



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

PRA PROJECT ANNUAL SUMMARY REPORT FY2012

New Private Sector Competitiveness and Poverty Reduction
and Alleviation Activity



This publication was produced for
review by the United States Agency for
International Development.
It was prepared by Chemonics International Inc.
November 15, 2012

PRA PROJECT – NEW PRIVATE SECTOR COMPETITIVENESS AND POVERTY REDUCTION AND ALLEVIATION ACTIVITY
Contract No. AID-527-C-09-00002
United States Agency for International Development
Lima, Peru

FY2012 Annual Summary Report submitted by Chemonics International / November 15, 2012.

PRA PROJECT ANNUAL SUMMARY REPORT

FY 2012

**NEW PRIVATE SECTOR COMPETITIVENESS AND POVERTY
REDUCTION AND ALLEVIATION ACTIVITY**

**Contract No. AID-527-C-09-00002
United States Agency for International Development
Lima, Peru**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Contents

Acronyms	7
Executive Summary	9
Chapter I: The PRArrometer	11
1.1 FY2012 Results	11
1.1.1 FY2012 Net Sales vs. Targets	12
1.1.2 FY 2012 New Jobs vs. Targets	13
1.1.3 FY2012 New Investments vs. Targets	14
1.1.4 Product Line	15
1.1.5 Biodiversity Products	16
1.1.6 Client Company Portfolio	18
1.1.7 Exports	24
1.1.8. Net Sales vs. Targets in Priority Zones	25
1.2. Cumulative Results (FY2010-FY2012)	27
Chapter 2: The Economic Service Centers	28
2.1 Ancash ESC	30
<i>Success Story: Aguaymanto: Creating Opportunities from an Untapped Native Biodiversity Resource</i>	32
2.2 Arequipa ESC	34
2.3 Ayacucho ESC	38
2.4 Cusco ESC	41
<i>Success Story: Turning Small Cattle Women Farmers into Determined Businesswomen in the Peruvian Andes</i>	44
<i>Success Story: Knitting Opportunities for Artisan Communities in the Peruvian Highlands</i>	45
2.5 Huancavelica ESC	47
2.6 Junin - Pasco ESC	51
<i>Success Story: Getting the Winning Combination: A Commitment to Organic and Fair-Trade Certification</i>	54

2.7 La Libertad ESC	56
<i>Success Story: Establishing a Sustainable Cheese Business in the Northern Peruvian Andes.....</i>	<i>59</i>
2.8 Madre de Dios ESC.....	61
<i>Success Story: Recovering a Traditional Activity is Creating Environmentally Responsible Business Opportunities in an Amazon Forest Town.....</i>	<i>64</i>
2.9 Puno ESC	66
<i>Success Story: God Helps Those Who Help Themselves...and the Environment.</i>	<i>69</i>
<i>Success Story: Titikaka Trout Taps Puno's Fish Farming Potential in Southeastern Peru.....</i>	<i>70</i>
2.9 Sierra Norte de Lima - Huánuco ESC.....	72
Chapter 3: Mainstreaming Environmental Protection, Biodiversity, Gender, Labor Standards, and Inclusion of the Disabled	75
3.1 Activities and Results on Environmental Protection, Inclusion of the Disabled, and Gender Equality	75
3.2 Training Activities on Environmental Protection and Inclusion of the Disabled	77
3.3 Gender Manual.....	77
Chapter 4: Partnerships and Alliances.....	78
4.1 Building a Pioneering US Government-Peruvian Government Alliance on Economic Development and Poverty Fighting.....	78
4.2 Global Development Alliances with Private Partners.....	79
4.3 Fostering Partnerships with Local Governments	80
Chapter 5: Communications and Outreach.....	82
5.1 MOU Signing Events	82
5.1.1 MOU Signing between USAID and Sierra Exportadora	82
5.1.2 "Alto Chicama" Commitment Launch Ceremony	82
5.2 FY2012 Main Events	83
5.2.1 Semana de la Calidad	83
5.2.2 CADE 2011	83
5.2.3 PRA Presentation at Sierra Exportadora International Seminar	84
5.2.4 Perú Moda and Perú Gift Participation.....	85
5.2.5 James Riordan in Lima	86
5.2.6 Conference "The Production Development and Poverty Reduction Challenge- Lessons from the USAID-PRA Project"	87

5.3 PRA Team activities	88
5.3.1 Development and Social Inclusion Discussion Meetings.....	88
5.3.2 PRA Workshops: Gender Manual Validation and Project Planning ..	88
5.4 PRA in the Media	89
5.4.1 Interview at “TV Perú” Channel.....	89
5.4.2 USAID-SIEX MOU Signing Ceremony	89
5.4.3.Conference “The Production Development and Poverty Reduction Challenge- Lessons from USAID-PRA Project	91
5.5 Communications Tools.....	92
5.5.1 Photo Bank	92
5.5.2 New Videos in PRAtube	92
Chapter 6: Operations.....	93
6.1 Accounting and Finance Operations Reviews	93
6.2 Economic Service Centers Close Down and Project Downsizing	93
Chapter 7: Problems, Solutions, and Lessons Learned.....	95
7.1 Barriers to Trade and Investment: Elements for Policy Dialog	95
7.2 Coordination Work with Regional and Local Authorities.....	105
7.2.1 Ancash	105
7.2.2 Arequipa.....	106
7.2.3 Ayacucho	106
7.2.4 Cusco.....	106
7.2.5 Huancavelica	107
7.2.6 Junín-Pasco	107
7.2.7 La Libertad	108
7.2.8 Madre de Dios.....	108
7.2.9 Puno.....	109
7.2.10 Sierra Norte de Lima-Huánuco.....	109
7.3 Problems Encountered, Solutions Proposed, and Lessons Learned	110
7.3.1 Working in Resource Partners’ High Altitude Priority Zones	110
7.3.2 Implementation of the USAID-Sierra Exportadora Alliance	111
7.3.3 New Steps in Alliance Building for Local Development	112
Annex	
PRA Chemonics Contract Results and Indicators Status	113

Acronyms

ADEX	Exporters Association
BDS	Business development service
CEAR	Rural Support Center
CEISA	Ayacucho Social Research Center
CEPLAN	National Strategic Planning Center
CIES	Economic and Social Research Consortium
CLIN	Cost line item number
COP	Chief of party
COSESPI	Pinaya Alpaca Special Services Cooperative
DCOP	Deputy chief of party
DIGESA	General Directorate of Environmental Health
ESC	Economic service center
FINCYT	Science and Technology Program
GDA	Global development alliance
GDP	Gross domestic product
HACCP	Hazard analysis and critical control points
IDESI	Informal Sector Development Institute
INCAGRO	Peruvian Agriculture Innovation and Competitiveness Program
INIA	National Agricultural Innovation Institute
ISUR	South Inter-Oceanic Initiative
MOU	Memorandum of understanding
MSMEs	Micro, small, and medium sized enterprises
M&E	Monitoring and evaluation
PERSUAP	Pesticide evaluation report and safer use action plan
PMP	Performance management plan
PRA	Poverty Reduction and Alleviation Project
PROCOMPITE	Productive Competitiveness Law facility

PROMPERÚ	Peru Export and Tourism Promotion Board
PSI	Irrigation Modernization Program
RUC	Taxpayer registration number
SAIS	Social interest agrarian society
SENASA	National Agricultural Health Service
SENATI	National Industrial Labor Training Service
SIEX	Sierra Exportadora
SPAR	Peruvian society of alpacas and llamas breeders
USAID	United States Agency for International Development
VRAE	Apurímac and Ene Rivers Valley

Executive Summary

The single most important highlight of FY2012 was the signing of the memorandum of understanding (MOU) between USAID and Sierra Exportadora (SIEX) in December 2011, an unprecedented alliance between the US Government and the Peruvian Government to build long-lasting capacity on how to create economic opportunities in poor areas of the Sierra region of Peru based on PRA's proven track record of results yielding over 13 years. An intense capacity building and know-how transfer process from PRA to SIEX was carried out throughout calendar year 2012.

In FY2012 the PRA project's total net sales amounted to US\$42 million. The total annual employment generated was 1.9 million net days of work, of which 37% was female. Private investments reached US\$2.9 million. The project covered 4,474 beneficiaries in its ten corridors.

Nine Economic Service Centers –ESCs– (out of ten) exceeded or met their annual sales targets. Five ESCs –Ancash, Puno, Arequipa, Sierra Norte de Lima-Huánuco, and Junín-Pasco– make up 73% of total annual sales. Four ESCs – Cusco, Puno, Ancash, and Ayacucho– account for 70% of the total employment generated. Fresh milk and alpaca fiber in Cusco and Puno are high labor intensive products and help explain the new jobs generation and the significant number of beneficiaries in these two ESCs. In addition, asparagus in Ancash and cacao in Ayacucho have contributed to create a great deal of new jobs in these corridors.

