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## President's report

Proposed loan to the Bolivarian Republic of  
Venezuela for the Sustainable Rural  
Development Project for Food Security in the  
Semi-arid Zones of Lara and Falcon States  
- PROSALFA III

### Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

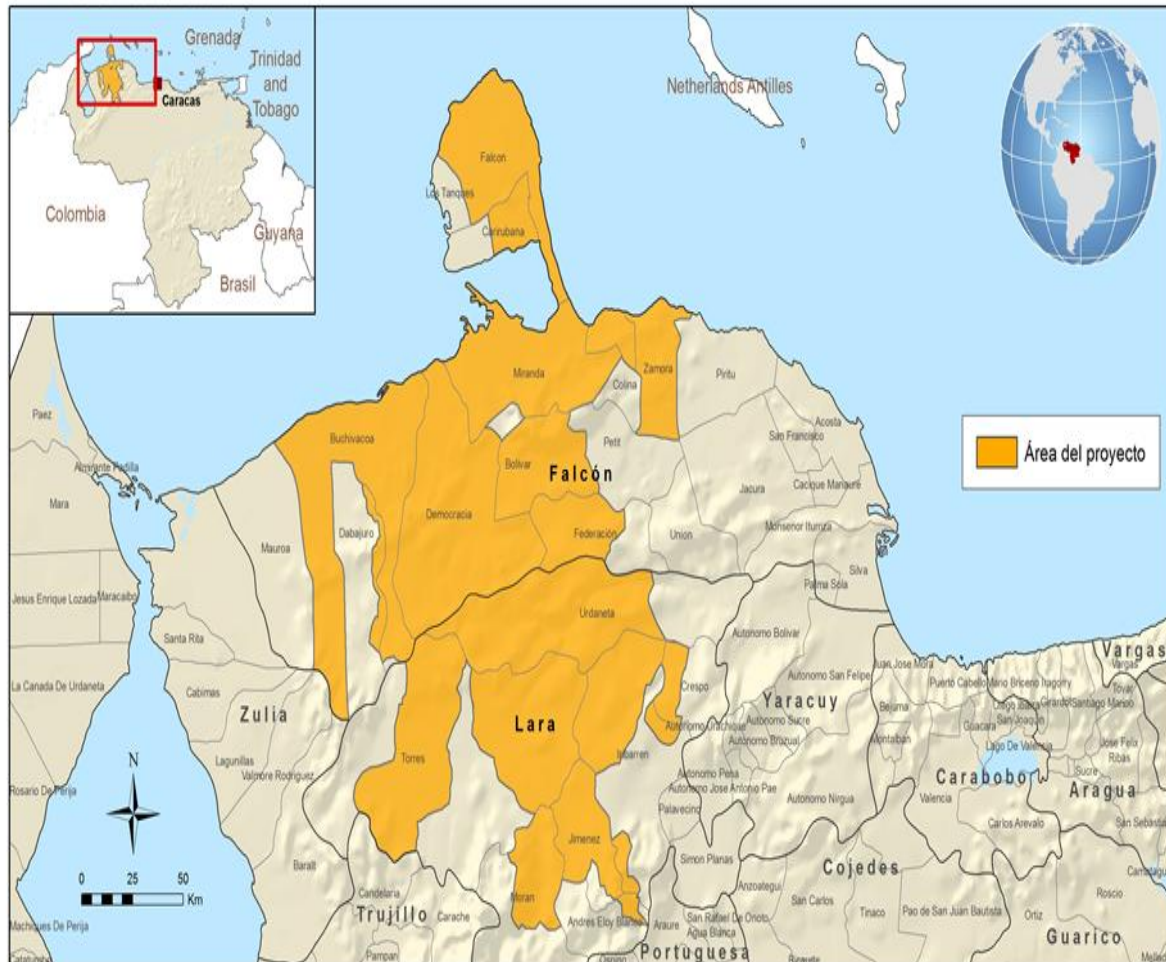
CAF	Andean Development Corporation
CIARA	Foundation for Training and Innovation in Support of the Agrarian Revolution
PEU	project execution unit
PROSALAF II	Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States, phase two
RIMS	Results and Impact Management System

# Map of the project area

## Bolivarian Republic of Venezuela

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

Informe final de diseño



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.

Mapa elaborado por el FIDA | 03-07-2015

## Bolivarian Republic of Venezuela

Proposed loan to the Bolivarian Republic of Venezuela for the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States - PROSALAFSA III

### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Bolivarian Republic of Venezuela
<b>Executing agency:</b>	Ministry of Popular Power for Agriculture and Land through the Foundation for Training and Innovation in Support of the Agrarian Revolution (CIARA)
<b>Total project cost:</b>	US\$96.23 million
<b>Amount of IFAD loan:</b>	EUR 6.81 million (equivalent to approximately US\$7.62 million)
<b>Terms of IFAD loan:</b>	Ordinary: Maturity period of 18 years, including a grace period of 3 years, with an interest rate per annum equal to 100 per cent of the IFAD reference interest rate
<b>Cofinancier:</b>	Andean Development Corporation (CAF)
<b>Amount of cofinancing:</b>	US\$14.00 million
<b>Contribution of borrower:</b>	US\$68.00 million
<b>Contribution of beneficiaries:</b>	US\$6.61 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Bolivarian Republic of Venezuela for the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States - PROSALAFa III, as contained in paragraph 41.

## Proposed loan to the Bolivarian Republic of Venezuela for the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States - PROSALAFa III

