



IFAD/R. Gaitan

Enabling poor rural people to overcome poverty in the **Bolivarian Republic of Venezuela**

Rural poverty in the Bolivarian Republic of Venezuela

Under the government headed by President Hugo Chavez, in office since 1999, the Bolivarian Republic of Venezuela has pursued a political programme based on the creation of a more egalitarian society and the sustainable integration of poor rural people into the national economy. The government invests considerable resources in rural poverty reduction.

Although the Bolivarian Republic of Venezuela is one of the most highly urbanized countries in Latin America, poverty in the country has a prevalently rural dimension. About 11 per cent of Venezuelans live in rural areas, and in those areas more than 50 per cent of the population is poor, compared to about 40 per cent in urban areas. Widely accepted poverty indicators (2005) from the National Institute of Statistics show that over 38 per cent of the total population lives below the poverty line and that 10 per cent of poor people live in extreme poverty. In rural areas about half of all households are poor and about 30 per cent of them live in extreme poverty.

In absolute terms, the number of poor rural households has been estimated at 286,000, including 172,000 households living in conditions of extreme poverty.



The poorest segments of the rural population include indigenous and Afro-descendant communities, inhabitants of semi-arid territories and landless households headed by women. All of the groups are targeted by IFAD projects.

Most studies of the causes of the persistence of poverty in the country conclude that in the short term poverty is highly sensitive to inflation and unemployment. But in the long term, according to the studies, structural poverty is related to education, economic growth and productivity. Poverty rates have been closely connected to economic cycles. The total poverty headcount ratio has risen from an estimated 33 per cent in 1975 to 53 per cent in 1988, 64 per cent in 1990 and a peak of 70 per cent in 1995. Later it decreased to 53 per cent in 1997, 41 per cent in 2000 and 39 per cent in 2001. The economic crisis in 2002 pushed rural poverty to more than 55 per cent in 2003, after which it declined to the most recent estimate of 38 per cent in 2005. The incidence of extreme poverty, or indigence, has shown similar trends but has been much more sensitive to inflation.

Agriculture generates about 5 per cent of the country's gross domestic product (GDP) and satisfies about 40 per cent of domestic demand. Only one tenth of the country's 2.7 million hectares of arable land are irrigated and is usually comprised of large farms. Smallholders commonly have no title to land and they lack access to irrigation, technical assistance and markets. Because their income from agriculture is not sufficient to meet their basic needs, farming households sell their labour for wages. About one third of the active poor population, including members of small-scale farming households, work for wages in agricultural or non-farm activities.

Despite recent efforts to promote national food security, the country is still a net importer of many basic foods, including grain, meat and milk. Between 2005 and 2007, the volume of food imports rose by 44 per cent from 3.1 million tonnes to 4.5 million tonnes, but the cost of those imports soared 208 per cent, from US\$1.9 billion in 2005 to US\$5.8 billion in 2007. Meanwhile, growth in domestic food production has been modest, amounting to about 6 per cent in 2007. These data show the vulnerability of the economy to global food price inflation. If economic growth decelerates in the medium term, and if the exchange rate is devalued significantly – both of which are likely – shortages of key basic foods could become more severe.

Although there has been a rapid and drastic deterioration in the country's fiscal position during 2009, the ongoing period of pro-poor policies, programmes and social spending presents an opportunity to secure the access of vulnerable rural groups to key productive assets and services and supporting policies financed by abundant resources from oil revenues. The challenge for policymakers is to make good use of present financial resources to correct inequalities and generate a productive base that may be more competitive and less dependent on oil. To help the government respond to this challenge, IFAD projects are introducing innovative approaches for the social and economic development of vulnerable rural groups. The approaches include furthering development of key agro-productive chains, assisting rural women and youth in strengthening their social and economic organizations through leadership training and support services, and improving sociocultural cohesion levels.