In FY2012 thirty-two product groups make up the project's product line, four of which – dairy products, coffee, asparagus, and avocado– account for almost half the total sales. Sales of biodiversity products totaled US\$3.8 million, almost reaching the biodiversity products sales amount of the previous two years together.

The project's client portfolio in FY2012 was made up of 118 companies (with a total of 142 business plans with results). The top ten companies by sales amount account for 61% of total net sales: *Laive* (cheese, 12%), *Cecovasa* (coffee, 11%), *Santa Sofía Perú* (asparagus, 9%), *Gloria* (fresh milk, 5%), *Importaciones y Exportaciones Felles* (peach, 5%), *Avícola Pampa Colorada* (live chicken, 4%), *Mafrox* (beef cuts, 4%), *Eurofresh* (organic avocado, organic ginger, organic sweet potato 4%), *Productos del Valle* (beans, fresh avocado,3%), and *Alsur* (artichoke, 3%).

Total exports amounted to US\$21.9 million, 52% of total net sales. Whilst all ten ESCs registered exports, five of them were significantly more geared towards international markets: Puno, Sierra Norte de Lima-Huánuco, La Libertad, Ancash, and Ayacucho. Twenty-three product categories were exported in FY2012. Six of them account for 78% of total exports: coffee, asparagus, avocado, fruits, peppers and hot chilis, and artichoke.

Over the last three years, the project managed to generate sales for a total of US\$68 million, 2.98 million net days of work (27% of which are female), and US\$4.89 million in

new investments, reaching 11,739 beneficiaries. Therefore, as of September 2012, the project has achieved 76% of its five-year sales target, 55% of the employment target, and 61% of the investments target.

At the beginning of October 2012, 72 PRA businesses from nine ESCs were transferred to SIEX.

Due to a foreseeable reduction in the project's funding, six ESCs were closed down by the end of FY2012: Ayacucho and Junín-Pasco where there were no private resource partners; Ancash and Puno, whose private resource partners' alliances had finished (Antamina, Barrick, and the Clinton Foundation in Ancash, and Minsur in Puno); and Cusco and Madre de Dios, whose private resource partner Odebrecht had decided to take on responsibility for the businesses in its priority zones. In addition, resource partner Raura decided to finish its partnership for the Sierra Norte de Lima-Huánuco corridor. Four ESCs will continue operations during FY2013, focusing their job in their resource partners' priority zones: Arequipa and Huancavelica (resource partner: Buenaventura), La Libertad (resource partners: Barrick and Poderosa), and Sierra Norte de Lima (resource partners: Buenaventura and Los Quenuales).

Jim Riordan, the first PRA project chief of party in Peru (1999-2003), visited Lima to present his book *We Do Know How. A Buyer-Led Approach to Creating Jobs for the Poor*, which systematizes the PRA experience and similar ones from other 16 countries, at the Conference *The Production Development and Poverty Reduction Challenge- Lessons from the USAID-PRA Project* on June 7, 2012.

During FY2012 PRA promoters continued undertaking an intense coordinated work with government organizations at the national, regional, provincial, and district levels. Not only have they identified a set of barriers to trade and investment in their corridors, which sets the foundation for a useful policy dialog, but they have also created synergies with the authorities towards production growth and market integration.

The project has faced severe constraints in the resource partners' priority zones, often located in high altitudes where few economic alternatives are available. In order to have a long-lasting effective action in these areas, the project proposes to improve the local population's production capacities and asset capabilities as a previous step to broker deals with buying companies in order to create competitive advantage in value-chains for products and services with demand opportunities in the market.

Finally, the project has pioneered a new collaborative scheme with Regional, Provincial, and Municipal Governments by helping them design and implement value chain development projects in their territories using a National Government facility (PROCOMPITE), based on PRA methodology, and, thus, going one step further in the project's persistent quest for new alliances in order to expand the effects of joint cooperation efforts for development.

Chapter I

The PRARometer

I.1 FY2012 Results

In FY2012 the PRA project's total net sales amounted to US\$42 million. Five Economic Service Centers (ESCs) –Ancash, Puno, Arequipa, Sierra Norte de Lima-Huánuco, and Junín-Pasco– make up 73% of total annual sales (see table 1.0).

The total annual employment generated was 1.9 million net days of work, of which 37% was female. Four ESCs – Cusco, Puno, Ancash, and Ayacucho– account for 70% of the total employment generated.

Private investments reached US\$2.9 million, 79% of which were undertaken in three ESCs: Junín-Pasco, Cusco, and Sierra Norte de Lima-Huánuco.

The project covered 4,474 beneficiaries in its ten corridors. More than half those beneficiaries are located in the Cusco and Puno corridors. Fresh milk and alpaca fiber in Cusco and Puno are high labor intensive products and help explain the new jobs generation and the significant number of beneficiaries in these two ESCs.

Table 1.0 Net Sales, Employment, Investments, and Beneficiaries – FY2012

ESC	Net Sales US\$	Net Days of Work			Investments US\$	Number of Beneficiaries
		Total	Male	Female		
Ancash	8,292,867	272,275	208,848	63,427	58,383	212
Puno	6,397,303	390,174	301,314	88,860	124,592	1,006
Arequipa	6,149,892	131,800	107,568	24,232	65,274	482
Sierra Norte de Lima-Huánuco	5,036,628	157,768	113,854	43,914	474,203	308
Junín-Pasco	4,972,647	142,857	109,281	33,576	1,208,742	249
Cusco	3,559,687	441,013	286,445	154,569	620,400	1,286
La Libertad	3,041,860	87,198	63,298	23,900	79,909	547
Ayacucho	2,494,631	199,154	137,187	61,966	31,811	178
Madre de Dios	1,751,325	30,118	26,464	3,655	265,026	83
Huancavelica	365,262	14,159	9,487	4,673	248	123
Total	42,062,103	1,866,517	1,363,745	502,771	2,928,588	4,474

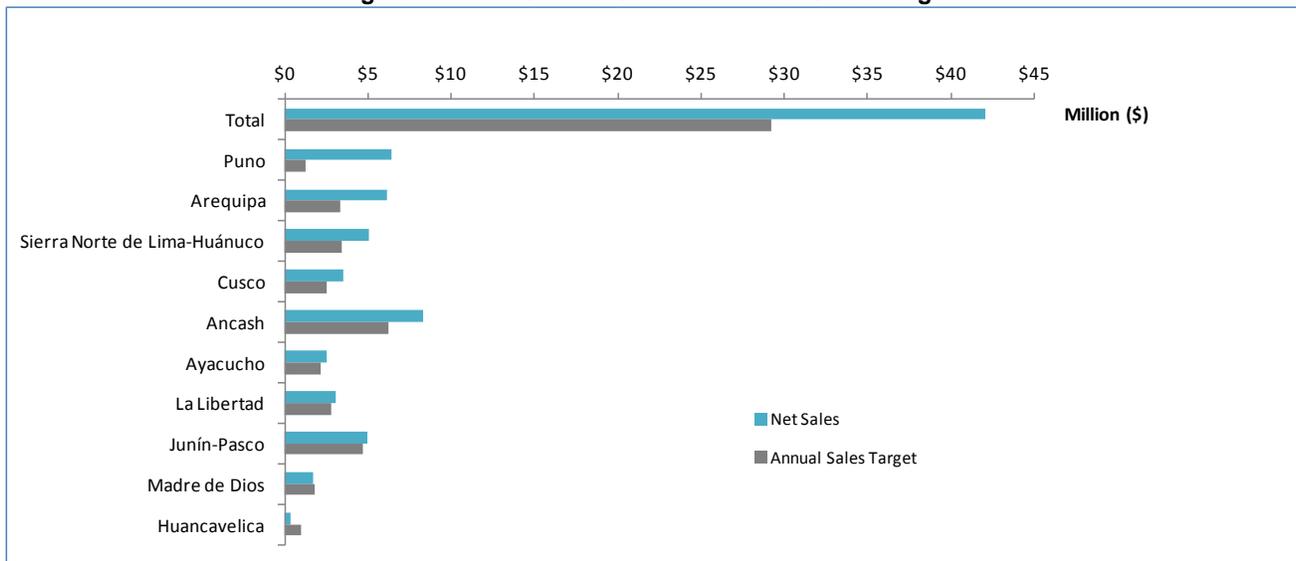
1.1.1 FY2012 Net Sales vs. Targets

Total FY2012 sales of US\$42 million exceeded the annual target of US\$29 million by 44% (see table 1.1.1 and figure 1.1.1). Eight of the ten ESCs were outperformers, headed by Puno that almost quintuplicated its annual target. Of the other two, the Madre de Dios ESC almost reached its target by fulfilling 99% of it.