### I. Strategic context and rationale

#### A. Country and development and rural poverty context

1. With 29 million inhabitants, Venezuela has built its economy around the largest hydrocarbon reserves in Latin America, which account for 96 per cent of the country's exports. Per capita GDP remained at US\$14,415 in 2013, and the human development index has improved steadily since 2000 (0.764 in 2014, ranked 67<sup>th</sup>). Although inequalities persist, social policy implemented since the middle of the last decade together with economic growth have halved the poverty rate (25.4 per cent in 2012). This is among the best progress posted in the region and reflects the social transformation that empowers the poorest population segments, particularly in rural areas.
2. Venezuela offers an example of how to design effective policies to combat poverty, having made significant strides in this regard. Nevertheless, imbalances and challenges remain, both institutional and macroeconomic. One of the main challenges facing decision-makers at this time is optimizing the use of available resources to correct economic, generational and territorial inequalities and generate a solid productive base that is less dependent on oil and subsidies. To this end, a government reform has been undertaken that calls for boosting production and productivity in priority sectors, including agriculture, as well as decentralizing and promoting local self-governance. Both avenues of action offer an opportunity to empower rural smallholder organizations by transferring responsibilities and resources for productive rural development based on territoriality, social participation and shared accountability.
3. Territorial decentralization. The current regulatory and policy framework grants direct administrative responsibility to communities to promote various territorial and sectoral organizations. The primary function of these organizations is to govern and manage their territories, common assets and natural resources to promote economic activities for the common good under communal development plans in accordance with the Plan de la Patria (national development plan) 2013-2019. Indeed, the creation, strengthening and consolidation of communes – self-governance bodies of communities – is one of the priorities of the current Government.
4. Boosting agricultural production. Agriculture is undoubtedly a priority sector in Venezuela, in view of the urgency of guaranteeing domestic food supply and reducing food imports. However, this task is made more difficult by low production and productivity levels as a result of, inter alia, inadequate investment and technical assistance, arid soils, water scarcity, vulnerability to climate change and a disperse rural population.
5. Supporting smallholder agriculture. Within the framework of national priorities, supporting smallholder farmers takes on great importance, given their food

production potential. The Government prioritizes investments in production and innovation in support of economic activity in rural areas, incentivizes increases in agricultural production, and provides technical assistance and financing to both government enterprises and smallholder producers to meet the demand for food and guarantee a nutritious diet for the population, including by recovering indigenous crops.

6. Rural poverty and food and nutritional security. Poverty levels are still high in rural areas, with unmet basic needs and economic dependency rates of up to three times the national averages. In terms of food and nutritional security, there are problems with both malnutrition and micronutrient deficiencies, and overweight and obesity – sometimes within the same population. Major socio-economic disparities persist, especially in rural areas, and remain largely beyond the reach of the integrated, sustainable and equitable development process.

## B. Rationale and alignment with government priorities and RB-COSOP

7. Despite the achievements and progress made, the semi-arid region is still home to nearly 55,000 households living in extreme poverty, who are in need of assistance and investments. To address this challenge, the Government proposes to undertake specific actions to boost agricultural production and productivity, and contribute to the country's priorities of combating poverty and ensuring food and nutritional security and sovereignty. In so doing it will also support the decentralization process, enabling rural community-based organizations to build their capacity and become more effective in managing their own development.
8. The experience and capacities acquired by the Foundation for Training and Innovation in Support of the Agrarian Revolution (CIARA) and IFAD by implementing the Sustainable Rural Development Project for Food Security in the Semi-arid Zones of Lara and Falcon States – phase II (PROSALAFSA II) laid an optimal foundation for progress on developing agrifood production systems in locally managed semi-arid zones. Accordingly, the Government intends to carry out a new project in the semi-arid zones of Lara and Falcon to develop socio-productive and management capacities among rural people to improve their living conditions, increase agricultural production and guarantee food and nutritional security.
9. The new proposal falls within the current country strategic opportunities programme (COSOP), particularly objectives 1 and 3.

## II. Project description

### A. Project area and target group

10. PROSALAFSA III will take place in the semi-arid zone of Lara and Falcon states in north-eastern Venezuela, a vast area of semi-arid landscapes marked by acute and widespread erosion and desertification, and in some areas total aridity. This is a fragile ecosystem with scarce annual precipitation that is high in intensity and short in duration, and evaporation processes at four to five times the rate of precipitation. It is a poor rural area with low population density comprising disperse communities and hamlets, with cultural and production patterns that are rooted in the territorial area and local subsistence practices. Natural resources are scarce and access to public services is limited.
11. The target population consists of approximately 18,000 poor and extremely poor families belonging to 40 communes located in the states of Lara and Falcon. The project will pay special attention to vulnerable groups – selected women heads of household, young people and elders – in the semi-arid rural zone where the project will be implemented.

### B. Project development objective

12. Upon project completion, 18,000 families in the beneficiary communes are expected to have improved their food and nutritional security, increased their

capacity to purchase safe, healthy and sovereign food, and improved their ongoing access to potable water. The project seeks to reduce inequalities between men, women and young people in terms of income and productive, technological, financial and social opportunities in the project area.

### C. Components/results

13. The project is structured in two interrelated components that will complement and reinforce each other in working to achieve the development objective. The first component relates to the empowerment and governance of community-based organizations, and the second component to the development of association-based production systems promoted by communal bodies receiving financial support from IFAD.
14. The objective of the first component, development and expansion of popular power, will be to support the territorial decentralization process under way to contribute to creating and building local governance capacities and promoting environmentally and socially sustainable production activities. The project calls for a series of actions to provide citizens with the capacities, principles and values they need to exercise popular power, and organized communities with the tools they need to do so. It will also facilitate strategic linkages between socio-productive organizations – family farms, cooperatives, social production enterprises, young entrepreneurs and other groups – and the respective communes either established or in the process of being set up.
15. The second component, development of social production systems, seeks to invest in productive assets and services to improve agricultural practices and develop viable and sustainable livelihoods that will raise incomes, improve food and nutritional security and sovereignty, and promote careful management of water, as scarce water is the main constraint on development in the semi-arid areas. This component is oriented to the socio-productive organizations of the selected communes in the project area, and will promote increased capacities for food production, processing and distribution, access to quality food and better access to water, building climate resilience among rural populations.

## III. Project implementation

### A. Approach

16. The project will be based on lessons learned from earlier projects and will be structured around the following main thrusts: (i) improving food and nutritional security by adopting production practices that are compatible with sustainable natural resource use; (ii) supporting social enterprises engaged in processing, and training socio-productive organizations in association-based marketing of food and agricultural produce; and (iii) building management capacities of communes (self-managed rural organizations), new entities created within the framework of decentralization.

