



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

Submission Date: 8 April 2009

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID¹: PROJECT DURATION: **48** months

GEF AGENCY PROJECT ID:

COUNTRY: Venezuela

PROJECT TITLE: PROSALAFa-GEF: Promotion of sustainable and climate-compatible rural development in Lara and Falcon States (Venezuela)

GEF AGENCY: IFAD

OTHER EXECUTING PARTNER(S): Ministerio del Poder Popular para el Ambiente

GEF FOCAL AREA (S)²: Climate Change

GEF-4 STRATEGIC PROGRAM(S): CC SP6

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable):

| INDICATIVE CALENDAR* | |
|----------------------------------|------------------------------|
| Milestones | Expected Dates mm/dd/yyyy |
| Work Program (for FSP) | June 2009 |
| CEO Endorsement/Approval | May 2010 |
| Agency Approval Date | June 2010 |
| Implementation Start | January 2011 |
| Mid-term Evaluation (if planned) | July 2013 |
| Project Closing Date | December 2014 |

* See guidelines for definition of milestones.

A. PROJECT FRAMEWORK

Project Objective: To promote a climate-friendly sustainable rural development in the states of Lara and Falcón by increasing the carbon stock potential in the region, while at the same time supporting alternative livelihoods resilient to climate change

| Project Components | Inv., TA, or STA ^b | Expected Outcomes | Expected Outputs | Indicative GEF Financing ^a | | Indicative Co-Financing ^a | | Total (\$) c = a + b |
|---|-------------------------------|--|--|---------------------------------------|-------|--------------------------------------|-------|----------------------|
| | | | | (\$) a | % | (\$) b | % | |
| 1. Community-based afforestation/reforestation to increase carbon sequestration potential . | Inv | Carbon sequestration promoted through community-based afforestation/reforestation and agroforestry | 1.1. At least 3,000 has. afforested / reforested in the States of Lara and Falcón; 1.2. At least 132 ktC (≈ 484 ktCO ₂ e) sequestered | 2,000,000 | 18.49 | 8,816,000 | 81.51 | 10,816,000 |
| 2. Capacity building for monitoring and reporting on carbon stock and changes at the national level | Inv, TA | National and local capacities for monitoring CO ₂ stocks increased | 2.1. Training of local authorities and communities in data gathering, methodologies and tools; 2.2. Systematic monitoring and measurement of carbon stocks and fluxes | 900,000 | 14.61 | 5,259,000 | 85.39 | 6,159,000 |
| 3. Awareness rising on biocarbon stock at the local level. | TA | Awareness on bio-carbon stocks encouraged among farmers, women and school children | 3.1. Awareness programs ongoing in at least 10 municipalities; 3.2. Establishment of communal demonstration and pilot plots in at least 10 municipalities | 375,000 | 9.29 | 3,660,000 | 90.71 | 4,035,000 |
| 4. Project management | | | | 360,000 | 9.30 | 3,509,000 | 90.70 | 3,869,000 |
| Total project costs | | | | 3,635,000 | | 21,244,000 | | 24,879,000 |

^a List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

^b TA = Technical Assistance; STA = Scientific & Technical Analysis.

¹ Project ID number will be assigned by GEFSEC.

² Select only those focal areas from which GEF financing is requested.

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available, (\$)

| Sources of Co-financing | Type of Co-financing | Project |
|---------------------------------|----------------------|-------------------|
| Project Government Contribution | In-kind | 2,601,000 |
| GEF Agency (IFAD) | Hard Loan | 13,707,000 |
| Multilateral Agency (CAF) | Hard Loan | 4,000,000 |
| Others (beneficiaries) | In-kind | 936,000 |
| Total Co-financing | | 21,244,000 |

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

| | Previous Project Preparation Amount (a) ³ | Project (b)* | Total c = a + b | Agency Fee** |
|---------------|--|-------------------|-------------------|----------------|
| GEF financing | | 3,735,000 | 3,735,000 | 373,000 |
| Co-financing | | 21,244,000 | 21,244,000 | |
| Total | | 24,979,000 | 24,979,000 | 373,000 |

