

## WATERSHED CONSERVATION AND MANAGEMENT PROGRAM

(VE-0063)

### EXECUTIVE SUMMARY

**BORROWER AND  
GUARANTOR:** The Republic of Venezuela

**EXECUTING AGENCY:** The Ministry of the Environment and Renewable Natural Resources (MARNR), through its Watershed Conservation Sector Directorate (DGSCC)

<b>AMOUNT SOURCE:</b>	<b>AND</b>	IDB: US\$32.1 million (OC)	
		Local counterpart funding:	US\$21.4 million
		Total:	US\$53.5 million

<b>TERMS AND CONDITIONS:</b>	Amortization period:	20 years
	Disbursement period:	5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%

**OBJECTIVES:** The overall objective of the project is to contribute to the rational management of renewable natural resources in three priority watersheds. The specific objectives are as follows: (i) to slow the erosion that is affecting agricultural production, thereby fostering the sustainable development of soil and water resources; (ii) to reduce local deforestation processes; (iii) to extend the useful life of existing infrastructure in the project regions; and (iv) to reduce the risk of flooding for the localities concerned.

**DESCRIPTION:** The project represents the initial stage of Venezuela's Watershed Management Program. It encompasses actions for the comprehensive management of renewable natural resources in the upper watersheds of the Boconó River (10,323 hectares) and Tocuyo River (22,344 hectares) and in the middle and upper watershed of the Yaracuy River (16,433 hectares). Responsibility for execution will rest with the Watershed Conservation Sector Directorate of the Ministry of the Environment and Natural Renewable Resources, acting through a central unit and local units in each of the three project watersheds. The project features extension and technology transfer activities in connection with soil conservation and small-scale civil works.

The project consists of four basic components common to all three watersheds and two specific components for two of them. The basic components are: (a) a soil conservation component: promotion and execution of a series of measures and actions for conservation management by small-scale producers in selected critical areas; (b) a concentrated flow erosion control component: construction of small-scale projects using simple technology in critical riverbeds within the

watersheds to control erosion; (c) a training, environmental education and extension component: training for extension agents, supervisors and technical staff. Also includes an ongoing information campaign to circulate conservation messages, using the media and organizing conservation groups in the beneficiary communities; (d) a monitoring and evaluation component: monitoring and evaluation of the impact of conservation practices, monitoring and evaluation of the effectiveness of concentrated flow erosion control works, design and implementation of a comprehensive flood control program for Boconó, and design and implementation of a management system for programming and follow-up within the Project Executing Unit (PEU).

The specific components are as follows: (a) a reforestation component in the Tocuyo River watershed: reforestation of 5,000 ha and management of planted area; and (b) a high water and flood control component in the Boconó River watershed: construction of small-scale works in critical riverbeds within the watershed, and two longitudinal dams in the bed of the river that crosses Boconó.

**ENVIRONMENTAL  
CLASSIFICATION:**

The Environmental Management Committee, at its meeting 11/91 held on May 20, 1991, classified this as a Category I operation.

**BENEFITS:**

The benefits to be generated by project execution will bring about an overall environmental improvement in the intervention areas by preventing the degradation of water, soil and vegetation. Economic benefits will include boosting agricultural productivity in selected areas and preventing damage to infrastructure and populated areas, while direct social benefits will accrue to nearly 11,000 families of small-scale rural producers and indirect benefits will accrue to urban populations in the area. The project will improve prospects for the future by strengthening the executing agency and equipping it to carry out similar projects in the remaining watersheds contemplated in its medium- and long-term plans.

**RISKS:**

The major risk has to do with the lead time required to start up intervention plans in the soil conservation areas. There is also an institutional risk involved in undertaking a project in combination with an administrative reorganization. To minimize these risks, the project calls for strengthening the executing agency's capacity through: (i) the implementation of a management system for programming and follow-up that will make it possible to identify potential problems and remedy them in time; (ii) a training component for technical extension staff; (iii) environmental education and extension activities to disseminate conservationist messages among the beneficiaries and support their organizations; and (iv) a monitoring activity within the soil conservation component, to assess its effectiveness and make any necessary adjustments. Another risk is that the administrative processes are relatively slow and complex, so that the project's operating regulations include provisions delegating certain functions to the PEU.

**EXCEPTIONS TO  
BANK POLICY:**

Execution of the reforestation component in the Tocuyo River basin by the Compañía Nacional de Reforestación (CONARE) under an agreement with MARNR and recognition of expenses up to US\$150,000 equivalent, as justified and explained in paragraphs 3.28 and 3.30,

respectively.

**THE BANK'S  
COUNTRY  
STRATEGY:**

The proposed project is in line with the Bank's current strategy for Venezuela, which favors decentralizing the public administration, reducing poverty, and enhancing natural resources and environmental conditions.