### B. Organizational framework

17. The responsible institution for the project will be the Ministry of Popular Power for Agriculture and Land, which will act through CIARA as a government entity reporting to the ministry. CIARA will be responsible for overall implementation of the project activities and will have the following main responsibilities: (i) including required resources for the project in its annual budget and arranging for budget approval from the Ministry of Popular Power for Economy and Finance; and (ii) implementing the project in accordance with the terms of the financing agreement, national standards, IFAD guidelines and the provisions of the operating manual. CIARA will set up a project execution unit (PEU) reporting to its president. The PEU will comprise an executive director; three coordination units for development, information and administrative management; and two state technical units, for Lara and Falcon. Three committees will provide for participation and interrelations: a coordination committee and two community committees, one for



each state. The incumbents of the positions of executive director, management coordinators and technical state coordinators will be recruited on criteria agreed between CIARA and IFAD. The remaining professional and administrative staff will be selected in accordance with criteria agreed between CIARA and IFAD and included in the project operating manual.

#### C. Planning, monitoring and evaluation, and learning and knowledge management

18. PROSALAF A III will implement a participatory monitoring and evaluation (M&E) system with a development results-based management approach, which implies including learning and knowledge management mechanisms as an integral part of the management cycle. This will ensure that the information and lessons learned from implementation are incorporated along the way, to improve decision-making on adjustments in planning and thus ensure that the desired results and impact are obtained as set out in the logical framework (theory of change), regardless of any changes that may occur in the context and the project assumptions.

#### D. Financial management, procurement and governance

19. Financial management will be done jointly by CIARA and the PEU. Most of the financial functions will be performed in the PEU administrative management coordinating unit. In addition, government coordination and territorial operating units will be tasked with certain fiduciary functions. The financial responsibilities of these coordination and territorial operating units and their links with administrative management coordination will be outlined in the project operating manual. The project will use the public-sector integrated administrative management system (SIGESP), together with an additional system specifically to fulfill IFAD requirements.
20. Flow of funds. The borrower will open a designated account in United States dollars at the Central Bank of Venezuela exclusively for the loan proceeds. The borrower will also open project accounts in local currency at a public or private bank authorized by the competent national authority and acceptable to IFAD. The borrower will deposit the national counterpart funding in the project accounts, along with IFAD and CAF financing converted to local currency, and will report on the amounts by source of financing.
21. Audit. An independent auditor will audit the consolidated annual financial statements each year in accordance with IFAD guidelines on project audits. Audits will cover all project accounts, including all financing sources. The audit reports will be delivered to IFAD six months after the end of each fiscal year.
22. Procurement. Procurement will take place in accordance with the Organic Law of the Comptrollership General of the Republic and the National Fiscal Control System and Regulations, provided they are compatible with the IFAD guidelines on procurement.

#### E. Supervision

23. IFAD will provide such support for implementation as it may deem appropriate, seeking to improve effectiveness and ensure that the desired impact and objectives are achieved. In addition, in collaboration with CAF and in coordination with CIARA, IFAD will supervise the project directly in accordance with its policy on supervision and implementation support. IFAD and the borrower will conduct a midterm review following year three.

### IV. Project costs, financing and benefits

#### A. Project costs

24. Total financing for PROSALAF A III is US\$96.2 million. The project is structured in two components, in addition to management and administration. The cost of component 1 (development and expansion of popular power) is US\$15.6 million

(16.3 per cent of the total), funded exclusively by the Bolivarian Government of Venezuela. Component 2 (development of social production systems) has a cost of US\$62.2 million (64.7 per cent), and project management will cost US\$18.3 million (19 per cent).

Table 1  
**Indicative project costs by component and financier**  
(Thousands of United States dollars)

Component	IFAD loan		CAF loan		Beneficiaries		Borrower/ counterpart		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Development and expansion of popular power	-	-	-	-	-	-	15 660	100	15 660	16.3
2. Development of social production systems	6 710	10.8	14 000	22.5	6 610	10.6	34 920	56.1	62 240	64.7
3. Management and administration	910	5	-	-	-	-	17 420	95	18 330	19
<b>Total</b>	<b>7 620</b>	<b>7.9</b>	<b>14 000</b>	<b>14.5</b>	<b>6 610</b>	<b>6.9</b>	<b>68 000</b>	<b>70.7</b>	<b>96 230</b>	<b>100</b>

## B. Project financing

25. Total financing for PROSALAFa III is US\$96.2 million. The contribution of the Government of the Bolivarian Republic of Venezuela will be US\$68 million, equivalent to 70.7 per cent of the total. CAF will contribute US\$14 million (14.5 per cent), while IFAD will provide US\$7.6 million (7.9 per cent). The beneficiaries will make a contribution in cash of US\$6.6 million, representing 6.9 per cent of total project financing.

Table 2  
**Indicative project costs by expenditure category and financier**  
(Thousands of United States dollars)

Expenditure category	IFAD loan		CAF loan		Beneficiaries		Borrower/ counterpart		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Training							22 050	100	22 050	22.9
2. Goods, services and inputs							13 270	100	13 270	13.8
3. Vehicles	500	88					70	12	570	0.6
4. Consulting	410	88					60	12	470	0.5
5. Studies and supervision			210	88			30	12	240	0.3
6. Transfers and grants	6 710	15.8	13 790	32.6	6 610	15.6	15 230	36	42 340	44
7. Salaries and benefits							11 170	100	11 160	11.6
8. Operating costs							6 120	100	6 120	6.4
<b>Total</b>	<b>7 620</b>	<b>7.9</b>	<b>14 000</b>	<b>14.5</b>	<b>6 610</b>	<b>6.90</b>	<b>68 000</b>	<b>70.7</b>	<b>96 230</b>	<b>100</b>

## C. Summary benefit and economic analysis

26. Beneficiaries and estimated additional income. The project is expected to directly benefit a total of 18,000 families. Estimated additional income will average US\$1,259 per annum per family, although it will vary depending on the type of activity, ranging from US\$387 and US\$4,025.
27. Economic evaluation. Over a 10-year horizon, the project was given a positive economic evaluation with an internal economic rate of return (EIRR) of 17.6 per cent, net present value (NPV) of US\$86.2 million and a cost benefit ratio of 3.1. The project shows sensitivity of up to 30 per cent to cost increases and a decrease in benefits and a tolerance of one year with regard to a delay in benefits.

## D. Sustainability

28. Institutionalizing the PROSALAFa approach, together with the acceptance and appreciation of work done by CIARA, founded in 1966, are the major safeguards of continuity and sustainability of the project, beyond any other possible considerations. Previous projects have achieved tangible results despite not always favourable contexts, as seen in the evaluations done, and have been positively received by beneficiaries and various institutional levels. By way of illustration, the strategy of the Semi-arid District is based principally on the work done PROSALAFa I and II.
29. In addition to these guaranties, the PROSALAFa III sustainability strategy calls for the following interrelated factors: (a) clear political and institutional support; (b) consistency of the proposed strategy; (c) viability and sustainability of economic and financial results; (d) use of appropriate technology; (e) development of local capacities; (f) sustainable use of natural resources; and (g) promotion of resilience to climate and other risks.