Table 1.1.1 FY2012 Net Sales per ESC vs. Annual Sales Target

ESC	Net Sales	Annual Sales Target	% Target Achieved
Total	\$42,062,103	\$29,264,934	143.73%
Puno	\$6,397,303	\$1,300,715	491.83%
Arequipa	\$6,149,892	\$3,358,815	183.10%
Sierra Norte de Lima-Huánuco	\$5,036,628	\$3,408,369	147.77%
Cusco	\$3,559,687	\$2,518,516	141.34%
Ancash	\$8,292,867	\$6,214,446	133.45%
Ayacucho	\$2,494,631	\$2,210,666	112.85%
La Libertad	\$3,041,860	\$2,838,754	107.15%
Junín-Pasco	\$4,972,647	\$4,672,315	106.43%
Madre de Dios	\$1,751,325	\$1,774,669	98.68%
Huancavelica	\$365,262	\$967,670	37.75%

Figure 1.1.1 FY2012 Net Sales vs. Annual Sales Target



1.1.2 FY 2012 New Jobs vs. Targets

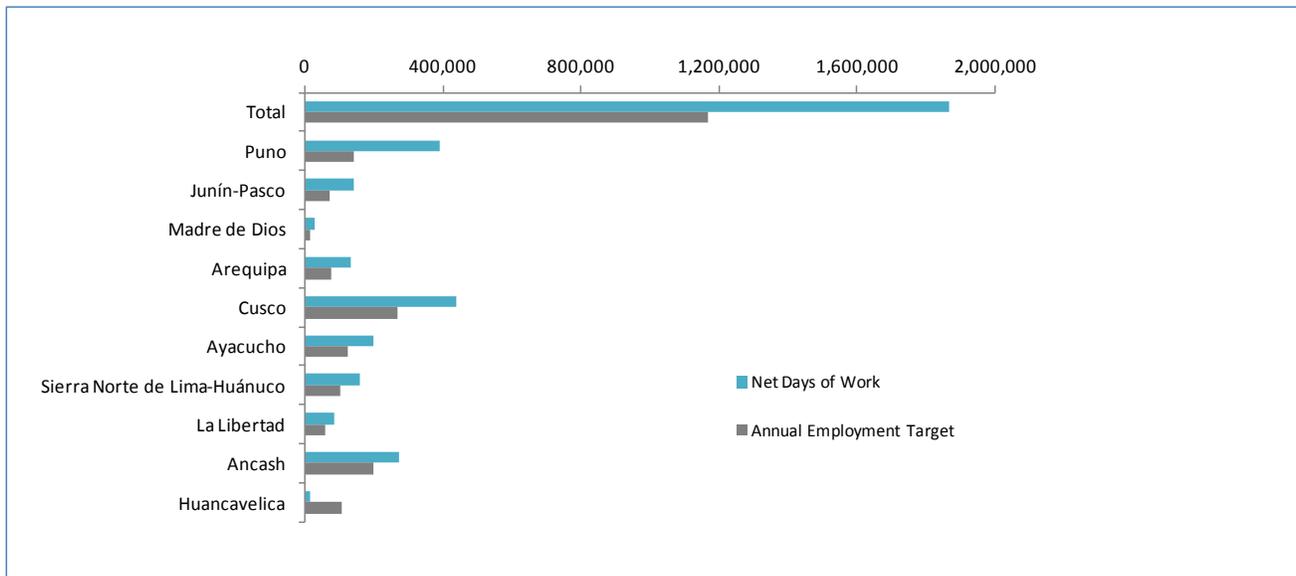
The project generated 1.87 million net days of work in FY2012, achieving 160% of its annual target (see table 1.1.2 and figure 1.1.2). All ten ESCs but Huancavelica exceeded their annual employment target.

Table 1.1.2 FY2012 Net Employment vs. Annual Employment Target

ESC	Net Days of Work	Annual Employment Target	% Target Achieved
Total	1,866,517	1,166,965	159.95%
Puno	390,174	140,065	278.57%
Junín-Pasco	142,857	73,689	193.86%
Madre de Dios	30,118	15,616	192.87%
Arequipa	131,800	77,899	169.19%
Cusco	441,013	268,890	164.01%
Ayacucho	199,154	123,079	161.81%
Sierra Norte de Lima-Huánuco	157,768	102,231	154.32%
La Libertad	87,198	58,881	148.09%
Ancash	272,275	199,119	136.74%
Huancavelica	14,159	107,493	13.17%

Milk production and gathering and alpaca fiber production, classification and categorization have been significant employment generators both in Puno and Cusco. In addition, asparagus in Ancash and cacao in Ayacucho have contributed to create a great deal of new jobs in these corridors.

Table 1.1.2 FY2012 Net Employment vs. Annual Employment Target



1.1.3 FY2012 New Investments vs. Targets

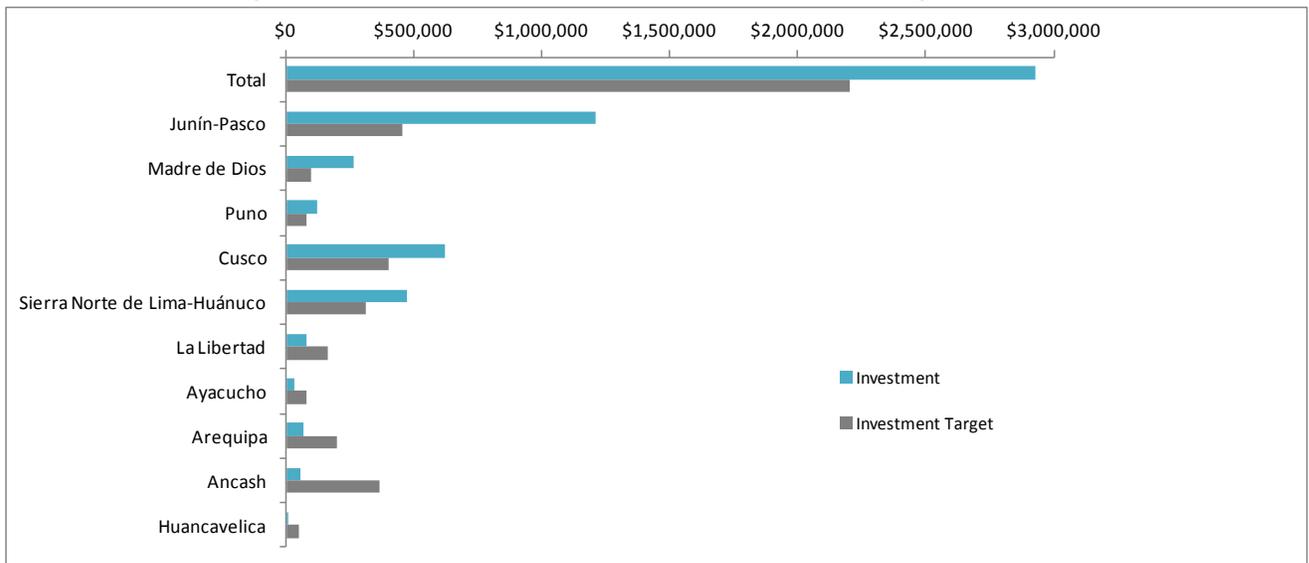
Total new investments in FY2012 reached US\$2.9 million, 133% of the project's annual target (see table 1.1.3 and figure 1.1.3). The Junín-Pasco, Madre de Dios, Puno, Cusco, and Sierra Norte de Lima-Huánuco ESCs were outperformers in the investments indicator whereas the other five ESCs did not reach their targets.

Table 1.1.3 FY2012 Investments per ESC vs. Annual Investments Target

ESC	Investments	Investments Target	% Target Achieved
Total	\$2,928,588	\$2,204,142	133%
Junín-Pasco	\$1,208,742	\$452,325	267%
Madre de Dios	\$265,026	\$100,000	265%
Puno	\$124,592	\$80,000	156%
Cusco	\$620,400	\$400,000	155%
Sierra Norte de Lima-Huánuco	\$474,203	\$313,210	151%
La Libertad	\$79,909	\$161,000	50%
Ayacucho	\$31,811	\$81,000	39%
Arequipa	\$65,274	\$200,000	33%
Ancash	\$58,383	\$366,607	16%
Huancavelica	\$248	\$50,000	0%

The three single most important investment operations were: *Ecoandino's* organic cacao processing plant (US\$1.2 million) in Junín-Pasco, *Alsur's* new artichoke saplings and drip irrigation equipment for 60 hectares in Cusco (US\$540,648), and *Agroindustrias Verdeflor's* fresh avocado new plant and machinery in Sierra Norte de Lima-Huánuco (US\$284,522).

