

An Investment in Cacao and the Venezuelan Community.

La Fundación Proyecto Paria.

La Fundación Proyecto Paria (FPP) is one of the most interesting local development experiments in Venezuela. FPP operates in the Municipio of Arismendi in the State of Sucre, one of Venezuela's poorest states, with a special focus on seven nucleus known as the "Vuelta Larga - Puipuy" axis. All of FPP's program activities in the area are part of a proposal to bring together business and social sectors in a strategic alliance. The Foundation was started by a group of businessmen who wanted to spur local economic growth.

Today, FPP's mission is "to promote the enhancement of quality of life for the

population of the Paria region, State of Sucre, by formulating and supporting projects and actions which, in harmony with the natural setting and with the active participation of local actors, contribute to the region's development and the sustained realization of the population's economic, social, and cultural rights."

Proyecto Paria

Between 1998 and 2002 the Inter-American Foundation committed US \$127,213 to the Paria Project Foundation (FPP). Additional inputs from FPP, the Venezuelan Petroleum Company, and other institutions total \$937,312.

*The scope of FPP's activities goes beyond IAF funded projects.

In 1988, a group of local development pioneers conceived of a project that would transform the Paria region by promoting local tourism. The initiative grew to include development of local agriculture as well. It was later refined to reflect the necessary balance between the quest for local economic success and equitable improvements in the living conditions and quality of life for the people in these communities. Ultimately, through a process of continual searching and creative discussion, FPP formulated its growing conviction that, to help promote sustainable development in the region's rural sector, FPP must promote the development of businesses that are identified as having the most potential to increase the incomes of local communities in need.

Cacao and the Community.

FPP discovered that cacao, one of the region's ancient crops, could be a multiplier for human and economic growth in the area. Currently, Venezuela controls 17% of the market for fine or aromatic cacao. FPP's cacao project falls into this niche. This market access coupled with cacao's association with tradition, respect and hard work, make the crop a natural focus for one of FPP's economic development projects. With this in mind, FPP began to revive and plant land suitable for organic cacao.

Under the cacao program, FPP has made significant gains: five associations of small producers were established; 424 producers were trained; 88 loans were granted to small producers; and the community's has been re-acquaintance with an activity all its own, cacao growing. Productivity during the first three years of the program exceeded the

goal of 600Kg/hectare, reaching 825Kg/hectare. The goal of restoring 75 hectares of crops was exceeded up to 82 hectares; and approximately 120 additional hectares are being restored. In 2001, FPP opened a cacao manufacturing plant.

Within its cacao project, FPP has continued to tie its productive strategy with a broader local development vision to include considering its impact on education, health, and the local economy. Under their eight-year, co-financing agreement, the Inter-American Foundation (IAF) and Petroléos de Venezuela (PDVSA), financed FPP's comprehensive program, taking into account cacao's potential vis-à-vis basic needs in the area. Respecting local cultural and contextual boundaries, the FPP, IAF, and PDVSA realized that the productive, community, and technological resources needed to ensure the project's success would not be easy to apply or easy for the community to accept. So, FPP developed a methodology to disseminate and implement teaching tools that guaranteed, in simple language, the local communities ability to profit from their hard work harvesting organic cacao.

IAF and PDVSA.

In 1992, the IAF and PDVSA formalized an agreement to co-finance projects that reflected sustainable, innovative development solutions to the complex situations facing some of Venezuela's most disadvantaged populations. The IAF's value-added was its knowledge of working with and commitment to participatory community development. As a result of the agreement, PDVSA established a centralized social investment program which awards grants to community groups with self-help development projects. At present, the co-financing agreement between IAF and PDVSA has expired; however, the two institutions remain active in the same community development arena and cooperate informally as the country's largest donors.

FPP's project was one of those co-financed by IAF-PDVSA in 1999. While the program is not directly related to the PDVSA's primary business interests, the FPP project is an opportunity for the company to foster a stable society, which ultimately helps it move forward with its business activities. For the IAF, this was the second grant to FPP. Its first was the FPP's first formal grant, akin to seed capital, which gave the organization an opportunity to plan pilots and come back to the IAF some years later with an integrated development project.

Private Social Responsibility Taking Charge of Collective Matters.

Regarding sustainability, FPP has a long history of cooperating with the public and private sectors to promote development in the State of Sucre. For FPP, diversification of its funding sources has been fundamental to ensure the organization's well-being.

From the outset, FPP had private sector funding sources, specifically CORPOMEDINA, the region's major financier of business development projects involving tourism and real estate development.

PDVSA continues to support FPP and most recently awarded the Foundation a grant towards FPP's program "*Promotion of the comprehensive development of the cacao producing communities of Paria.*" Similarly, Compañía Anónima Nacional Teléfonos de Venezuela

(CANTV) has also contributed to that local development process. With regard to multilateral cooperation agencies, FPP has received contributions from the United Nations Population Activities Fund (UNPAF), the Inter-American Development Bank (IDB), and the Andean Development Corporation (CAF).

With all of these success stories, it is easy to get distracted from the most important one - this project has given the local community an opportunity to learn its abilities, demonstrate them, expand them, and turn them into a tool for sustainable development. This type of project result is critical to ensure that community and the companies doing business in the area are satisfied, that more public-private sector alliances in the region are strengthened, and that the communities' own values are reinforced.

Lessons Learned:

- NGOs bring a wealth of knowledge to the alliances; as such, alliances should be viewed as a two-way street, with both institutions contributing their strengths;
- It is extremely important that the alliances respect the cultural and contextual boundaries that define the target populations' local problems.