## E. Risk identification and mitigation

30. The project strategy, based on promoting and consolidating decentralized entities, will shape an enabling environment to ensure good results. With respect to political sustainability, it is important to keep in mind that the current administration has a mandate for six years, until 2019, coinciding with the major part of the PROSALAFa III life cycle, adequate time to consolidate the proposal. Although a change in government could affect the project, conditions of poverty in the project area will certainly justify continuing most of the actions, especially those in production. The performance of CIARA as executing agency on previous projects cofinanced by IFAD also contributes to minimizing risks, in view of its organizational experience and technical and administrative capacity.
31. Additionally, the project will have an executing unit with relative autonomy for approving subprojects and allocating resources, which will help mitigate any risks relating to cumbersome bureaucratic procedures.

## V. Corporate considerations

### A. Compliance with IFAD policies

32. The project was designed in consideration of the prevailing IFAD objectives and priorities, as well as the most recent recommendations. First of all, the proposal is consistent with the overarching objective of the Strategic Framework 2011-2015, and contributes to the strategic objectives on improving access to services contributing to poverty reduction and developing economic and natural assets that improve the resilience of disadvantaged rural populations.
33. Also, the proposal is based on the principles and guidelines set forth in the main applicable policies – on targeting, gender equality and women’s empowerment, natural resources and environmental management, climate change, social, environmental and climate evaluation, and knowledge management and innovation – to the extent that they apply, particularly as to the management and dissemination of lessons learned and successful examples that may serve as models.

### B. Harmonization and alignment

34. The project is aligned with the Plan de la Patria and is based on the national policy on food security. Within the framework of the Plan de la Patria, PROSALAFa III will contribute to combating poverty (national objective 2.2), improving agrifood security and sovereignty (national objective 1.4.), in particular by consolidating production and distribution networks for consumer products and promoting diversified and sustainable production models, and to making further progress on participatory decentralization and local management (national objective 2.3). The project will use the priorities of the policy agenda on decentralization and local

management and promotion of the Semi-arid Development District of Lara and Falcon as leverage to secure the project and guarantee continuity.

### C. Innovation and scaling up

35. The project is based on lessons learned under PROSALAFAs I and II on the rural development of poor communities in semi-arid environments. It builds on successful contributions and incorporates recommendations from the evaluation of PROSALAFAs I and II, with adjustments needed in the country context. In this sense, the new project will link the decentralization process under way – including empowerment and improved governance of communes – with the development of association-based production systems to improve food and nutritional security.
36. PROSALAFAs III will involve the following major innovations: (a) introducing business plans to ensure the success of investments; (b) improving linkages between producers and consumers; (c) introducing the food and nutritional security approach; (d) supporting decentralization to strengthen socio-productive organizations; and (e) promoting environmental and climate resilience.

### D. Policy engagement

37. The project will be implemented in accordance with the new regulatory and policy framework, which grants direct administrative responsibilities to communities to enable them to promote territorial and sectoral organizations with economic aims, within the so-called “popular power” structure. It calls for communities to come together voluntarily to create communes, as self-governance bodies established in a territory self-defined by such communities. The project will support the creation, strengthening and consolidation of rural communes within the project area, seeking to improve efficiency and effectiveness in their governing bodies and their community organizations with regard to: (i) optimizing the use of available resources; (ii) improving production, processing and marketing processes, and adequately matching supply and demand; and (iii) accessing available financial resources.

## VI. Legal instruments and authority

38. A project financing agreement between the Bolivarian Republic of Venezuela and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached in appendix I.
39. The Bolivarian Republic of Venezuela is empowered under its laws to receive financing from IFAD.
40. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

## VII. Recommendation

41. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Bolivarian Republic of Venezuela in an amount equivalent to six million eight hundred ten thousand euros (EUR 6,810,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## Negotiated financing agreement

Convenio de financiación negociado: "Proyecto de Desarrollo Rural Sustentable para la Seguridad Alimentaria de las Zonas Semiáridas de los estados Lara y Falcón PROSALAF A III"

(Negociaciones concluidas el 21 de julio de 2015)

Número del Préstamo: [insertar número]

Proyecto de Desarrollo Rural Sustentable para la Seguridad Alimentaria de las Zonas Semiáridas de los estados Lara y Falcón (el "Proyecto" o "PROSALAF A III")

La República Bolivariana de Venezuela (el "Prestatario")

y

El Fondo Internacional de Desarrollo Agrícola (el "Fondo" o el "FIDA")

(cada uno de ellos por separado la "Parte" y los dos colectivamente las "Partes")

acuerdan lo siguiente:

Preámbulo

CONSIDERANDO que para lograr los objetivos del Proyecto, el Prestatario prevé gestionar y obtener del Banco de Desarrollo de América Latina (CAF) un cofinanciamiento por un monto estimado de catorce millones de Dólares de los Estados Unidos de América (USD 14 000 000) para cofinanciar actividades derivadas del Proyecto;

CONSIDERANDO que el FIDA ha acordado conceder un préstamo al Prestatario para asistir en la financiación del Proyecto de acuerdo con los términos y condiciones establecidos en el presente Convenio;

las Partes acuerdan lo siguiente:

Sección A

1. Los siguientes documentos en su conjunto conforman colectivamente este Convenio: el presente documento, la Descripción y las Disposiciones de ejecución del Proyecto (Anexo 1) y el Cuadro de asignaciones (Anexo 2).
2. Se adjuntan al presente Convenio las Condiciones Generales para la Financiación del Desarrollo Agrícola de fecha 29 de abril de 2009, en sus sucesivas versiones enmendadas, (las "Condiciones Generales") y cualquiera de las disposiciones en ellas contempladas serán aplicables al presente Convenio. A los efectos del presente Convenio, los términos definidos en las Condiciones Generales tendrán el significado en ellas indicado. En caso de discrepancia entre las disposiciones de este Convenio y las Condiciones Generales, prevalecerán las disposiciones del Convenio.
3. El Fondo proporcionará un Préstamo al Prestatario (la "Financiación"), que el Prestatario utilizará para ejecutar el Proyecto de conformidad con los términos y condiciones del presente Convenio.