Gender and rural women

Among poor rural people, women and indigenous peoples are particularly vulnerable. Only 1.6 per cent of economically active women work in agriculture, yet women account for 14.2 per cent of the country's rural labour force. They work as wage labourers in medium-size and large farms and industrial enterprises. Women are hired in large numbers to harvest traditional crops such as coffee, cocoa, fruit and vegetables. They work as graders and dryers during the tobacco harvest, and in livestock production, processing and marketing.

The country has made outstanding progress in reducing gender disparities in recent decades. Women obtained the right to vote in 1946. The Law of Equal Opportunities for Women was enacted in 1993, and the 1999 Bolivarian Constitution prohibits gender-based discrimination. In adjudicating rural land the Land Law of 2001 gives preference to women who are heads of households. And women are guaranteed a food subsidy during pregnancy and after childbirth. Several institutions have been created to assist women. They include the Ministry of Popular Power for Women, the Development Bank for Women and the National Prosecutor for Women's Rights. In addition, a Basic Law on the Right of Women to a Life Free of Violence was passed in 2006.

A lower fertility rate in recent decades has facilitated women's entry into the labour market. Women constitute more than 36 per cent of the economically active population. A greater proportion of women are literate, compared to men. Enrolment at the primary school level is approximately equal for boys and girls, but more women than men are enrolled in secondary school and in universities. The United Nations Development Programme (UNDP) estimates that women occupy 61 per cent of highly qualified jobs. But women's salaries on average are only 42 per cent of men's salaries in equivalent jobs. There are more women than men in the informal labour market and women have higher unemployment rates. The number of households headed by women is growing rapidly, and these households are more likely to be poor or extremely poor than others. In rural areas the proportion of households headed by women is higher than in urban areas.





IFAD

Eradicating rural poverty in the Bolivarian Republic of Venezuela

Since 1999 the Government of the Bolivarian Republic of Venezuela has been redefining its agricultural, rural development and poverty reduction policies.

Special social programmes, called *misiones*, are the main instrument of government action for generating new and better ways to achieve sustainable economic integration of poor rural people. A high level of public spending for social purposes (14 per cent of the GDP) reflects the priority the government attaches to addressing the country's underlying social problems. It also makes the country one of the region's leaders in social spending. For several years rising oil prices and an overvalued exchange rate have been the basis of the strong growth of the economy, which might mask some underlying deficiencies. With growth now beginning to slow and inflation on the rise, these deficiencies might become more evident. How the government deals with them could have far-reaching economic and political consequences.

As part of its strategy, the government has moved to reinforce state institutions so they can support and work with other members of society in defining and executing policies and programmes for rural development and poverty reduction. The government has moved forward with decentralization, transferring many functions and resources to local governments. Through local communal councils for public planning, grass-roots organizations participate in local planning and budget preparation. The law gives municipalities and communities responsibility for managing their own fiscal resources, allowing them to play a much greater role in identifying their needs and priorities and finding their own solutions. Current IFAD projects are training rural communities to enable them to take an increasingly active and informed part in local communal councils.

The objective of the government's National Agricultural Food Production Plan for the XXI Century is to increase food production substantially to satisfy domestic demand. The plan is designed to promote competitiveness of agricultural products, guarantee food security, generate employment and wealth, improve the living conditions of the rural population, promote socio-economic development of small and medium-size farmers, and improve and expand social programmes targeting poor rural people. The plan includes strengthening the capacities of the Ministry of Popular Power for Agriculture and Land and reaching a favourable balance of trade.

In designing its rural development and poverty reduction policies, the government has worked closely with IFAD, maintaining a constant and systematic dialogue based on the experiences of IFAD-financed projects in the country.

IFAD's strategy in the Bolivarian Republic of Venezuela

IFAD has approved six loans to the Bolivarian Republic of Venezuela for an approximate total of US\$80.0 million. The organization also approved two technical assistance grants in 1991 and 1998 for the Regional Training Programme in Rural Development, implemented by the Foundation for Training and Applied Research in Agrarian Reform (CIARA), which is part of the Ministry of Agriculture and Land.