* GEF financing for the project includes project grant (US\$ 3,635,000) and PPG (US\$ 100,000), as per Endorsement Letter

** Fees for project grant (US\$ 363,000) and PPG (US\$ 10,000) included, as per Endorsement Letter

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

A.1. Country background and situation analysis

Venezuela is located at the extreme north of South America and has a total land area of 916,445 square kilometers. It borders to the west with the Republic of Colombia, to the east with the Co-operative Republic of Guyana and the Atlantic Ocean, to the south with Federal Republic of Brazil, and to the north with the Caribbean Sea. Venezuela is divided into 23 states, the Federal District and 72 Federal Dependencies. According to the latest Census, the country had in 23.06 million inhabitants in 2001, with an annual population growth rate of 1.9%, with twelve per cent of the population located in rural areas. Indigenous peoples represent 2.2 % of total population, belonging to 55 different groups.

The north western and north eastern regions concentrate the biggest hydrocarbon production, which represents the main source of revenues of the country. The agricultural sector in Venezuela generates approximately 5% of the gross domestic product and satisfies about 40% of the internal demand for agricultural products. Venezuela has 2.65 million ha of arable land, but of this total, only 250 000 ha are irrigated. Most of the country's agricultural production is concentrated in dry and semidry areas, farmed by small producers who are very vulnerable to cyclical variations in climatic conditions. Forests occupy approximately 54% of the national territory, corresponding to 57,139,508 hectares in 1999. Annual deforestation rate in Venezuela was 0.4% (218,000 hectares/year on average) during the period 1990-2000⁴.

According to the Initial National Communication (INC) of Venezuela to the United Nations Framework Convention on Climate Change (UNFCCC), the land use, land use change and forestry (LULUCF) sector was responsible for 35 780 Kt CO₂ emissions (31% of total) in 1999. However, the change of biomass in forests and the regeneration of vegetation on abandoned cropland led to the absorption of 50 140 Kt CO₂, resulting in a net absorption by the sector of 14 360 Kt CO₂. The INC confirms that forestry and land management are the mitigation options that offer major co-benefits for a sustainable and climate-friendly rural development and for other environmental objectives. Unsustainable land use, as well as forest clearing for agricultural use or forestry products do not only represent an environmental problem, but also cause a loss of the carbon stock and contribute to the release of carbon emissions in the atmosphere.

³ Include project preparation funds that were previously approved but exclude PPGs that are awaiting for approval.

⁴ Source: World Bank "World Development Indicators, 2005"

A.2. Issues to be addressed by the GEF intervention

The Caribbean coast of Venezuela has been identified by the Intergovernmental Panel on Climate Change (IPCC) as one of the regions most affected by land degradation in South America. The states of Falcón and Lara, in north-western Venezuela, contain the largest areas of semi-arid and arid conditions in the country, with total annual rainfall ranging between 350 and 700 mm, and an overall annual average rainfall of 515 mm.

Current environmental conditions in the arid and semi-arid areas of Falcón and Lara are the result of a combination of natural factors and anthropogenic activities. One of the most limiting factors is climate, which affects the survival rate and growth of the vegetation and decrease the land use potential. Another important constraint is soil characteristics, mostly fine-textured, relatively impermeable and affected by salinity. The latter also affects groundwater resources.

Coupled with these harsh environmental conditions, a number of anthropogenic activities contribute to degradation of soil, water and vegetation resources. These processes have important implications for the ecosystem stability, integrity, functions and services. In turn, these are leading to increased loss of the vegetation cover and degradation of soils, as well as to a reduced ecosystems capacity to restore its conditions. Consequently, these factors determine a reduction in the availability of forests products, a loss of agricultural productivity and a limited access to water for human consumption and irrigation. This situation is further worsened by institutional constraints. Despite having demonstrated a strong political commitment to improve environmental protection and rural development, the National Government's planning capacity of addressing the anthropogenic drivers of forest clearing remains limited.