## Sección B

1. El monto del Préstamo es de seis millones ochocientos diez mil Euros (EUR 6 810 000). Para efectos referenciales, el equivalente del Préstamo en moneda local es de cuarenta y seis millones cuatrocientos cuarenta y cuatro mil doscientos Bolívares (Bs 46 444 200) al tipo de cambio de un (1) Euro equivalente a seis Bolívares ochenta y dos centavos (Bs 6.82), de fecha 20 de julio 2015, usando el tipo de cambio oficial del Prestatario que corresponde al tipo de cambio oficial del Fondo Monetario Internacional. La Moneda de Denominación será el Euro. Los retiros y los pagos del servicio del Préstamo se harán de conformidad con lo señalado en el Artículo VI de las Condiciones Generales.
2. El Préstamo se concede en condiciones ordinarias y pagará un tipo de interés equivalente al cien por ciento (100%) del tipo de interés variable de referencia que determine la Junta Ejecutiva del FIDA. El Préstamo tendrá un plazo de reembolso de dieciocho (18) años, incluido un período de gracia de tres (3) años a partir de la fecha en que el Fondo haya determinado que se han cumplido todas las condiciones generales previas para el retiro de fondos.
3. La Moneda de Pago del Servicio del Préstamo será el Euro.
4. El primer día del Ejercicio Financiero aplicable será 1º de enero. El Ejercicio Financiero corresponde al año fiscal del Prestatario.
5. Los pagos del capital y los intereses del Préstamo serán pagaderos cada 15 de junio y 15 de diciembre.
6. El Prestatario, a instancia del Organismo Responsable del Proyecto, abrirá y mantendrá una Cuenta Designada en Dólares de los Estados Unidos de América en el Banco Central de Venezuela. El Organismo Responsable del Proyecto abrirá y mantendrá una(s) Cuenta(s) del Proyecto, en un banco público o privado autorizado por el organismo nacional competente y notificado al FIDA, para su no objeción.
7. El Prestatario proporcionará financiación de contrapartida en Bolívares para el Proyecto por un monto equivalente a sesenta y ocho millones de Dólares de los Estados Unidos de América (USD 68 000 000). Para efectos referenciales, el equivalente de la contrapartida en moneda local es cuatrocientos veintisiete millones trescientos doce mil Bolívares (Bs 427 312 000) al tipo de cambio de un (1) Dólar equivalente a seis Bolívares y veintiocho centavos (Bs 6.28), en la fecha 20 de julio de 2015, usando el tipo de cambio oficial del Prestatario que corresponde al tipo de cambio oficial del Fondo Monetario Internacional.

## Sección C

1. El Organismo Responsable del Proyecto será el Ministerio del Poder Popular para la Agricultura y Tierras (MPPAT), quien actuará a través de la Fundación de Capacitación e Innovación para Apoyar la Revolución Agraria (Fundación CIARA).
2. Se designa Parte adicional en el Proyecto a la Unidad Ejecutora del Proyecto (UEP).
3. La Fecha de Terminación del Proyecto será el sexto aniversario de la fecha de entrada en vigor del presente Convenio. La fecha de entrada en vigor, de acuerdo a lo señalado en las Condiciones Generales (Sección 13.01), será la fecha en que el Fondo y el Prestatario hayan firmado el presente Convenio.

## Sección D

El Préstamo será administrado por el FIDA. El Proyecto será supervisado por el FIDA, en colaboración con la CAF y la Fundación CIARA.

## Sección E

1. Se considera que son motivos adicionales para la suspensión del presente Convenio los siguientes:

- a) Que el derecho del Prestatario a solicitar o efectuar retiros de fondos bajo el Convenio que suscriba con la CAF haya sido cancelado o suspendido en su totalidad o parte.
- b) Que cualquiera de las disposiciones del Manual de Operaciones del Proyecto haya sido objeto de cesión, renuncia, suspensión, revocación, enmienda u otra modificación, sin el acuerdo previo de las Partes, y el FIDA haya determinado, previa consulta con el Prestatario, que tal cesión, renuncia, suspensión, revocación, enmienda o modificación ha tenido consecuencias adversas sustanciales para el Proyecto.

2. Se considera que son condiciones generales adicionales previas para el retiro de fondos las siguientes:

- a) Que el equipo directivo del Proyecto haya sido seleccionado de acuerdo a lo establecido en el Anexo I, sección 2.8 de este Convenio.
- b) Que el borrador del Manual de Operaciones del Proyecto haya sido presentado al FIDA.
- c) Que la Cuenta Designada y la(s) Cuenta(s) del Proyecto hayan sido abiertas, de acuerdo a lo señalado en la Sección B.6, supra.
- d) Que se hayan asignado los fondos de contrapartida en el presupuesto general del Prestatario, de acuerdo al plan plurianual del Proyecto.

3. Se indican a continuación los representantes designados y las direcciones que han de utilizarse para cualquier intercambio de comunicaciones relacionadas con el presente Convenio:

Por el Prestatario:

Ministro  
Ministerio del Poder Popular de Economía y Finanzas (MPPEF)  
Esquina de Carmelitas, Avenida Urdaneta, Parroquia Altigracia, Municipio Libertador  
Edificio Sede del MPPEF, piso 9, Ala Este  
Oficina Nacional de Crédito Público (ONCP)  
Código Postal 1010, Caracas, Venezuela

Por el Fondo:

Presidente  
Fondo Internacional de Desarrollo Agrícola  
Via Paolo di Dono, 44  
00142 Roma, Italia

El presente Convenio, de fecha [insertar fecha], se ha preparado en español en dos (2) copias originales, una para el Fondo y otra para el Prestatario.

REPÚBLICA BOLIVARIANA DE VENEZUELA

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[insertar nombre del Representante Autorizado]  
[insertar su título]

FONDO INTERNACIONAL PARA EL DESARROLLO AGRÍCOLA

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Kanayo F. Nwanze  
Presidente

Anexo 1

Descripción del Proyecto y disposiciones de ejecución

#### I. Descripción del Proyecto

1. Población-objetivo. La población-objetivo está compuesta por aproximadamente 18.000 familias (pobres o extremadamente pobres), pertenecientes a 40 comunas en los estados de Lara y Falcón ("Área del Proyecto"). El Proyecto prestará especial atención a grupos vulnerables compuestos por mujeres jefas de hogar, jóvenes y personas mayores seleccionados de la zona rural semiárida de la mencionada Área.

