme will build on the experience of this project by promoting both capacity-building for community-based natural resource management, and developing a system of incentives that will increase the sustainability of co-management arrangements.

F. Components and expenditure categories Main components

18. The programme has three components: (i) self-governance (30 per cent of base costs); (ii) community investment fund (45 per cent); and (iii) programme organization and management (25 per cent). The relatively high budget share of the third component is attributable to the programme's commitment to social inclusion, which calls for a significant initial investment in logistical support to set up subregional bases and train programme personnel, in order to facilitate operations.

Expenditure categories

19. There are four expenditure categories: (i) vehicles and equipment (6 per cent); (ii) consulting services and training (42 per cent); (iii) subproject grants (40 per cent); and (iv) operation and maintenance (12 per cent).

G. Management, implementation responsibilities and partnerships Implementing partners

20. The Ministry of People's Power for Health and, in particular, the Regional Indigenous Health Directorate, will coordinate public health initiatives with the programme. The Bolivarian University of Venezuela and other educational and training centres will be partners in the self-governance component. The Ministry of People's Power for the Communal Economy, through its financial agencies, will participate in cofinancing arrangements for community subprojects. The government of the Municipality of

Antonio Díaz will channel resources to the communal councils and will coordinate its local development initiatives with the programme. Finally, the programme will directly support the consolidation of the newly created Ministry of People's Power for Indigenous Peoples, particularly in connection with the decentralized structure it has opted to create.

Implementation responsibilities

21. The Ministry of People's Power for Health, through the Indigenous Health Directorate, will be responsible for programme organization and management. A programme management unit will be established and located within the administrative structure of the Ministry, with direct links to the Regional Indigenous Health Directorate for the state of Delta Amacuro.

Role of technical assistance

22. The programme will implement an integrated approach to technical and organizational services that includes both direct services at the level of extended families and specific communities, and a set of training and education options designed to build community leadership and technical capacity.

Status of key implementation agreements

23. An operational manual will be developed by the programme management unit and subject to IFAD's non objection. This will be included as a condition of disbursement.

Key financing partners and amounts committed

24. The total programme cost is US\$18.0 million over seven years. IFAD's contribution of US\$13.0 million (72 per cent) falls within the remaining PBAS allocation ceiling estimated for the 2007-2009 period. The Government's contribution is expected to be US\$4.6 million (25 per cent) and beneficiary cost-sharing is estimated at US\$0.4 million (3 per cent).

H. Benefits and economic and financial justification Main categories of benefits generated

25. The programme will be focused on family and community livelihoods, especially in connection with food security and basic public health conditions. In the latter phases of the programme, there will be an increasing focus on better access to markets and some diversification of economic activity, including tourism. As it becomes feasible to support more intensive agricultural and other productive activities that are both ecologically and culturally appropriate, financial analysis will be conducted to predict economic feasibility. The GEF/UNDP Orinoco Delta biosphere project has carried out indicative financial analyses for these activities. The high returns to investments in health and specialized training and education have also been documented under this project.

Economic and financial viability

26. The sustainability of this approach to improving health conditions, access to clean water, education and infrastructure is attributable mainly to the adaptation of public-sector institutional capacity and methods to a community-based approach. The programme will facilitate a learning process that will lead to better ways of providing services that are both environmentally and culturally appropriate.

I. Knowledge management, innovation and scaling up Knowledge management arrangements

27. The programme will implement a system of participatory monitoring and evaluation that involves all actors and enables information about processes, results and impact to be routinely shared. The process of participatory evaluation, which supports communication and negotiation among stakeholders, should result in the formation of operational horizontal alliances on issues of common concern related to:

(i) integrated indigenous health care, clean water and food security; (ii) sustainable livelihood alternatives; (iii) natural resource management; (iv) social infrastructure;

and (v) community leadership and literacy. The programme will also support cultural exchange and learning with other indigenous organizations in the country and Latin America. The urban Warao population will also be eligible to participate in these activities. Using community radio, the programme will promote renewed connections with this population, including creation of an operations base for advocacy with institutions outside the programme area.