The "Sustainable Rural Development Project for the Semi-Arid Zones of Falcón and Lara States" (*Proyecto de Desarrollo Rural Sustentable para las Zonas Semiáridas de Falcón y Lara II*, known as PROSALAFI II), intends to address those problems while reducing rural poverty. The project is implemented by the *Fundación para la Capacitación e Innovación para el Apoyo a la Revolución Agraria* (CIARA), part of the Ministry of Agriculture and Lands (MPPAT), and is being cofinanced by IFAD and the CAF. This initiative builds on the lessons learned during the first phase of the project, which focused on building the local human and social capital, conserving and managing natural resources, and enhancing income-generating activities among the target population, through a holistic and comprehensive approach to rural development. Micro-watersheds were selected as territorial planning units to promote a better harmonization between the use of natural resources, and the social and economic development of the rural communities located within the borders of the micro-watersheds, this being an important operational aspect of the project.

The project works in 14 municipalities comprising a total area of 29,456 km² in the States of Lara and Falcón. The main objective of the project is to reduce poverty in rural communities of this semi-arid zone by means of a social and economic development that is environmentally sustainable and gender equitable.

The project area is dominated by ecosystems of global importance. The dry forest eco-region of Lara-Falcón, which extends over a surface of 16,000 km², is part of the few tropical xerophytic areas that still remains in north Venezuela. Despite being considered of great biological importance, this eco-region has been studied only marginally. WWF considers that this eco-region, as well as the xerophytic scrublands eco-region of the Paraguaná Peninsula (located in the north of the project area), and the costal areas, are seriously endangered.

In the two States of Lara and Falcón, forest degradation, coupled with anthropogenic activities and natural phenomena, lead to land and soil degradation, resulting also in a reduction of the carbon storage capacity. The most significant causes of vegetation loss in the Lara and Falcón region are overgrazing and illegal logging. Overgrazing affects virtually all of the project area, apart from the relatively limited parts which are used for crop production. Overgrazing does not only reduce the vegetation cover and carbon storage potential in the region, but it also leads to increased soil erosion and reductions in rainfall infiltration. The extraction of timber for different uses is carried out extensively in the project area, except in those areas which are set aside for agricultural production. Its intensity is generally low, although some areas are subject to more intense pressure due to the presence of centers of demand for tree products. This leads to thinning out of the tree cover and significant declines in the populations of certain preferred tree species.

A.3. Description of the IFAD/GEF intervention

Project area. The IFAD/GEF project will work in the 14 municipalities targeted by the associated PROSALAFI II, which represents the municipalities with the most severe problems of poverty and land degradation in the arid and semi-arid zone.

Project objective: The IFAD/GEF intervention aims to promote a sustainable and climate-friendly rural development path in the states of Falcón and Lara by increasing the carbon stock potential in the region, while at the same time supporting production alternatives that are sustainable and better adapted to climate change. To achieve this objective, the IFAD/GEF project will be articulated around three components, namely:

1. Community-based afforestation/reforestation, including agroforestry, to increase carbon sequestration potential, while enhancing climate change adaptation measures
2. Capacity building for monitoring and reporting on carbon stock and changes at regional and national level
3. Awareness rising on mitigation of and adaptation to climate change at the local level

The IFAD/GEF project components are described below:

Component 1. Community-based afforestation/reforestation, including agroforestry, to increase carbon sequestration potential, while enhancing climate change adaptation measures. Re-vegetation or afforestation of areas under semiarid conditions (savannas, scrublands) is difficult due to water shortage and poor quality of the soils in semiarid areas. However, they are critical both for carbon storage and environmental purposes (soil conservation, fertility, etc). Since agriculture provides in general higher revenues than forestry, the establishment of plantations for carbon sequestration purposes is more viable in marginal agricultural areas, such as the drylands targeted by PROSALAFI II. The activities undertaken under this component will aim to increase the carbon sequestration potential in the project area through afforestation and reforestation with suitable species (resistant to drought, adapted to low quality soils and variable climatic conditions). The project will contribute to the forestation of 3,000 hectares in the states of Lara and Falcón. This is expected to lead to an additional carbon sequestration potential of 132 KtC⁵ (\approx 484 ktCO₂e) over the total reforested surface. Afforestation activities will be carried out using techniques adapted to semiarid areas. The project will also support the promotion of arboriculture and agroforestry. Additional benefits include increased income diversification of local population, increased biodiversity and reduced vulnerability to climate change impacts.

Outcome: Carbon sequestration promoted through community-based afforestation/reforestation and agroforestry
Outputs: (i) 3,000 has. afforested/reforested in the States of Lara and Falcón; (ii) 132 KtC sequestered

Component 2. Capacity building for monitoring and reporting on carbon stock and changes at regional and national level. This component aims to improve the capacity of both decision-makers and technicians at national level for monitoring and reporting on carbon stock and changes. Specific activities include capacity building on LULUCF mapping techniques (including ground survey and remote-sensing techniques), as well as on measurement of carbon stock and fluxes in the land use systems. Under this component, relevant information and data will be collected, updated and disseminated to improve estimation and accounting of carbon stock change for UNFCCC reporting.

At local level, the IFAD/GEF intervention will promote, on a pilot basis, training on the use of technologies that can be used by communities and farmers for data collection and monitoring on forest management, particularly carbon uptake monitoring. Examples include GIS systems, sequential photo series and other electronic visualization techniques. Also, it will promote data gathering at the community level on the basis of local knowledge.

Outcome: National and local capacities for monitoring CO₂ stocks increased

Outputs: (i) Training of local authorities and communities in data gathering, methodologies and tools; (ii) systematic monitoring and measurement of carbon stocks and fluxes

⁵ Estimation based on data contained into the IPCC Special Report on Land-use, Land-use Change and Forestry.

Component 3. Awareness rising on bio-carbon stocks at local level. This component will support the promotion of forestry awareness among farmers, women and school children to motivate their participation in: (i) rehabilitation, conservation and sustainable management of their natural resources, and (ii) establishment of community forests, village woodlots, demonstration plots and school forestry program.

Outcome: Awareness on bio-carbon stocks encouraged among farmers, women and school children

Outputs: (i) Awareness programs ongoing in at least 10 municipalities; (ii) establishment of communal demonstration and pilot plots in at least 10 municipalities

Due to the innovative nature of the proposal and its complementarity with national environmental policies, the project will be executed by the Ministry of Environment of Venezuela (*Ministerio del Poder Popular para el Ambiente*), in collaboration with the Project Management Unit of PROSALAF II.

A.4. Expected global environmental benefits.

The project, being centered on LULUCF activities, is expected to generate multiple environmental co-benefits:

- a) Adaptation to climate change. The adaptation benefits will be delivered through economic diversification (i.e. agroforestry) and reduced pressure on critical natural resources. These activities will reduce the vulnerability of the local population to climatic changes.
- b) Biodiversity conservation. The proposed activities will also contribute to maintain ecological processes and not damage other ecosystems.
- c) Desertification control. Afforestation/reforestation activities will contribute to soil formation and erosion control, reducing sand dune formation and advancement. The proposed activities will also improve watershed functions.
- d) Water management. The proposed activities will improve monitoring over water resources and water cycle.
- e) Improved sustainable natural resource management. The IFAD/GEF intervention will also contribute to strengthen natural resource management and increased forest regeneration capacity, vitality and health.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