2. Meta. La meta del Proyecto es contribuir a mejorar las condiciones de vida de la población rural pobre en el Área del Proyecto, mejorando los activos de las familias y la calidad de la alimentación familiar.

3. Objetivo. El objetivo del Proyecto es reducir la brecha de desigualdades de ingresos y oportunidades productivas, tecnológicas, financieras y sociales que existen entre hombres, mujeres y jóvenes en el Área del Proyecto. El Proyecto busca asimismo incrementar la seguridad alimentaria y nutricional entre la población-objetivo, de manera de lograr que ésta incremente su capacidad de adquirir alimentos sanos, seguros y soberanos y mejore su acceso continuo al agua potable.

4. Componentes. El Proyecto incluye dos componentes que se complementan, articulan y refuerzan:



4.1 Componente 1: Desarrollo y expansión del Poder Popular. El objetivo de este componente es apoyar el proceso de fortalecimiento de capacidades locales para la gobernanza y la promoción de actividades productivas de forma ambiental y socialmente sustentables. A través de este componente, se ejecutarán actividades con miras a lograr que los ciudadanos cuenten con las capacidades, principios y valores necesarios para ejercer el Poder Popular y permitir que las comunidades organizadas, dispongan de las herramientas necesarias para ejercer este Poder Popular. Asimismo, facilitará la articulación estratégica entre las organizaciones socio-productivas (unidades de producción familiar, agricultura familiar, cooperativas, empresas de producción social, jóvenes emprendedores, y otros grupos) y las respectivas comunas establecidas o en fase de constitución. Las principales actividades incluyen:

- a) Mapeo de actores, diagnóstico participativo y estudios temáticos;
- b) Planificación estratégica y participativa;
- c) Diseño y ejecución de metodologías y estrategias de acompañamiento diferenciadas para el fortalecimiento de capacidades y organizacional;
- d) Articulación con instituciones públicas que tienen incidencia en el territorio de las comunas; y
- e) Subproyectos sociales.

4.2 Componente 2: Desarrollo de Sistemas de Producción Social. El objetivo de este componente es la inversión en activos productivos y servicios para el desarrollo de medios de vida sustentables que repercutan en la generación de ingresos y en la seguridad y soberanía alimentarias. El componente promoverá el incremento de las capacidades de producción, transformación y distribución de alimentos y el acceso a alimentos de calidad, mejorando el acceso al agua y favoreciendo la resiliencia de las poblaciones rurales frente a los eventos climáticos. Las principales actividades incluyen:

- a) Mejora de capacidades socio-productivas;
- b) Inversiones para aumentar la producción y transformación rurales;
- c) Manejo sustentable de recursos naturales, especialmente hídricos; y
- d) Comercialización, transformación, intercambio y distribución.

Para lograr el empoderamiento y apropiación de todas las acciones del componente por parte de las comunas, su ejecución se realizará a través de los Consejos de Economía Comunal, involucrando también a los grupos con base familiar asociados en redes de producción, transformación y distribución; se promoverán acciones de prevención y gestión del riesgo como eje transversal en la planificación, implementación y seguimiento interno de las actividades propuestas. Asimismo se apuntará a promover la capacitación de las mujeres y familias en su conjunto para la seguridad nutricional de los(as) niños(as) y adolescentes, y la participación de padres y madres en las labores de cuidado y alimentación, con especial atención a padres y madres jóvenes y adolescentes gestantes.

## II. Disposiciones de ejecución

### 1. Organismo Responsable del Proyecto.

1.1 Designación. El Prestatario designa como Organismo Responsable del Proyecto al MPPAT, quien actuará a través de la Fundación CIARA.

1.2 Responsabilidades. El MPPAT/Fundación CIARA serán responsables de la ejecución general de las actividades del Proyecto. Entre sus responsabilidades específicas se incluyen: a) incluir los requerimientos de recursos del Proyecto en su presupuesto anual y tramitar su aprobación ante el MPPEF; y b) ejecutar y supervisar el Proyecto de acuerdo a los términos de este en este Convenio de Financiación, el Manual de Operaciones del Proyecto y las políticas, normas y directrices del FIDA así como las directrices, políticas y normas de la República Bolivariana de Venezuela.

## 2. La Unidad Ejecutora del Proyecto (UEP).

2.1 Establecimiento. La Fundación CIARA establecerá una UEP dependiente de su Presidencia. La UEP estará compuesta por una Dirección, tres Coordinaciones (Gestión del Desarrollo, Gestión de Seguimiento y Evaluación y Gestión Administrativa), y dos Unidades Técnicas Estadales (UTE) (Lara y Falcón). Las UTE actuarán por medio de las Unidades Territoriales Operativas (UTO), que están conformadas según los requerimientos del Proyecto.

2.2 Dirección del Proyecto. La Dirección del Proyecto estará ubicada en Barquisimeto, estado Lara, y estará encargada de ejercer la conducción y administración de las actividades diarias del Proyecto. La Dirección dependerá de la Presidencia de la Fundación CIARA y estará a cargo de un Director(a) del Proyecto y contará con el personal profesional, técnico y administrativo necesario para la correcta ejecución de las actividades.

2.3 Responsabilidades de la Dirección del Proyecto. Entre las funciones principales se encuentran: a) garantizar que la implementación de actividades se realice de conformidad con lo establecido en este Convenio de Financiación, el Manual de Operaciones del Proyecto, las políticas, normas y directrices del FIDA así como las directrices, políticas y normas de la República Bolivariana de Venezuela; b) coordinar, supervisar y evaluar el funcionamiento y ejecución del Proyecto; c) orientar y hacer seguimiento a la planificación y a la evaluación del desempeño institucional; d) gestionar, ante las instancias competentes, la aprobación del Plan Operativo Anual y del presupuesto de ingresos y gastos del Proyecto, que aseguren su buen funcionamiento y el cumplimiento de objetivos y metas; y e) establecer y mantener un sistema de control interno adecuado a la naturaleza, estructura y fines del Proyecto.