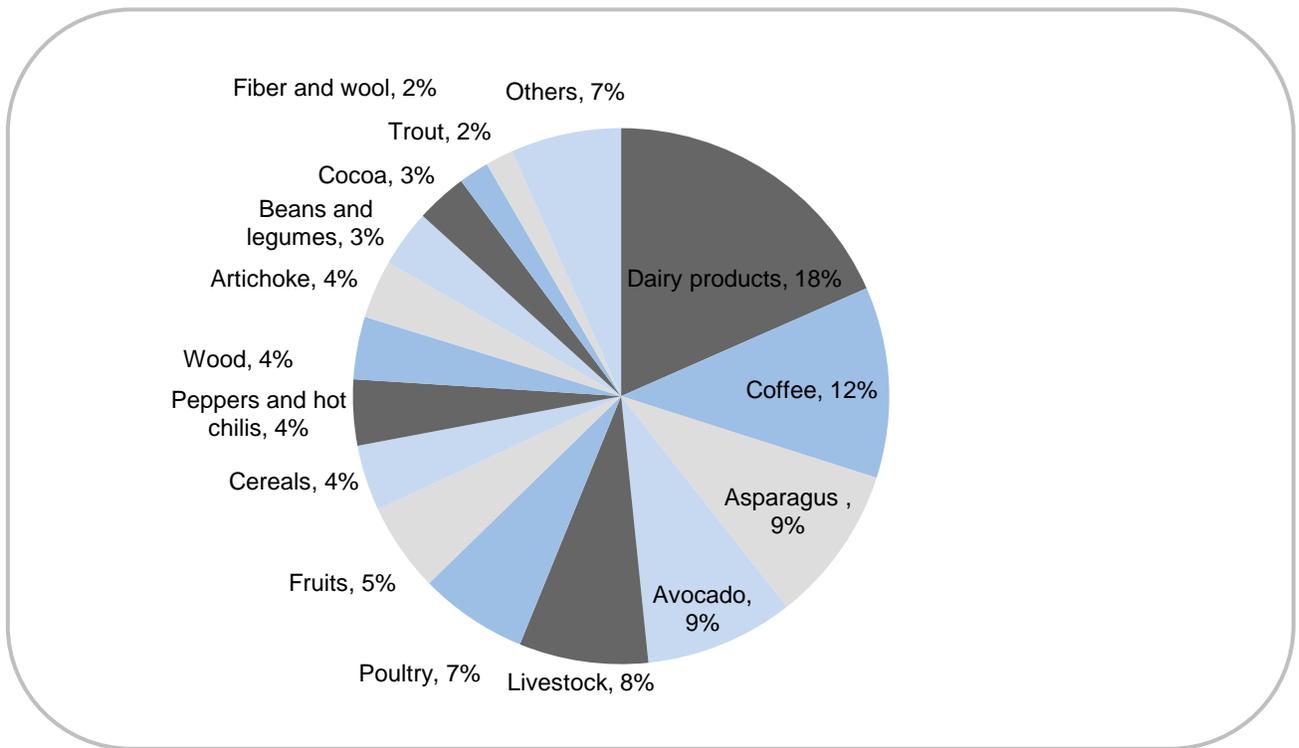
Figure 1.1.3 FY2012 Investments vs. Annual Investments Target



1.1.4 Product Line

In FY2012 thirty-two product groups made up the project's product line, four of which – dairy products, coffee, asparagus, and avocado– accounted for almost half the total sales (see figure 1.1.4).

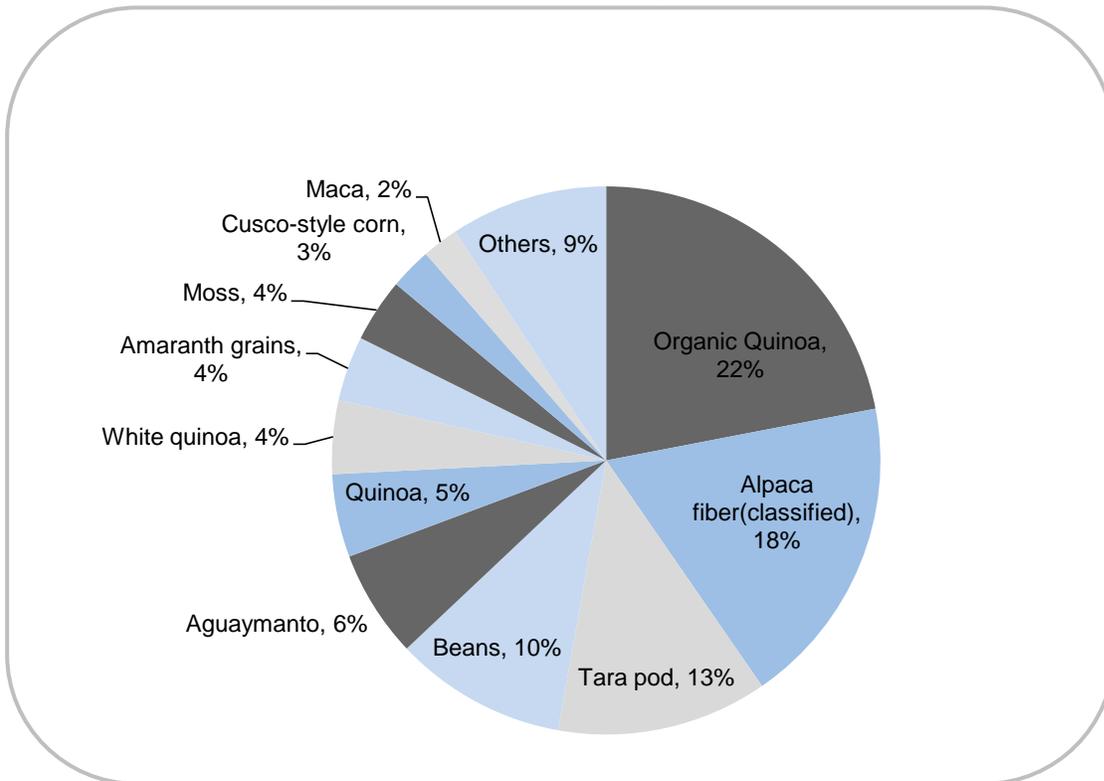
Figure 1.1.4 Main Products – FY2012



1.1.5 Biodiversity Products

In FY2012 sales of biodiversity products totaled US\$3.8 million, almost reaching the biodiversity products sales amount of the previous two years together. These sales of biodiversity products generated 339,030 net days of work and new investments for US\$147,126 in FY2012 (see table 1.1.5). Twenty-two sub-products comprise the project's biodiversity product line, four of which make up 63% of total biodiversity products sales: organic quinoa, classified alpaca fiber, tara pod, and beans (see figure 1.1.5).

Figure 1.1.5 Sales of Biodiversity Products – FY2012



Andean grains (white and color quinoa, and amaranth) have experienced growing international demand, and make up one third of total biodiversity products sales in six ESCs. On the other hand, classified alpaca fiber, which accounts for 18% of total biodiversity products sales, generated 60% of the total employment in biodiversity goods production at project level, showing again its high labor intensive nature.

**Table 1.1.5 Biodiversity Products: Sales, Employment and Investments per Sub-Product
FY2012**

Sub-Product	ESC	Net Sales US\$	Net Days of Work	Investments US\$
Organic Quinoa	Ayacucho, Puno	\$845,296	14,203	\$8,253
Alpaca fiber(classified)	Puno, Cusco, Sierra Norte de Lima-Huánuco, Arequipa	\$708,388	205,417	\$0
Tara pod	La Libertad	\$478,332	16,991	\$0
Beans	Sierra Norte de Lima-Huánuco, Huancavelica	\$390,329	13,201	\$0
Aguaymanto	Ancash	\$243,945	12,376	\$58,383
Quinoa	Arequipa	\$188,439	5,966	\$0
White quinoa	Ayacucho, Puno, La Libertad	\$166,808	2,880	\$33,070
Amaranth grains	Sierra Norte de Lima-Huánuco, La Libertad	\$147,518	8,009	\$47,420
Moss	Junín-Pasco	\$144,342	41,215	\$0
Cusco-style corn	Huancavelica	\$94,853	1,856	\$0
Maca	Junín-Pasco	\$82,427	1,272	\$0
Dried white corn grain	Huancavelica	\$80,959	3,406	\$0
Peeled chestnuts	Madre de Dios	\$69,419	4,116	\$0
Painted mountain corn	Huancavelica	\$58,290	2,053	\$0
Hot pepper	Ancash, Junín-Pasco	\$46,980	1,489	\$0
Vicuña fiber	Huancavelica	\$28,428	1,838	\$0
Color quinoa	Huancavelica, Puno, Ancash	\$21,465	1,001	\$0
Organic sweet potato	Ancash	\$17,833	358	\$0
Live guinea pig	Ancash, Sierra Norte de Lima-Huánuco	\$14,464	947	\$0
Little orange	Junín-Pasco	\$11,275	99	\$0
Purple corn	Huancavelica	\$7,573	333	\$0
Eggfruit	Huancavelica	\$157	3	\$0
Total		\$3,847,522	339,030	\$147,126