Venezuela is member of 34 international organizations of cooperation and integration and has signed more than 14 international environmental agreements. These include also the United Nations Convention to Combat Desertification and the UN Convention on Bio-Diversity. The Constitution of the Republic recognizes that Sustainable Development is the approach that the country shall adopt in its developing plans, accomplishing to what was agreed in the Rio Declaration (Earth Summit, 1992). Thus, the Government of Venezuela recognizes climate protection by law, including by controlling greenhouse gases (GHG) emissions⁶. The Government of Venezuela signed the UNFCCC in June 1992 and ratified it in 1994. In 2005, Venezuela submitted its INC to the UNFCCC. The INC indicates two options for climate change mitigation in the forestry sector: (i) sustainable forest management, and (ii) afforestation/reforestation activities. The INC indicates that the Government will pursue principally the second option. With regard to adaptation, the INC proposes, among other measures, the promotion of agroforestry systems, sustainable water and soil management, and the use of conservation agriculture, which are part of the present project proposal. The project is also in line with other non-climate change-related national priorities, namely the Biodiversity National Strategy, the National Action Plan to Combat Desertification (NAP), the Agenda 21 and the Millennium Development Goals.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

The project conforms closely to the GEF's Operational Strategy, objectives and eligible activities under the Climate Change Focal Area. The project will promote Strategic Objective 8, "To reduce GHG emissions from land use, land use change, and forestry investments that generates mutual benefits for the global environment and local livelihoods", and the expected outcomes will include global benefits from reduced GHG emissions from land use, land use change, and forestry, as well as local benefits for the communities from applying and disseminating sustainable land management and sustainable forest management practices

⁶ Venezuela Initial National Communication to the UNFCCC.

The proposal fits into Strategic Program 6, “Management of Land Use, Land-Use Change and Forestry (LULUCF) as a Means to Protect Carbon Stocks and Reduce GHG Emissions”, supporting the reduction of emissions from deforestation and forest degradation through conservation and management, and enhancing resilience and increasing the capacity of local communities within the project area to cope with the adverse impacts of climate change. This program is also in line with the GEF Sustainable Forest Management (SFM) Strategic Framework.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

n/a

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

Fundación CIARA is also implementing the project “Biodiversity Conservation in the Productive Landscape of the Venezuelan Andes”, cofunded by GEF and UNDP. This project, in its turn, complements the UNDP/GEF regional initiative for “Conservation of the Biodiversity of the Paramo in the Northern and Central Andes”. The IFAD/GEF proposal will liaise and collaborate with these two initiatives, proposing exchanges with the beneficiaries and the project staff, in aspects such as approaches for integrated resource management and how to address global environmental threats in productive landscapes.

The GEF has also financed the preparation of the National Biodiversity Strategy and Action Plan, and supported the preparation of the Initial National Communication of the UNFCCC (through UNDP), as well as enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs). The initiatives related to UNFCCC are important to this proposal, as the INC will provide overall guidance for the full project preparation. On the other hand, the IFAD/GEF project will complement the POPs strategy in the Lara and Falcón area, promoting the reduction in the use of fertilizers.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

According to the INC to the UNFCCC, the land-use change and forestry sector in Venezuela was responsible for nearly one-third of total emissions in 1999, principally due to illegal logging and clearing, forest fires and agricultural activities. Increased controls during the period 2000-2005 have reduced deforestation activities to rates between 0.2%-0.3%, lower than in the previous decade. Most deforestation activities for this period are due to forest fires, affecting a total of 246,241 hectares of forests for the period 2000-2004.

The INC identifies the development of new forest plantations as a possible mitigation measure for this sector. A 1992 Decree (Official Gazette 34.984) established areas for new plantations, for a total of 9.1 million hectares, with a potential capacity for capturing carbon of up to 505.45 million tons over 15-20 years⁷. Among the initiatives being implemented, *Misión Árbol* aims at increasing reforestation activities in the country. For the period 2005-2007, around 26,000 hectares of land have been reforested in the entire country under this initiative, and the goal for 2007 was to organize 1,900 conservationist committees of volunteers, to create 1,300 greenhouses and to reforest 4,000 hectares with 4 million trees.