IFAD's mandate to reduce poverty by improving the living conditions and incomes of poor rural people faces vigorous challenges and opportunities. IFAD works in partnership with the government and other donors, financing programmes and projects that target the poorest of the poor, particularly small farmers, landless people, indigenous peoples and ethnic minorities, and rural women in general. CIARA, one of IFAD's principal partners in recent rural development projects, plays an important role as administrator of decentralized development programmes for the country's Ministry of Popular Power for Agriculture and Land.

The main aims of IFAD's strategy are to:

- enable small farmers to increase their household income by providing them with access to technical assistance and financial and market services that support agricultural production and other income-generating activities
- build and strengthen grass-roots organizations among farmers, women and communities to support community-driven development and ensure that poor rural people have a voice in local and national economies
- promote sustainable use of natural resources in semi-arid zones through rehabilitation, conservation and improved management
- maintain an active and systematic policy dialogue on rural poverty reduction and development to stimulate the design and implementation of programmes based on country and IFAD's experiences

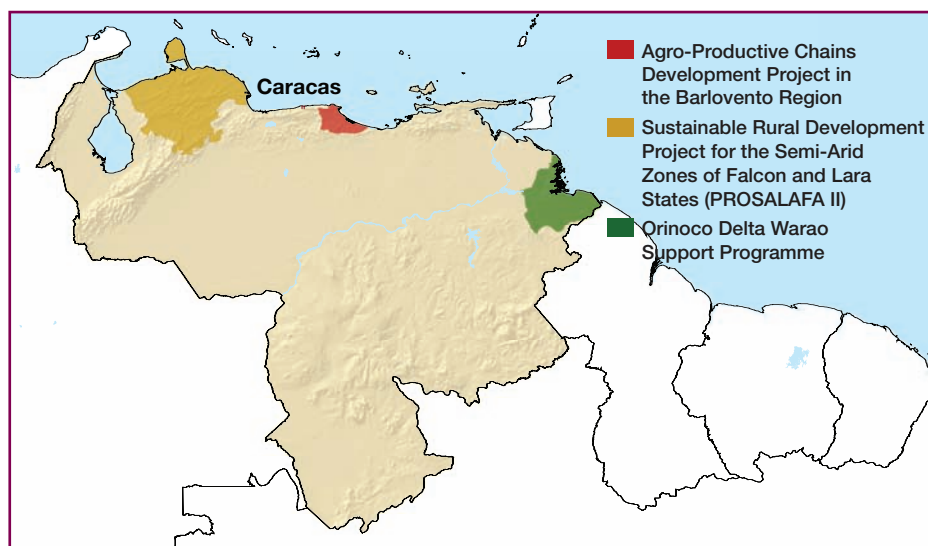
Projects: 6

Total cost: US\$129.1 million

IFAD loans: US\$80.0 million

**Directly benefiting:
49,840 households**

Ongoing operations



Orinoco Delta Warao Support Programme

The programme will support indigenous people in the Municipality of Antonio Diaz, in Delta Amacuro state, where 80 per cent of the population is Warao. About half of the Warao in the Bolivarian Republic of Venezuela live in this area, which is one of the country's poorest.

The aim of the programme is to establish a process of territorial development that reinforces cultural identity while protecting and expanding the rights of indigenous peoples and their capabilities for self-governance. Initially the programme will take a direct targeting approach to ensure that the most vulnerable communities are included. But the strategy will move towards increasing use of self-targeting as the capacities of the communities grow. Activities are based on participation at all levels, from the steering committee to indigenous communal councils and extended families that will organize and implement their own development initiatives.

The main goal is to build the capacity of indigenous communal councils, with the objective of enabling them to make sustainable improvements in living conditions in their communities and lay the foundation for an autonomous development process.

The programme will work to strengthen Warao communal councils and it will support a community investment fund that is responsive to local demand. It will implement an integrated approach to technical and organizational services. The approach calls for direct services at the level of extended families and specific communities, and for training and education options designed to build community leadership and technical capacity.