1.1.6 Client Company Portfolio

The project’s client portfolio in FY2012 was made up of 118 companies (with a total of 142 business plans with results). The top ten companies by sales amount account for 61% of total net sales: *Laive* (cheese, 12%), *Cecovasa* (coffee, 11%), *Santa Sofía Perú* (asparagus, 9%), *Gloria* (fresh milk, 5%), *Importaciones y Exportaciones Felles* (peach, 5%), *Avícola Pampa Colorada* (live chicken, 4%), *Mafrox* (beef cuts, 4%), *Eurofresh* (organic avocado, organic ginger, organic sweet potato 4%), *Productos del Valle* (beans, fresh avocado,3%), and *Alsur* (artichoke, 3%).

Figure 1.1.6 Top Ten Client Companies in FY2012 by Net Sales (US\$)

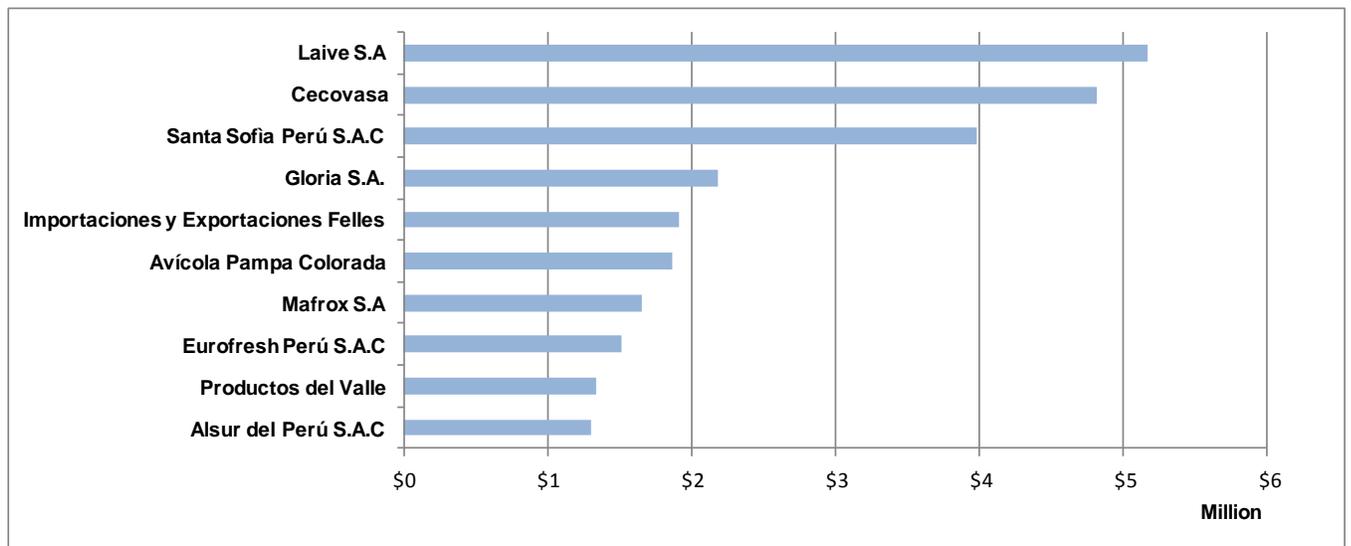


Table 1.1.6 shows all clients’ business plans according to sales, net days of work, and investments in FY2012.

Table 1.1.6 Clients' Business Plans Ranking according to Sales, Jobs and Investments in FY2012

Client	Sub-product	ESC	Net Sales	Net Days of Work	Investments
Total			\$42,062,103	1,866,517	\$2,928,588
Laive S.A	Cheese	Arequipa	\$5,171,313	61,226	\$0
Cecovasa	Organic coffee	Puno	\$4,817,783	128,807	\$0
Santa Sofía Perú S.A.C	Processed asparagus	Ancash	\$3,981,227	202,562	\$0
Importaciones y Exportaciones Felles	Peach	Sierra Norte de Lima-Huánuco	\$1,909,497	45,754	\$189,681
Avícola Pampa Colorada	Live chicken	Ancash	\$1,867,560	6,478	\$0
Mafrox S.A	Beef cuts	Junín-Pasco	\$1,648,068	27,902	\$0
Gloria S.A.	Fresh milk	Cusco	\$1,359,732	299,679	\$60,000
Eurofresh Perú S.A.C	Organic avocado	Ancash	\$1,317,250	29,402	\$0
Alsur del Perú S.A.C	Artichoke (without thorns)	Cusco	\$1,303,541	54,148	\$540,648
Agromantaro S.A.C	Jalapeño chili	Junín-Pasco	\$988,472	11,536	\$0
Aserradero Espinoza S.A	Wooden floor	Madre de Dios	\$844,706	3,648	\$0
Agroindustrias Verdeflor S.A.C	Fresh avocado	Sierra Norte de Lima-Huánuco	\$834,962	12,907	\$284,522
Leocar E.I.R.L	Livestock	Junín-Pasco	\$830,985	30,951	\$0
Gloria S.A.	Fresh milk	Puno	\$817,517	183,708	\$0
Soluciones Avanzadas en Agronegocios Wiraccocha del Perú S.A.C	Organic Quinoa	Ayacucho	\$790,216	13,201	\$0
MPT Trading S.A.C	Organic cocoa	Ayacucho	\$684,742	68,372	\$0
Molinera y Servicios 'Don capullo' SAC	Milled rice	Ancash	\$660,489	11,660	\$0
Productos del Valle	Black eye bean	Sierra Norte de Lima-Huánuco	\$639,879	15,336	\$0
Fairtrasa Perú S.A	Organic avocado	La Libertad	\$591,056	14,822	\$0
La Buena Carne S.A.C	Beef carcass	La Libertad	\$555,926	28,032	\$0
Proval Peru S.A.C	Paprika	Arequipa	\$538,858	34,301	\$29,416
Aviagro S.R.L	Fresh chicken	Cusco	\$490,512	936	\$19,752
Negociaciones Generales Papo E.I.R.L	Tara pod	La Libertad	\$478,332	16,991	\$0
Agroindustrias Verdeflor S.A.C	Fresh avocado	La Libertad	\$398,062	5,527	\$0
Cooperativa Agraria Cafetalera "El Quinacho"	Cocoa grains	Ayacucho	\$388,460	47,730	\$31,811
Productos del Valle	Beans	Sierra Norte de Lima-Huánuco	\$384,151	13,147	\$0
Macedonio Palomino Torres	Textile handicraft	Ayacucho	\$326,555	28,553	\$0
Ponedoras Chanchamayo S.R.L	Chicken eggs	Junín-Pasco	\$314,452	1,419	\$0
Productos del Valle	Fresh avocado	Sierra Norte de Lima-Huánuco	\$314,021	2,556	\$0
Agroindustrias Pilko	Chia	Sierra Norte de Lima-Huánuco	\$303,160	5,606	\$0
Grupo de Productores de Fibra de Alpaca Distritos de Ocongate y Marcapata	Alpaca fiber(classified)	Cusco	\$248,125	80,566	\$0