PROSALAFI II will operate in 28 micro-watersheds, comprising nearly 140 rural communities, promoting conservation and sustainable development. Part of those micro-watersheds will be selected to serve as pilot areas and models for participating municipalities. They will serve as a testing ground for methodological innovations in participatory planning, institutional coordination and micro-watershed natural resource rehabilitation, conservation and management techniques, as well as for social, economic and environmental impact evaluation.

However, these measures are not enough, as they do not address directly climate change issues, especially appropriate land uses linked to carbon sequestration and global environmental benefits, and the necessary capacity building and sensitization. For that matter, the **GEF incremental support** will focus on: (i) Reforestation/afforestation, ensuring that proper measures are taken, including agroforestry and community-based forestry, to increase carbon sequestration potential and asset value of vegetation, facilitating at the same time the development and replication of SLM practices and

⁷ Assuming a carbon capturing capacity of forests of 55 tons carbon/hectare

systems in a manner which correspond to the needs and conditions of local stakeholders; (ii) Capacity building for monitoring and reporting on carbon stock and changes, supporting institutional and local actors to coordinate and integrate their actions in relation to SLM, in order to maximize the effectiveness and efficiency, and (iii) Awareness rising on biocarbon stock at the local level, ensuring that sustainable forest management and reduced emissions from forest degradation and land use considerations are effectively and appropriately mainstreamed into significant baseline activities by Government institutions and local stakeholders.

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

G.1. General risks: No major risks were identified during the PIF preparation. However, there are some constraints and limitations that may be considered:

(a) Institutional capacity and support: The lack of coordination between the various agencies of government responsible for the management of land, forests and environment, together with the limited capacity, especially at local level, are potential barriers to the achievement of program objectives. However, this is a limited risk, as provisions from the Plan for Social and Economic Development 2007-2012 establishes clear responsibilities for national and local agencies involved in areas such as rural development and climate change. In any case, the project will strengthen local capacities and will reinforce collaboration among relevant institutions at local level.

(b) Project implementation: Implementation of PROSALAF A II is considered adequate. The Mid-Term Review is planned for April 2009, and strategies and implementation approaches will be analyzed, and if needed, revised. Supervision and implementation support by IFAD will continue.

G.2. Climate change risks: The project design will incorporate appropriate measures to minimize the risks from climate change including review of climate change scenarios for the project regions, Inclusion of climate change adaptation measures into the project interventions and careful selection of sites for project interventions in relation to risks from extreme events.

Table 1. Summary of risks

| Assumption | Risk | Mitigation strategy | Implications if assumption fails |
|---|-------------|--|--|
| Project area is not affected by extreme or extraordinary climatic events | Medium/low | Planning and development of sound technologies and participatory activities for adaptation to climate change | Some outcomes would be affected, and eventually, not achieved. Delays and economic damages |
| Institutions involved in project implementation are stable and well coordinated | Medium/low | Flexibility in strategies for institutional support and capacity building | Lack of proper coordination will delay the project implementation, and also difficult the integration in national and local mechanisms |
| PROSALAF A II is implemented as planned. | Very low | Mid-Term Review; supervision and implementation support | Delays in project implementation. Some outcomes may not be achieved as planned |

H. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

The project has been conceived in a way to promote sustainable development, ensure replicability on a wider scale, and guarantee sustainability in the long-term. In light of this, the project has been designed with cost-effectiveness in mind. T

H.1. Project approach. The literature on the economic potential of LULUCF activities is still not yet rigorous. However, according to the IPCC, forests and agroforestry offer the highest potential for carbon sequestration in developing countries among different options in the agricultural sector. According to the Venezuelan Initial National Communication,

agroforestry and afforestation/reforestation activities have a carbon sequestration potential of 40,00 MgC/ha. Afforestation/reforestation mitigation options are also cost-effective at prices ranging between \$15–30 per tonne⁸. A study on forest-based carbon mitigation in Latin America⁹ estimated for Venezuela a cost of \$17-25 per tonne for afforestation in the country. Agroforestry and arboriculture are considered particularly cost-effective because they are able to generate synergies with climate change adaptation by reducing the vulnerability of small-scale farmers to climatic variability.

