

# The Truth about PDVSA

## Social Spending

In the past,  
Venezuela's oil wealth benefited a few.



Today, it benefits a few *million*.

**Something remarkable is happening in Venezuela.** New opportunities are everywhere and the lives of millions of Venezuelans are improving in ways that were never before thought possible. ♦ As the world's 11th largest oil producer, Venezuela has long been a source of contrast. Despite Venezuela's great wealth, 80% of its people live in poverty. To expand opportunity for all, the Venezuelan government has increased annual spending of oil revenues from 40 million to 1.7 billion dollars. For the first time, millions of Venezuelans have access to education, job training, housing, and health care. ♦ There's a new sense of excitement and national pride in Venezuela today. These social investments, along with continued investments in infrastructure, are bringing to life the motto: *Venezuela, ahora es de todos*—Now, Venezuela is for all. ♦ *Read it by the Venezuelan Embassy.*



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# Rationale for PDVSA Social Spending

- True impact to the country sustainable social development
- Part of PDVSA social responsibility, as any other major oil company
- Being a State owned company, the shareholders are the people of Venezuela, and by consequence they are entitled to receive, in a more direct way, part of its dividend
- Is a mean for a wealth democratization, created by the vast oil reserve, Venezuela already has
- In compliance with the Hydrocarbon Law, article 5: "... all oil income received by the Nation will be directed to finance health, education, and the creation of microeconomic stabilization funds...; in a way that creates the appropriate link between the oil and the country economy..."
- Is not part of the budgeting process for the company Capex and Opex, but managed under the surplus obtained from the crude price considered for the budget (around \$20/barril) and the real price obtained in the market

# Financial Resources Assigned - 2004

**\$600 million**



## *Supporting the Missions*



**200,000 scholarship for elementary, middle and high school students**



**24/7 Health care service to communities all over the country, mainly in rural and poor neighborhood**



**400,000 benefited for college education in University or technical careers**



**Entrepreneurship initiative for small and medium size businesses, oriented to create employment and increase productivity**

**\$600 million**



## *Fund for Agriculture Development*

**Investment on small and medium size agricultural projects, aimed to improve agriculture infrastructure and develop sound and profitable commercial initiatives on that area**

# Financial Resources Assigned - 2004

**\$500 million**



## *Fund for Infrastructure Development*

Fund oriented to support major infrastructure development in areas such as housing, highways, railroads, etc.

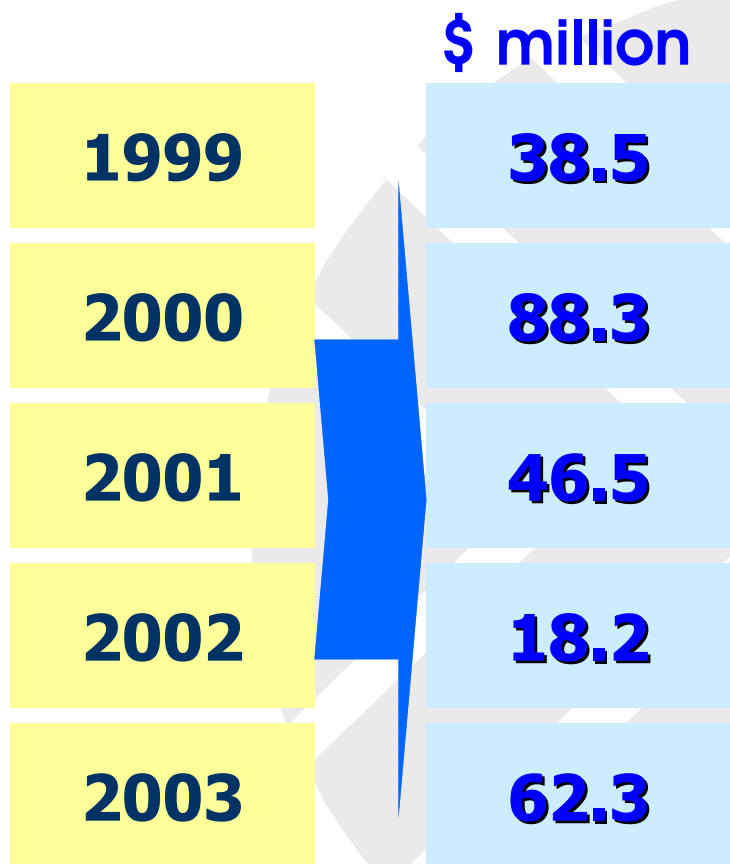
**\$1 to \$2 billion**



## *Fund for Social Development (FONDESPA)*

- Fund assigned to social development projects, oriented to improve the country assets on major social areas, such as power plants, airlines, sugar plants, etc.; and aimed to increase employment rate and economic productivity
- The Fund has been approved by PDVSA's shareholders and authorized by the Central Bank Board of Director, in compliance with the Hydrocarbon Law

# PDVSA Budget for Social Spending



*A substantial shift  
on Social Spending  
for the real benefit  
of the Venezuelan  
People: the true  
owners of the oil  
country wealth...*



# Testimonies of the Leaders...

**The oil is for  
the people of  
Venezuela**



**Rafael Ramírez**  
Minister of Energy & Mine

**PDVSA is  
democratizing  
the oil wealth**



**Ali Rodríguez Araque**  
President of PDVSA



**Tobias Nobrega**  
Minister of Finance

**Now the oil is  
getting  
straight to the  
people**

**We are  
investing in  
the country  
infrastructure**



**José Rojas**  
Vice-president of PDVSA