Frudersel S.R.L	Aguaymanto	Ancash	\$240,457	12,205	\$58,383
Fairtrasa Perú S.A	Fresh avocado	La Libertad	\$232,249	2,910	\$0
SPAR Macusani	Alpaca fiber (classified)	Puno	\$230,482	54,730	\$0
Ecoandino S.A.C	Organic cacao grains and derivatives	Junín-Pasco	\$223,182	15,621	\$1,190,934
Expagroma	Quinoa	Arequipa	\$188,439	5,966	\$0
Dalmacia S.A.C	Timber flooring	Madre de Dios	\$184,559	2,414	\$75,658
Sun Packers S.R.L	Black eye bean	La Libertad	\$178,028	5	\$0
Agromantaro S.A.C	Canned artichoke	Junín-Pasco	\$173,784	7,415	\$0
Eurofresh Perú S.A.C	Organic ginger	Junín-Pasco	\$173,548	1,617	\$15,175
Multiservicios Pillaca	Live sheep	Sierra Norte de Lima-Huánuco	\$156,938	20,797	\$0
Piscigranja Bernuy	Trout fingerlings	Junín-Pasco	\$153,784	848	\$0
Asociación de Ganaderos Jesús	Cheese and other dairy products	Sierra Norte de Lima-Huánuco	\$147,383	3,446	\$0
Inka Moss S.A.C.	Moss	Junín-Pasco	\$144,342	41,215	\$0
Enchape Sur Oriente	Decorative veneers	Madre de Dios	\$141,635	2,192	\$0
Corforest S.R.L	Wooden floor	Madre de Dios	\$131,878	4,302	\$55,000
Arcofi Perú S.A.C	Whole and gutted trout	Sierra Norte de Lima-Huánuco	\$130,403	964	\$0
Masa Dorada S.A.C	Bakery products	Ayacucho	\$124,238	3,299	\$0
Comunidad Nativa Bélgica	Timber	Madre de Dios	\$123,877	5,612	\$0
Maderera Tawari	Wooden floor	Madre de Dios	\$119,330	729	\$69,124
Vinculos Agrícolas E.I.R.L	Choclo corn	Cusco	\$105,569	3,431	\$0
Michell y Cía.	Alpaca fiber (classified)	Sierra Norte de Lima-Huánuco	\$105,384	31,597	\$0
Piscigranja Bernuy	Gutted trout	Junín-Pasco	\$99,040	650	\$2,634
Icatom S.A	Fresh haba beans	Ayacucho	\$99,033	35,202	\$0
El altiplano S.A.C	White quinoa	Puno	\$89,958	1,212	\$33,070
Capsicum Andino	Tabasco chili	La Libertad	\$87,269	3,489	\$0
Totus Lynda S.A.C	Amaranth grains	La Libertad	\$85,088	5,092	\$47,420
La Buena Carne S.A.C	Cowhide and viscera	La Libertad	\$83,680	0	\$0
Junta Administrativa de Tolconi	Alpaca fiber (classified)	Arequipa	\$82,448	22,934	\$0
Koken del Perú S.R.L	Maca	Junín-Pasco	\$82,427	1,272	\$0
Arapa S.A.C	Trout	Puno	\$82,201	93	\$0
Apram de Choclococha	Dried white corn grain	Huancavelica	\$80,959	3,406	\$0
Grupo de Maricultores	Peruvian scallops	Ancash	\$80,539	3,027	\$0
Aljoex	Fresh avocado	Arequipa	\$78,920	1,269	\$0
Titikaka Trout	Gutted trout	Puno	\$75,343	567	\$83,269
Agroindustrial La Joya S.A.C	Cheese and other dairy products	La Libertad	\$74,170	1,731	\$0
Trasandina Comercial del Perú S.A.C.	Trout	Puno	\$73,083	812	\$0

Juan Sairitupac Huarcaya	Cusco-style corn	Huancavelica	\$72,377	1,635	\$0
Ascart	Peeled chestnuts	Madre de Dios	\$69,419	4,116	\$0
Ganaderia El Rosario	Cheese and other dairy products	Puno	\$67,917	1,577	\$0
Agroindustrias Pilko	Amaranth grains	Sierra Norte de Lima-Huánuco	\$62,430	2,917	\$0
Inca Agribusiness S.A.C	Fresh ginger	Junín-Pasco	\$60,000	839	\$0
Servicios e Inversiones Rodal S.R.L	Dry broad bean	La Libertad	\$58,534	2,001	\$0
Turmanye Foods S.A.C	Painted mountain corn	Huancavelica	\$58,290	2,053	\$0
Niisa Corporation	Organic quinoa	Puno	\$55,080	1,002	\$8,253
Truchas de Laguna de Canrash	Gutted trout	Ancash	\$54,002	667	\$0
Soluciones Avanzadas en Agronegocios Wiraccocha del Perú S.A.C	White quinoa	Ayacucho	\$50,984	924	\$0
PQ Snacks S.A.C	Dry braod bean	Huancavelica	\$44,586	1,971	\$0
Biomozzarella S.R.L	Mozzarella cheese	Arequipa	\$43,404	1,019	\$0
Multinegocios Charey S.A.C.	Beans	La Libertad	\$41,641	831	\$0
Perú Madera S.A.C	Dimensional lumber	Madre de Dios	\$38,960	451	\$0
Ecomusa Jebe del Map	Rubber sheeting	Madre de Dios	\$36,433	2,978	\$7,020
SAIS Kenamari	Alpaca fiber (classified)	Puno	\$34,001	12,872	\$0
Grupo de Productores de Mango Criollo de Patay y Cochorco	Mango	La Libertad	\$33,657	1,516	\$0
Grupo de Productores del Distrito de Cajacay	Hot pepper	Ancash	\$30,722	973	\$0
MPT Trading S.A.C	Organic coffee	Ayacucho	\$29,468	1,868	\$0
Comunidad Campesina de Huachocolpa	Vicuña fiber	Huancavelica	\$28,428	1,838	\$0
Avícola Yuracyacu	Chicken	La Libertad	\$27,898	52	\$4,208
Fairtrasa Perú S.A	Mango	La Libertad	\$27,793	614	\$0
Totus Lynda S.A.C	White quinoa	La Libertad	\$25,866	744	\$0
Avícola Chagual	Chicken	La Libertad	\$25,667	50	\$10,895
Artesanía Ibrahim	Textile handicraft	Cusco	\$24,335	810	\$0
Ponedoras Chanchamayo S.R.L	Hen	Junín-Pasco	\$24,143	0	\$0
Pronasel S.R.L	Cusco-style corn	Huancavelica	\$22,476	221	\$0
Ayniart E.I.R.L	Textile handicraft	Cusco	\$21,308	711	\$0
Narevi Alpaca Collection S.R.L	Textiles(by power loom)	Arequipa	\$20,844	665	\$0
Los Pantanos de Yalen	Fresh trout	La Libertad	\$20,825	79	\$17,385
Asociación Ecológicos Agrarios Forestales y Acuícolas Heredías	Watermelon	Madre de Dios	\$19,958	305	\$0
Artesanías Sumac Perú S.R.L	Sweaters and accessories	Puno	\$19,494	837	\$0
Láctea S.A	Cheese and other dairy products	Junín-Pasco	\$19,176	457	\$0
Beder Condo - Acop. GLORIA	Fresh milk	Ancash	\$19,156	3,653	\$0

San Roque Import-Export E.I.R.L	Textile handicraft	Sierra Norte de Lima-Huánuco	\$19,126	635	\$0
Ascart	Chestnut processing services	Madre de Dios	\$17,833	1,687	\$0
Eurofresh Perú S.A.C	Organic sweet potato	Ancash	\$17,833	358	\$0
Ganadería y Comercio del Centro S.R.L	Raw wool	Sierra Norte de Lima-Huánuco	\$16,518	1,440	\$0
Trans Import Sergio S.A.C	Hot pepper	Junín-Pasco	\$16,258	517	\$0
Asociación Criaderos de Ovinos Corriedale Puerto Arturo	Raw wool	Puno	\$15,583	879	\$0
Wiracocha del Perú S.A.C	Color quinoa	Huancavelica	\$12,246	649	\$0
Eco Soluciones S.A.C	Live guinea pig	Ancash	\$12,233	810	\$0
Corporación Nativa EIRL	Textile handicraft	Arequipa	\$12,155	1,314	\$0
Industrias Aquafood S.A.C	Fresh and gutted trout	Huancavelica	\$11,477	140	\$248
Asociación de Productores Agroecológicos Alto Navarra -APAN	Little orange	Junín-Pasco	\$11,275	99	\$0
Agroservice Flores	Fresh milk	La Libertad	\$11,137	2,581	\$0
Capsicum Andino S.A.C	Tabasco chili	Junín-Pasco	\$9,711	499	\$0
Taller de Tejidos a Telar Tuky Ruracc	Apparel	Huancavelica	\$9,200	1,019	\$0
Abelardo Chávez Gallegos	Recycled plastic flakes	Madre de Dios	\$9,131	280	\$0
COSESPI Pinaya	Alpaca fiber (classified)	Puno	\$7,948	2,717	\$0
Agrocóndor S.R.L	Purple corn	Huancavelica	\$7,573	333	\$0
Royal Knit S.A.C	Textiles (by power loom)	Cusco	\$6,564	731	\$0
Máximo Silva Aguirre	Strawberry	Sierra Norte de Lima-Huánuco	\$6,535	159	\$0
Agrupación de Productores de Ocoyo	Beans	Huancavelica	\$6,178	54	\$0
El Altiplano S.A.C	Color quinoa	Puno	\$5,892	143	\$0
Comunidad Campesina de Acoyo	Hass avocado	Huancavelica	\$5,589	211	\$0
Biomozzarella S.R.L	Butter	Arequipa	\$5,285	2,446	\$0
Intexa E.I.R.L.	Apparel	Puno	\$5,020	218	\$0
Asociación de Productores Agrícolas del Distrito de Cochorco	Fresh avocado	La Libertad	\$4,982	130	\$0
Agroindustria Sernambi del Acre - CN BELGICA	Rubber sheeting	Madre de Dios	\$4,891	465	\$0
Asoc. Forestal Indígena de Madre de Dios AFIMAD	Native trinkets (jewelry)	Madre de Dios	\$4,715	790	\$0
Piscigranjas Municipales	Trout	Ancash	\$4,585	100	\$0
Asociación de Artesanas Orko Kraft	Apparel	Arequipa	\$4,190	470	\$0
Perú Madera S.A.C	Wood sawing and drying services	Madre de Dios	\$3,999	150	\$0
Grupo de Artesanas Makkys	Apparel	Huancavelica	\$3,813	414	\$0
Empresa de Derivados Lácteos Marsh	Yogurt	Sierra Norte de Lima-Huánuco	\$3,573	320	\$0
JB Servicom S.A.C	Aguaymanto	Ancash	\$3,488	171	\$0