Development innovations that the programme will promote

28. The innovations that the programme will promote include: (i) an integrated approach to health care that includes traditional medicine; (ii) inter-community and territorial initiatives through strategic alliances with public-sector institutions; (iii) community radio with Warao language content that will be implemented through a second-tier indigenous women's organization and training of community members in communications; (iv) community leadership training through learning communities and a partnership with university villages; and (v) increased ties among Warao-speaking people living in Tucupita, Caracas and communities of origin.

Scaling-up approach

29. This approach has the potential to be applied in other regions of the country, especially the Amazon region, where similar conditions exist and a territorial approach based on alliances is being considered with IFAD's assistance.

J. Main risks

Main risks and mitigation measures

30. The programme faces three main risks: (i) the commitment to social inclusion will involve logistical challenges and high costs; (ii) lack of trust between Warao communities and non-Warao staff could inhibit implementation; and (iii) highly disperse Warao communities will find it difficult to develop collective projects and express demands. The logistical problem of providing services efficiently to a disperse population will be addressed by establishing up to three operations bases in the region. Amortized over the lifetime of the programme, this will be far more cost-effective than the alternatives. The issue of trust between the programme and Warao communities will be mitigated by investing in training for Warao-speaking staff, and by gradually incorporating community members into leadership and training. The lack of a federation of Warao communities presents a challenge that can be addressed most effectively from the bottom up in a gradual process of indigenous communal council and community capacity-building. As the communal councils begin to take inter-community initiatives, it will be more feasible to support second-tier organizations.

Environmental classification

31. Pursuant to IFAD's environmental assessment procedures, the programme has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact. The programme design addresses environmental risks in the programme area through improved sanitation and waste management practices, sustainable livelihood support, and natural resource and land management, as well as baseline data collection and monitoring introduced in targeted settlements.

K. Sustainability

32. Programme sustainability will be evaluated by the degree to which capacity for empowerment and coordination is achieved in connection with priorities defined by communities. The most important communal asset that will remain when the programme ends will be communal council capacity to develop, find solutions to problems and meet their aspirations in a manner that strengthens their cultural identity.

II. Legal instruments and authority

- 33. A programme loan agreement between the Bolivarian Republic of Venezuela and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. Important assurances included in the negotiated agreement will not be tabled at the session. The Board will be requested to approve the programme proposal for the Bolivarian Republic of Venezuela subject to the completion of the negotiations of the loan agreement within six months of the Executive Board's approval. Any substantive changes to the terms presented to the Board as a result of negotiations will then be presented to the Board at a future session.
- 34. The Bolivarian Republic of Venezuela is empowered under its laws to borrow from IFAD.
- 35. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

III. Recommendation

36. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Bolivarian Republic of Venezuela in various currencies in an amount equivalent to eight million eight hundred thousand special drawing rights (SDR 8,800,000) to mature on or prior to 15 December 2026 and to bear an interest rate equal to the reference interest rate per annum as determined by the Fund annually, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Lennart Båge President