2.4 Coordinaciones (Gestión del Desarrollo, Gestión de Seguimiento y Evaluación y Gestión Administrativa). Estarán ubicadas en Barquisimeto, estado Lara y dependerán de la Dirección del Proyecto. Cada una de ellas estará dirigido(a) por un(a) Coordinador(a). La Coordinación de Gestión del Desarrollo tendrá como funciones el planificar, ejecutar, coordinar y gestionar las actividades y acciones relacionadas con los componentes del Proyecto. La Coordinación de Gestión de Seguimiento y Evaluación tendrá como funciones el proveer un sistema de información integral e integrado que facilite y optimice los procesos vinculados al desarrollo del Proyecto, y ofrezca información pertinente y actualizada sobre el territorio, el Proyecto y la gestión institucional. Finalmente, la Coordinación de Gestión Administrativa tendrá como funciones planificar, ejecutar y controlar los procesos administrativos, financieros, manejo de bienes, servicios logísticos y de talento humano, en concordancia con los lineamientos que se establezcan desde la Fundación CIARA, con el objeto de facilitar y garantizar el apoyo necesario para el cumplimiento de los objetivos y metas del Proyecto.

2.5 Las Unidades Técnicas Estadales (UTE). Las UTE estarán ubicadas en el ámbito territorial de los estados Lara y Falcón, según sea el caso. Ambas UTE dependerán de la Dirección del Proyecto y cada una contará con un(a) Coordinador(a) estatal. Las funciones de las UTE serán coordinar, ejecutar y controlar las actividades y acciones del Proyecto a ser desarrolladas en los respectivos estados de su competencia, de acuerdo

con los lineamientos y directrices de la Dirección del Proyecto, las estrategias y pautas acordadas con las Coordinaciones y la programación establecida para cada estado en particular.

2.6 Selección del personal de la UEP. Las designaciones del(a) Director(a) del Proyecto, Coordinadores(as) de Gestión, Coordinadores(as) de las UTE, y el personal profesional y administrativo, serán seleccionados(as) de conformidad con los criterios acordados entre la Fundación CIARA y el FIDA, que serán reflejados en el Manual de Operaciones del Proyecto.

2.7 Reemplazo del personal de la UEP. El reemplazo del Director(a) del Proyecto, los Coordinadores(as) de Gestión y Coordinadores(as) de las UTE podrá hacerse en base a una propuesta de transición presentada por la Presidencia de la Fundación CIARA al FIDA que incluya medidas que garanticen la continuidad en la implementación del Proyecto.

3. El Comité de Coordinación.

3.1 Este Comité estará presidido por el(la) Directora(a) y conformado por los(as) tres Coordinadores(as) de Gestión, los(as) dos Coordinadores(as) de las UTE y los líderes(lideresas) de los equipos de las UTO. Será una instancia formal y permanente de participación del equipo de trabajo y actores clave del Proyecto, que apoye a la Dirección en el conocimiento, análisis, discusión y toma de decisiones sobre aspectos del funcionamiento y desarrollo del Proyecto. Podrán formar parte del Comité de Coordinación, como invitados(as), los(as) representantes de instituciones públicas o privadas vinculadas con los objetivos y el desarrollo del Proyecto, los(as) voceros(as) de las organizaciones de base del Poder Popular existentes en el Área del Proyecto, y otros(as) actores(as).

4. Manual de Operaciones del Proyecto.

4.1 La Fundación CIARA preparará un borrador del Manual de Operaciones del Proyecto que incluirá las modalidades de ejecución de los componentes, la organización del Proyecto, los arreglos de seguimiento y evaluación participativa, incluyendo los indicadores de resultado anuales, el flujo de fondos, los procedimientos de las adquisiciones y contrataciones, los sistemas de contabilidad, gestión y control financiero, los reglamentos de asignación y transferencia de recursos a la población-objetivo y requerimientos de contrapartida local, los roles y funciones de los equipos del Proyecto y otros asuntos acordados por el FIDA y la Fundación CIARA.

4.2 La Fundación CIARA someterá el borrador del Manual de Operaciones del Proyecto al FIDA para que formule sus observaciones y emita su no objeción. Si fuera necesario, la Fundación CIARA podrá proponer modificaciones al Manual de Operaciones del Proyecto que se consideren oportunas aplicar durante la implementación, las cuales serán efectivas después de la no-objeción del FIDA, debiendo éste último notificar al Prestatario y al Organismo Responsable del Proyecto tales modificaciones.

Anexo 2

Cuadro de asignaciones

1. Asignación de los recursos del Préstamo. En el cuadro que figura a continuación se presentan las Categorías de Gastos Admisibles que se financiarán con cargo al Préstamo y la asignación de los montos del Préstamo a cada Categoría, así como los porcentajes de los gastos correspondientes a los rubros que se financiarán en cada Categoría:

Categoría Monto del Préstamo asignado

(expresado en EUR)	Porcentaje
I. Vehículos 400 000	100% sin impuestos
II. Consultorías 340 000	100% sin impuestos
III. Transferencias (donaciones) para Infraestructura Productiva y Comercialización 2 860 000	100% excluyendo los aportes de los beneficiarios
IV. Transferencias (donaciones) para Manejo Sustentable de Recursos Naturales (RR.NN.) 2 530 000	100% de gastos totales
Sin asignación 680 000	
TOTAL 6 810 000	

2. Costos de puesta en marcha. El retiro de fondos, respecto de los costos de puesta en marcha en la Categoría de Consultorías realizados antes de satisfacer las condiciones generales previas para el retiro de fondos, no deberá exceder un monto total equivalente a cien mil Euros (EUR 100 000). Para efectos referenciales, el equivalente de los costos de puesta en marcha en moneda local es seiscientos ochenta y dos mil Bolívares (Bs 682 000), al tipo de cambio de un (1) Euro equivalente a seis Bolívares ochenta y dos centavos (Bs 6.82), de fecha 20 de julio 2015, usando el tipo de cambio oficial del Prestatario que corresponde al tipo de cambio oficial del Fondo Monetario Internacional.