S&M Foods	Color quinoa	Ancash	\$3,326	209	\$0
Proalica S.A.C	Processed vegetables	Arequipa	\$2,377	152	\$35,858
Granja de Cuyes Paraíso	Live guinea pig	Sierra Norte de Lima-Huánuco	\$2,231	137	\$0
Asociación Qampan Art	Apparel	Huancavelica	\$1,913	213	\$0
Biomozzarella S.R.L	Fresh cheese	Arequipa	\$1,658	39	\$0
David Baez Anaya	Dried Peppermint	Ayacucho	\$936	4	\$0
Andrea Irma Meza Luna	Textile handicraft	Sierra Norte de Lima-Huánuco	\$438	48	\$0
Ecoandino S.A.C.	Eggfruit	Huancavelica	\$157	3	\$0
G y G Negociaciones S.R.L	Wood handles	Madre de Dios	\$0	0	\$5,690
Multiservicios El Califa	Chestnut processing services	Madre de Dios	\$0	0	\$1,736
G y G Negociaciones S.R.L	Fiber-cement boards	Madre de Dios	\$0	0	\$50,797

1.1.7 Exports

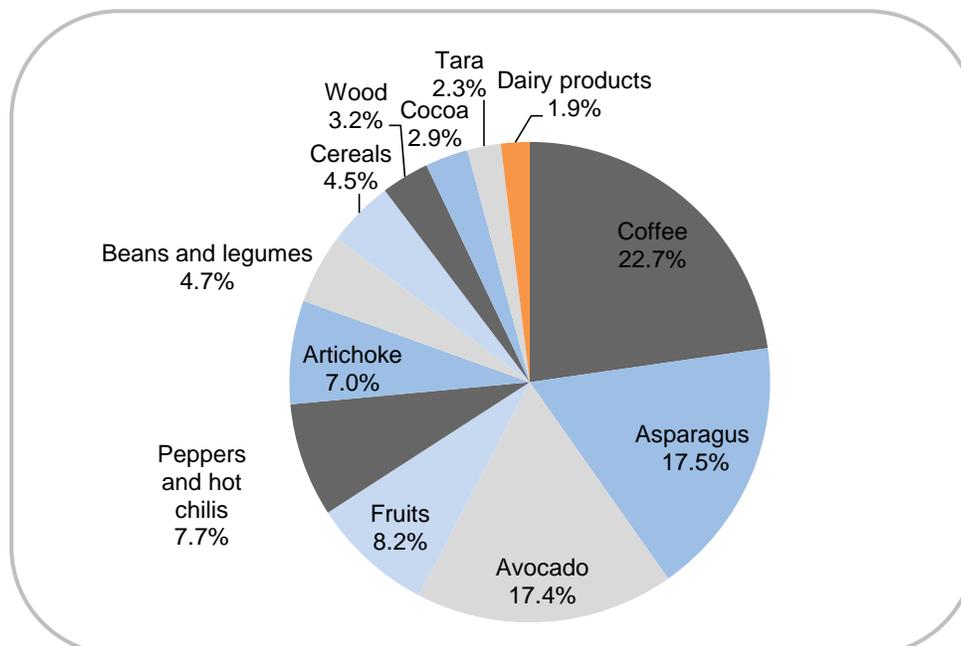
FY2012 total exports amounted to US\$21.9 million, 52% of total net sales. Whilst all ten ESCs registered exports, five of them were more geared towards international markets: Puno, Sierra Norte de Lima-Huánuco, La Libertad, Ancash, and Ayacucho (see table 1.1.7).

Table 1.1.7 FY 2012 Exports

ESC	Exports	Net Sales	%
Puno	\$5,481,649	\$6,397,303	86%
Ancash	\$5,127,859	\$8,292,867	62%
Sierra Norte de Lima-Huánuco	\$3,596,453	\$5,036,628	71%
La Libertad	\$1,992,789	\$3,041,860	66%
Junín-Pasco	\$1,653,069	\$4,972,647	33%
Cusco	\$1,350,698	\$3,559,687	38%
Ayacucho	\$1,311,866	\$2,494,631	53%
Madre de Dios	\$794,304	\$1,751,325	45%
Arequipa	\$548,465	\$6,149,892	9%
Huancavelica	\$87,466	\$365,262	24%
Total	\$21,944,618	\$42,062,103	52%

Twenty-three product categories were exported in FY2012. Six of them account for 78% of total exports: coffee, asparagus, avocado, fruits, peppers and hot chilis, and artichoke (see figure 1.1.7).

Figure 1.1.7 Main Export Products in FY 2012



1.1.8. Net Sales vs. Targets in Priority Zones

Three MOUs with private resource partners ended during FY2012: Ancash ESC's Antamina and Barrick, and Puno ESC's Minsur. Sales targets were exceeded in the Ancash-Antamina priority zone (387% of the target), and the Puno-Minsur priority zone (143%) during the life of the MOUs (see table 1.1.8). Two other MOUs have been finished before the MOU's term: Cusco and Madre de Dios ESCs' Odebrecht, and Sierra Norte de Lima-Huánuco ESC's Raura, given the decision of these resource partners to take on responsibility for the businesses in their priority zones.

Producing results in the resource partners' priority zones has been much more difficult than achieving results in the project's extended areas given the limited potential of production growth in high altitude zones. The portfolio of products with production potential in high altitudes is primarily limited to Andean grains, potato, maca, alpaca fiber, trout, guinea pigs, and dairy products, which added to the lack of adequate infrastructure, makes it more difficult for the project to achieve sales and job targets. Particularly special attention is now being placed in these areas in order to offset their comparative disadvantages in relation to the extended areas where more opportunities for economic growth are available. Promoters have been urged to be more creative and innovative in identifying business opportunities and ventures under the PRA approach. They are also assessing and adapting to specific business particularities in the resource partners' priority zones: local business conditions such as only cash payment requirements, land excessive subdivision, or production specialization in very traditional goods.

In the four corridors where private resource partners are still funding PRA operations (Arequipa, Huancavelica, La Libertad, and Sierra Norte de Lima) there is still room for target meeting since their target period extends beyond December 2012. In particular, La Libertad ESC's priority zones and Sierra Norte de Lima-Huánuco ESC's priority zones have promising performance prospects for the project.

Table 1.1.8 Cumulative Net Sales vs. Sales Targets in Resource Partners' Priority Zones

ESC	Priority Zone	Target Period	Target	Cumulative Sales Results	% Target Achieved
Ancash	Antamina's Priority Zone	Jan 2010 – Dec, 2011	\$1,559,091	\$6,027,298	387%
	Barrick's Priority Zone	Jan 2010 – Dec, 2011	\$342,700	\$54,568	16%
Puno	Minsur's Priority Zone	Feb 2010 – Jan 2012	\$575,000	\$821,852	143%
Cusco	Odebrecht's Priority Zone	Mar 2010 – Feb 2013	\$1,355,000	465,704	34%
Madre de Dios	Odebrecht's Priority Zone	Mar 2012 – Feb 2013	\$2,493,200	\$2,096,961	84%
Sierra Norte de Lima - Huánuco	Raura's Priority Zone	Jul 2010 - Jun 2013	\$1,200,000	\$391,551	33%
	Buenaventura's Priority Zone	Jul 2010 - Jun 2013	\$1,560,000	\$204,981	13%
	Los Quenuales's Priority Zone	Jul 2010 - Jun 2013	\$1,960,000	\$501,098	26%
Huancavelica	Buenaventura's Priority Zone	Feb 2010 – Jan 2013	\$1,158,321	\$96,442	8%
Arequipa	Buenaventura's Priority Zone	Aug 2010 – Aug 2013	\$867,277	\$76,546	9%
La Libertad	Barrick's Priority Zone	Aug 2010 – Aug 2013	\$2,202,945	\$269,085	12%
	Barrick's Indirect Priority Zone	Aug 2010 – Aug 2013	\$2,626,199	\$546,422	21%
	Poderosa's Priority Zone	Jan 2011 – Jan 2014	\$434,977	\$132,902	31%
	Poderosa's Indirect Priority Zone	Jan 2011 – Jan 2014	\$664,140	\$494,444	74%

1.2. Cumulative Results (FY2010-FY2012)

Over the last three years, the project managed to generate sales for a total of US\$68 million, 2.98 million net days of work (27% of which are female), and US\$4.89 million in net investments, reaching 11,739 beneficiaries (see table 1.2.1).