Key reference documents

Country reference documents

- Ley Orgánica de Pueblos y Comunidades Indígenas, 2005
- Ley de los Consejos Comunales, 2006
- Indigenous Territorial Rights and Demarcation in Venezuela, 2007
- Condiciones de vida de los Warao del Delta Amacuro: Oportunidades presentes y capacidades producidas en las comunidades del Delta del Orinoco, Centro de Investigación Social CISOR (Fundación La Salle), Mayo 2008
- La Pobreza Indígena Warao, Diosey R. Lugo, CRIES, 2002
- Plan de Acción diferenciado para el Área Indígena Warao Municipio Antonio Díaz, Estado Delta Amacuro, Agosto 2006
- Dirección General de Salud Delta Amacuro (MPS): Estado nutricional de los niños menores de 2 años según peso-talla desagregado por localidades, Delta-Amacuro, 2007
- Ministerio de Poder Popular para el Ambiente: "Conservación y Uso Sustentable de la Diversidad Biológica en la Reserva de Biosfera y los Humedales del Delta del Orinoco, Agosto 2008
- Ministerio de Poder Popular para el Ambiente: Plan revolucionario del Delta, 2004-2008
- Dirección de Salud Indígena: Plan revolucionando el Delta, Seis proyectos orientados a garantizar la atención integral en salud de nuestros hermanos indígenas Warao del Estado Delta Amacuro, 2007
- Instituto Nacional de Estadística: XIII Censo General de Población y Vivienda. Año 2001

IFAD reference documents

- Project design document (PDD) and key files
- Operational Manual
- Bolivarian Republic of Venezuela COSOP (2006)
- Learning Notes (2007)
- IFAD's Engagement with Indigenous Peoples (2008)
- Administrative Procedures on Environmental Assessment (1994)
- IFAD's Targeting Policy (2006)
- Prerequisites of Gender Sensitive Design

Other miscellaneous reference documents

- Dieter Heinen and Paul Henley, "History, Kinship and the Ideology of Hierarchy Among the Warao of the Central Orinoco Delta", en: Antropológica N. 89, Fundación La Salle Caracas, 25-78, 1999:33
- Heinen H. Dieter (ed.), Oko Warao: We are Marshland People, Lit Verlag, Münster, 1988:603WP 11: Bernarda Escalante G., Librado Moraleda, Narraciones Warao, Fundación La Salle, 1992:189
- Luisa Margolies, Notes from the Field: Missionaries, the Warao, and Populist Tendencies in Venezuela en: Journal of Latin American Anthropology, Vol. 11, No. 1, pp. 154–172
- Wilbert Johannes, Mindful of Famine: Religious Climatology of the Warao Indians, Harvard University Press, Cambridge MA, 1996:23