Total cost: US\$18.0 million
IFAD loan: US\$13.0 million
Duration: 2010-2017
Directly benefiting: 2,500 households

Sustainable Rural Development Project for the Semi-Arid Zones of Falcon and Lara States (PROSALAF II)

This project builds on the first phase of IFAD's interventions in the semi-arid zones of Falcon and Lara states, home to some of the country's poorest communities. The strengths and weaknesses of a previous project, the Support Project for Small Producers in the Semi-Arid Zones of Falcon and Lara States, have been analysed and the lessons learned are applied in this intervention to improve the living conditions of poor rural people.

Total cost: US\$23.0 million
IFAD loan: US\$15.0 million
Cofinancing: Andean Development Corporation (CAF) (US\$4.0 million)
Duration: 2006-2012
Directly benefiting: 4,000 households

Project activities have been designed to strengthen the capacity of participants and their organizations, and to promote conservation of the natural resource base, with a special focus on soil and water conservation. The project works to transform agricultural and non-agricultural production into a sustainable economic activity. An important feature of this activity is the creation of production chains and clusters of agricultural products, livestock and traditional handicrafts. To support income-generating activities, the project provides rural communities with access to rural financial services at local, state and national levels. The project supports training, management and assistance services, and provides for feedback mechanisms.

Rural people participate through local councils for public planning instituted in 2002. Local development planning uses the micro-watershed as a territorial unit to stimulate the active participation of rural communities. Participants have an active role in planning and implementing micro-watershed soil and water conservation and local development.

Communal general assemblies and multi-community micro-watershed organizations provide people with opportunities for intensive participation in operations. The project gives special attention to eliminating gender inequalities. Pilot areas serve as models and as testing grounds for innovative features.

Agro-Productive Chains Development Project in the Barlovento Region

The Barlovento region is considered the rural and agricultural hinterland of Caracas. Despite the region's proximity to the country's capital, rural people are isolated, and social and agricultural services are inadequate. This project targets small-scale farmers, households headed by women, landless rural labourers and small-scale processors in the region. At least 50 per cent of the target population are Afro-descendants.

The project was designed to increase household income and strengthen the capacity of local grass-roots organizations in civil, social and productive sectors to achieve rural development. For the first time, participants in the Barlovento region were involved in the planning process for a rural development project, identifying their needs, proposing solutions and forming social, productive and financial grass-roots organizations. Activities focus on local agricultural and non-agricultural productive processes, taking an integrated approach that strengthens the weakest links and provides support services at all stages of the economic chain: production, post-harvest, transformation and marketing.

To fulfil its general objective, the project works to improve people's organizational capacities, fostering local and national market linkages and efficient management of productive activities. Specific aims include developing human resources and grass-roots organizations, increasing income through improvements in production and marketing, promoting capitalization of farms and small rural enterprises through self-governing savings and loan associations, and promoting gender equality.

Total cost: US\$17.0 million

IFAD loan: US\$13.0 million

Duration: 2003-2009

Directly benefiting: 12,000 households

Completed operations

Economic Development of Poor Rural Communities Project

Total cost: US\$24.4 million

IFAD loan: US\$12.0 million

Cofinancing: Andean Development Corporation (CAF) (US\$2.8 million)

Duration: 1998-2007

Directly benefiting: 20,000 households

Support Project for Small Producers in the Semi-Arid Zones of Falcon and Lara States

Total cost: US\$26.7 million

IFAD loan: US\$16.2 million

Duration: 1993-2004

Directly benefiting: 7,500 households

Sucre Support Project for Small Producers

Total cost: US\$20.0 million

IFAD loan: US\$10.8 million

Cofinancing: UNDP (US\$0.1 million)

Duration: 1989-1998

Directly benefiting: 3,840 households



IFAD/R. Galitan

Building a poverty-free world

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested over US\$11 billion in grants and low-interest loans to developing countries, empowering some 340 million people to break out of poverty. IFAD is an international financial institution and a specialized UN agency based in Rome – the UN's food and agricultural hub. It is a unique partnership of 165 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

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For further information on rural poverty in the Bolivarian Republic of Venezuela, visit the Rural Poverty Portal
<http://www.ruralpovertyportal.org>



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