H.2. Baseline activities and project management. Baseline activities will contribute at minimizing the costs (institutional set up, monitoring and evaluation, capacity building, etc.) while maximizing the outcomes. Considering the expected multi-direct/indirect-results of the proposed approach, the value of the global project benefit can overwhelm the implementation costs. Further cost-effectiveness analysis will be provided at CEO endorsement. The project will be blended with the IFAD-supported PROSALFA II, sharing the management structures as well as resources, under the coordination of MPPA. Joint supervision and implementation support will also contribute to cost-efficiency.

I. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

I.1. Comparative advantage in climate change

IFAD's engagement on climate change stands by the premise that poor rural people should be empowered to adapt to climate change, while contributing to its mitigation in line with sustainable development goals. Its main focus is community-driven adaptation and mitigation, as well as sustainability of rural development in the long term, in a context of increased climate variability.

Based on its comparative advantage, IFAD's support to the mitigation is centred on agriculture-related priorities (agricultural production, forestry, livestock). In particular, IFAD has a strong experience in four main areas: (i) improvement of agricultural techniques and technologies; (ii) community-based natural resources management; (iii) livelihoods diversification to reduce risk; and (iv) risk-preparedness and coping with disaster impacts, including by managing weather-induced risk and hedging farmers against vulnerability. As agriculture has been identified as a priority sector of intervention in most of the National Communications to the UNFCCC, IFAD can play a key role in mainstreaming and supporting adaptation in this sector, while contributing to mitigation through better soil and land management.

IFAD's approach for implementing agriculture and forestry-related priorities is mostly investment-oriented and community-based. IFAD provides automatically through its operations, co-financing and baseline for the interventions, satisfying the *additionality reasoning*.

I.2. IFAD involvement in Venezuela

To date, IFAD has supported 6 projects in the country for a total amount of US\$130 million, benefiting directly nearly 50,000 households. Because of the dramatic increase in poverty in the country in recent decades, IFAD's mandate to reduce poverty by improving the living conditions and incomes of rural poor 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. IFAD's strategy in the country is articulated around four main objectives:

- 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;
- to build and strengthen grass-roots organizations among farmers, women and communities in order to support
- community-driven development and ensure that rural poor people have a voice in local and national economies;
- to promote sustainable use of natural resources in semi-arid zones through rehabilitation, conservation and improved
- management;
- to maintain an active and systematic policy dialogue on rural poverty reduction and development in order to stimulate the design and implementation of programmes based on IFAD's experiences.

⁸ *Fondazione Eni Enrico Mattei*, F.Bosello, C.Giupponi, A. Povellato (2007)

⁹ "Essay on the Economics of Forestry-based Carbon Mitigation", Pablo César Benítez-Ponce based on studies from Pereira et al. (1997) and USCSP (1999)

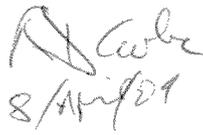
PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):
 (Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template).

| NAME | POSITION | MINISTRY | DATE (Month, day, year) |
|------------------------------|--|---|-------------------------|
| Ms. Lissett Hernandez | General Director Office of Development and International Cooperation | Ministry of Environment (Ministerio del Poder Popular para el Ambiente) | APRIL 7, 2009 |

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

| Agency Coordinator, Agency name | Signature | Date (Month, day, year) | Project Contact Person | Telephone | Email Address |
|---|--|----------------------------|--|-----------------------|-------------------------|
| Dr. Rodney Cooke Acting Coordinator Global Environment and Climate Change Unit (GECC) Program Management Department (PMD) IFAD |  8/Apr/09 | April 08, 2009 | Jesús Quintana, Program Manager GECC Unit, PMD, IFAD | (+39) 06.5459.2210 | j.quintana@ifad. org |
| <i>Please do not forget to copy the IFAD/GECC Registry on official communications, GECCRegistry@ifad.org</i> | | | | | |