# Logical framework

Summary description	Key results indicators	Means of verification	Assumptions (A) / Risks (R)
Objective:			
Contribute to improving living conditions for poor rural people in the semi-arid zone of Lara and Falcon, in accordance with the Plan de la Patria – Second Socialist Plan for National Economic and Social Development 2013 – 2019	<p>Upon completion of the project in the communes served:</p> <ul style="list-style-type: none"> <li>Participating families (disaggregated by those headed by women, men and young people) have greater family and productive assets compared to the baseline (RIMS level 3: Asset improvement index)</li> <li>Participating families have increased access to diversified nutritional quality food, with an emphasis on women, preschool children and young people (RIMS level 3: Chronic malnutrition)</li> </ul>	<ul style="list-style-type: none"> <li>Baseline study and midterm and final project evaluations</li> <li>Analysis of data compiled as part of Semi-arid Development District</li> <li>Government statistics on poverty in Lara and Falcon semi-arid municipalities</li> </ul>	Public policies and investments on smallholders in semi-arid states of Lara and Falcon are maintained
Development objective:			
Upon project completion, 18,000 families in the communes served by the project have improved their food and nutritional security.	<ul style="list-style-type: none"> <li>18,000 families benefited directly by the project (disaggregated by those headed by women, men and young people), 70% of which are headed by women and young people, have increased their capacity to buy healthy, safe, sovereign food and have access to a standard basket of foods that meets their nutritional needs (CIARA indicator, RIMS level 3: Chronic malnutrition)</li> <li>3,000 families from the communes served (disaggregated by those headed by women, men and young people), 70% of which are headed by women and young people, have ongoing access to potable water (RIMS level 3)</li> </ul>	<ul style="list-style-type: none"> <li>Baseline study and midterm and final project impact evaluations</li> <li>Project M&amp;E system</li> <li>M&amp;E records and evaluation and commune accountability reports</li> <li>Government statistics on Lara and Falcon semi-arid region</li> <li>Supervision mission reports</li> </ul>	Public policies and investments on smallholders in semi-arid states of Lara and Falcon are maintained
Direct outcome 1 Development and expansion of popular power component Popular power governing bodies in communes served by the project are administering their territory effectively and exercising self-governance, and are effectively linked with socio-productive organizations and organizations present in their territories, with priority to supporting rural women and young people	<ul style="list-style-type: none"> <li>100% of new communes established with project support have their organizational structure and management committees set up and have formulated their communal development plans on a participatory basis</li> <li>50% of rural women and young people spokespersons in the communes served are administering resources and exercising social controllership over the execution of subprojects within communal banks, administrative and financial units and communal and social controllership units in the communes and communal councils (RIMS 2.6.2)</li> <li>60% of the communes served by the project have transferred resources to organizations to implement sustainable production projects in the framework of the communal development plan and are monitoring them (RIMS 2.1.7)</li> <li>60% of women heads of household served by the project have competencies and skills in management, administration, negotiation and advocacy of rights, technology, accounting, organization and production and are spokespersons within socio-productive organizations</li> <li>60% of communes and 60% of communal councils in communes served by the project have equitable participation by men, women and young people (at least 50% women's and 20% young people's representation) in decision-making bodies and spokespersons on management committees (RIMS 2.6.3, 1.6.6)</li> <li>60% of enterprises with communal social ownership (second-tier) are distributing products on the market, linking producers with consumers</li> </ul>	<ul style="list-style-type: none"> <li>Public legal records of communes</li> <li>Baseline studies and midterm and final project impact evaluations</li> <li>Project M&amp;E system</li> <li>M&amp;E records and commune accountability reports</li> <li>Emerging systematizations</li> <li>Supervision mission reports</li> </ul>	<ul style="list-style-type: none"> <li>Current offer of support from public institutions is maintained</li> <li>Laws supporting popular power bodies remain in force</li> </ul>

Summary description	Key results indicators	Means of verification	Assumptions (A) / Risks (R)
<p>Direct outcome 2 Development of Social Production Systems Component</p> <p>In the area targeted by the project, families have increased access to healthy, safe and sovereign food on an ongoing, sufficient and timely basis, and food surpluses are produced to meet local, parish or state level demand.</p>	<ul style="list-style-type: none"> <li>• 12,600 families served by the project (disaggregated by those headed by women, men and young people) have improved their eating habits and have a diversified diet, and safe, healthy and sovereign food in sufficient quantity (RIMS level 3: Chronic malnutrition)</li> <li>• 3,600 families served by the project (disaggregated by those headed by women, men and young people) have established organic gardens and/or small farms, increasing production for self-consumption and distribution and trade of surpluses (RIMS 2.1.2; 2.1.3; 2.1.9; 2.2.2)</li> <li>• 12,600 families served by the project (disaggregated by those headed by women, men and young people) have increased their incomes from economic activities supported by the project (RIMS 2.2.3; 2.4.1; 2.5.2)</li> <li>• 30% of representatives and/or decision-making positions in socio-productive organizations are occupied by women and 20% by young people, who are exercising leadership in managing productive projects and agricultural and non-agricultural enterprises (RIMS 1.1.12; 1.2.10; 1.3.3; 1.4.6)</li> <li>• 30% of socio-productive organizations served by the project (disaggregated by level of participation by women and/or young people in decision-making bodies) have adopted best practices in agriculture, increasing productivity per hectare by 10%, and are processing, distributing and trading products locally (RIMS 2.1.5; 2.1.6; 2.2.3; 2.2.4; 2.4.1; 2.4.4; 2.5.2)</li> <li>• 80% of goat breeding families linked to water capture infrastructure projects have adopted sustainable livestock management and are processing their products using sustainable practices and distributing and trading them locally (RIMS 2.1.5; 2.2.2; 2.2.3; 2.2.4; 2.4.4 and CIARA indicator)</li> <li>• 70% of schools served by the project are providing their students with healthy food prepared using good handling practices and have opened a space for training on school-family market gardens with nutritionally selected products, including animals.</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline studies and midterm and final project impact evaluations</li> <li>• Project M&amp;E system</li> <li>• Emerging systematizations</li> <li>• Reports and statistics available and/or specific research</li> <li>• M&amp;E events and commune accountability reports</li> <li>• Records of social controllership councils of communes</li> <li>• Supervision mission reports</li> </ul>	<ul style="list-style-type: none"> <li>• Options are identified for more efficient water capture than lagoon infrastructure</li> <li>• Public and private marketing networks favour the insertion of socio-productive organizations from the semi-arid zone</li> <li>• Public financial entities have financial mechanisms accessible to socio-productive organizations</li> </ul>