Logical framework

Objective	Verifiable Indicators (RIMS indicators in italics)	Means of Verification	Assumptions about Risks
GOAL: Build the capacity of indigenous communal councils to enable sustainable improvements in the wellbeing of Warao communities and establish the foundation for an autonomous process of territorial development with identity	●Warao communities are able to establish a process of territorial development with cultural ident on the basis of recently implemented reforms designed to protect and expand indigenous peoples rights and assure their capabilities related to self-governance ●Warao communal councils strengthen their capacity to enable their effective participation in all aspects of public service delivery and project implementation, including monitoring and evaluation; improve access to integrated – allotropic and traditional – medicine and sanitary conditions; and reduce infant mortality rates, malnutrition and diseases common to the area ●Communities increase their capacity for management of their natural and cultural assets within the framework of a negotiate territorial development strategy	●Base line surveys●Participatory monitoring and evaluation with all actors in the programme; external evaluations	Venezuela's national policy, institutional and legal framework, and its active support for international norms recognizing the rights of indigenous peoples is maintained as the enabling foundation for the programme
PURPOSE: Improve the livelihoods and strengthen Warao cultural traditions of approximately 15,000 people in 260 communities in programme area	●60% reduction in children malnourishment●98% of children under 5 are fully immunized ●60% reduction in waterborne disease ●At least 50% of direct beneficiaries of sub-projects are women and youth●Warao communal councils and other community organizations and institutions facilitate planning and delivery of public services, and monitor and evaluate the effectiveness of their interventions●Warao populations exercise greater control of all initiatives in their communities aimed at improving the quality of life and territorial development with cultural identity	Participatory monitoring and evaluation • External evaluations	●Public sector institutions work actively with the programme and Warao communal councils to adapt their capacities and methods to indigenous communities●Community training ensures sustainability of services
SELF-GOVERNANCE: 1) Indigenous communal councils and other community organizations develop capacity to consolidate advances on public health and sustainable livelihoods; with investments being decided upon the effective participation of community members, administered with transparency, and implemented in accord with the capacity of communities to manage the process	●Communities develop capacity to identify, prepare and implement livelihoods plans and community-based projects●Government services adapt their capacity and methods to the Warao context and traditions●School for training is established and operates via a network of communities of practice●2,800 community members have received training in leadership, healthcare, livelihoods, cultural revitalization and natural resource management of whom at least 50% are women●80% of government staff working in Warao communities are sensitized to cultural norms and traditions ●Traditional authorities become a vital part of communal councils; and participate and facilitate training through the School●Women and youth hold leadership positions in 50% of the communal councils ●A community-based communications network, including a community radio station that broadcasts Warao language content operates in the programme area	●Participatory monitoring and evaluation of the quality and effectiveness of services●Project M&E reports●External evaluations●Focus groups●Participatory monitoring and evaluation●	●Sufficient investment is made in logistics to provide services efficiently to a dispersed population and enable the broadest possible level of social inclusion●Trust between the programme and Warao communities is secured by investing in training for Warao-speaking staff, and by gradually incorporating community members (men and women) into leadership and training
COMM. INVESTMENT FUND: 2) Participating communities improve health and sanitation conditions through interventions culturally adapted to the Warao communities	●260 mostly indigenous community organizations are capable to find solutions to problems and meet their aspirations in a manner that strengthens their cultural identity ●75% improvements related to underweight, chronic and acutely malnourished children ●60% reduction in water-borne disease ●98% reduction in vaccine-preventable disease ●80% reduction in the rate of abandonment of tuberculosis treatment ●80% of households secure access to potable water sources ●70% of households improve access to adequate sanitation ●100% of the conventional network of epidemiological control is operaing ●80 % of the community network of epidemiological control is activated ●All communities in the programme area create opportunity for intercultural dialogue on traditional and western medicine ●80% of community health workers and volunteers are trained in integrated health, including strategies to reduce domestic violence ●100 groups of women are trained in maternal-child health in accord with traditional and western practices ●7 exchanges are undertaken with other communities in Venezuela and outside on integrated health initiatives ●200 communal groups have adopted traditional or improved practices related to subsistence activities ●40 communities participate in the formulation and implementation of subprojects in intensive agriculture (trinchas) ●1,000 families have obtained improved access to markets ●50 subprojects are implemented to promote traditional Warao culture ●30 indigenous communal councils have established inter-community agreements and collaborated in the formulation and implementation of territorial development initiatives ●5 inter-community subprojects related to eco-tourism are implemented ●A territorial system of ethnocartography is implemented by participating communities focusing on sustainable use of natural and cultural assets ●Feasibility study of incentives for environmental services is conducted	●Community health committees, Ministry. of Health reports and statistics●Project monitoring and evaluation reports●Household surveys●Focus group discussions ●External evaluations●Availability of georeferenced data related to priorities identified by communities●Ethnocartographic maps finalized for selected communities and territories●Management plans and environmental guidelines published in appropriate form and financed●Agreement(s) with Ministry of Environment and Natural Resources	●Programme incentives are properly structured to promote interinstitutional alliances and the integration of activities usually separated by institutional sector●Barriers in integrating allopathic and traditional medicines are overcome●The challenge imposed by very dispersed Warao communities and lack of a federation of Warao communities is confronted 'from below' through a gradual process of indigenous communal council and community capacity building to articulate demands and develop collective projects ●Communal councils become increasingly concerned to establish broader alliances on a territorial level as opposed to maintaining an exclusive focus on the immediate needs of particular settlements

Objective	Verifiable Indicators (RIMS indicators in italics)	Means of Verification	Assumptions about Risks	
Participating communities improve livelihood opportunities and increase incomes				Appendix II
4) Participating indigenous communal councils' plans transcend the community to form larger territorial development plans with identity				