**Table 1.2.1 Cumulative Net Sales, Employment, Investments, and Beneficiaries
(October 2009-September 2012)**

ESC	Net Sales US\$	Net Days of Work			Investments US\$	Number of Beneficiaries
		Total	Male	Female		
Ancash	16,622,091	570,200	441,069	129,131	531,376	939
Junín-Pasco	9,490,516	251,582	178,783	72,799	1,488,848	395
Arequipa	8,456,471	188,055	155,328	32,727	118,984	786
Puno	8,184,356	516,050	385,910	130,140	125,903	2,408
Sierra Norte de Lima- Huánuco	7,611,324	243,249	179,212	64,038	648,209	964
Ayacucho	6,148,008	411,730	290,853	120,876	138,986	1,308
La Libertad	4,199,600	119,109	88,412	30,697	166,756	819
Cusco	4,081,443	541,473	353,334	188,138	1,359,777	2,525
Madre de Dios	2,263,158	40,185	35,155	5,030	318,744	202
Huancavelica	1,293,354	99,944	74,402	25,542	248	1,393
Total	68,350,320	2,981,576	2,182,458	799,118	4,897,831	11,739

Five ESCs –Ancash, Junín-Pasco, Arequipa, Puno, and Sierra Norte de Lima-Huánuco account for 74% of total cumulative net sales. Four ESCs account for 68% of total cumulative employment: Ancash, where asparagus has been a great job generator; Cusco and Puno, where the milk and alpaca businesses have been tremendous employment drivers and have reached the greatest numbers of beneficiaries per ESC; and Ayacucho, where the cacao business created a significant number of jobs.

As of September 2012, the project has achieved 76% of its five-year sales target, 55% of the employment target, and 61% of the investments target (see table 1.2.2).

**Table 1.2.2 Cumulative Net Sales, Employment, and Investments as of September 2012
vs. Five-Year Targets**

	Net Sales (US\$)	New Jobs	Investments (US\$)
Cumulative Results as of September 30, 2012	68,350,320	14,908	4,897,831
Five-year target	90,000,000	27,000	8,000,000
% Target Achieved	76%	55%	61%

Chapter 2

The Economic Service Centers

In FY2012 the Economic Service Centers (ESCs) yielded significant results, altogether exceeding the project's annual overall sales target by 44%. The Ancash, Puno, Arequipa, Sierra Norte de Lima-Huánuco, and Junín-Pasco ESCs were great new sales contributors (see table 2.0). The Cusco and Puno ESCs alone generated 45% of the total new employment. And the Junín-Pasco and Cusco ESCs concentrated 62% of all new private investments.

Table 2.0 FY2012 Sales, Employment, and Investments per ESC

ESC	Net Sales	%	Net Days of Work	%	Investments	%
Ancash	\$8,292,867	20%	272,275	15%	\$58,383	2%
Puno	\$6,397,303	15%	390,174	21%	\$124,592	4%
Arequipa	\$6,149,892	15%	131,800	7%	\$65,274	2%
Sierra Norte de Lima-Huánuco	\$5,036,628	12%	157,768	8%	\$474,203	16%
Junin-Pasco	\$4,972,647	12%	142,857	8%	\$1,208,742	41%
Cusco	\$3,559,687	8%	441,013	24%	\$620,400	21%
La Libertad	\$3,041,860	7%	87,198	5%	\$79,909	3%
Ayacucho	\$2,494,631	6%	199,154	11%	\$31,811	1%
Madre de Dios	\$1,751,325	4%	30,118	2%	\$265,026	9%
Huancavelica	\$365,262	1%	14,159	1%	\$248	0%
Total	\$42,062,103	100%	1,866,517	100%	\$2,928,588	100%

Due to a foreseeable reduction in the project's funding, six ESCs were closed down by the end of FY2012: Ayacucho and Junín-Pasco where there were no private resource partners; Ancash and Puno, whose private resource partners' alliances had finished; and Cusco and Madre de Dios, whose private resource partner Odebrecht had decided to take on responsibility for the businesses in its priority zones.



**ANCASH
ECONOMIC SERVICE CENTER**

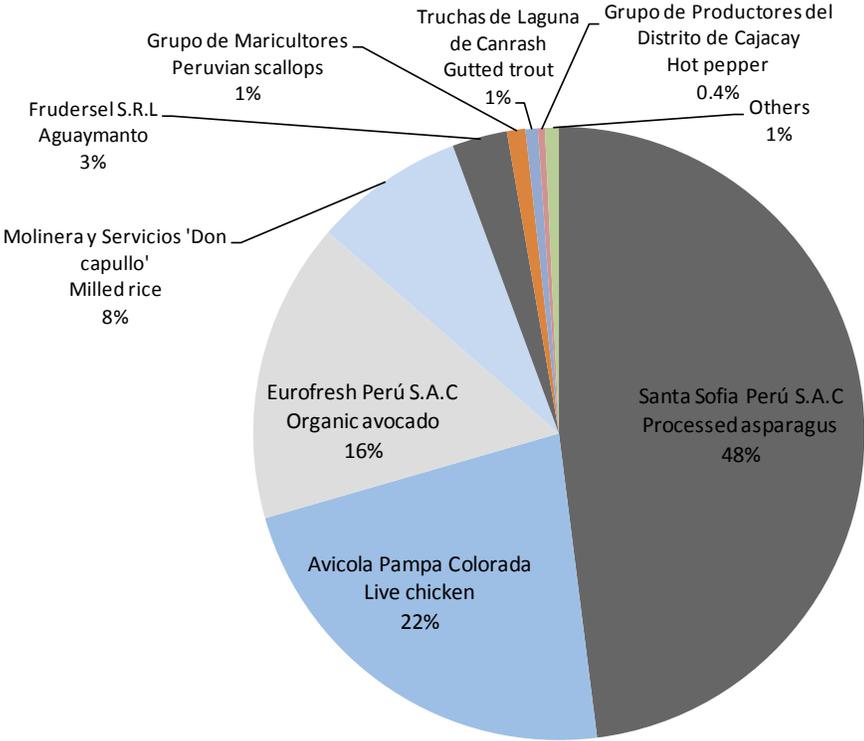
2.1 Ancash ESC

The Ancash ESC was the main contributor to the project’s total sales for the third consecutive year accounting for one fifth of total sales in FY2012. The ESC’s net sales of US\$8.3 million exceeded its annual sales target of US\$6.2 million by 33%, and the corresponding 199,119 net days of work surpassed the yearly employment target by 37% (see table 2.1.1).

Table 2.1.1 Ancash ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$8,292,867	\$6,214,446	133%
Net Days of Work	272,275	199,119	137%
Investments	\$58,383	\$366,607	16%

Figure 2.1.1 Ancash ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



Of the fourteen businesses of the Ancash ESC's portfolio in FY2012, *Santa Sofía's* processed asparagus was, once again, the most important business in the corridor, accounting for 48% of the annual net sales and 74% of the employment at corridor level, a clear evidence of the high labor-intensive nature of this business (see figure 2.1.1 and table 2.1.2). *Avícola Pampa Colorada's* live chicken is a new business that has contributed with 23% of the Ancash ESC's annual sales. *Eurofresh* continued growing its avocado and sweet potato (both organic) businesses and contributed with 16% of the ESC's annual sales and 11% of its new employment.

Table 2.1.2 Ancash ESC: FY 2012 Sales, Employment, and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Santa Sofia Perú S.A.C	Asparagus	Processed asparagus	\$3,981,227	202,562	\$0
Avícola Pampa Colorada	Poultry	Live chicken	\$1,867,560	6,478	\$0
Eurofresh Perú S.A.C	Avocado	Organic avocado	\$1,317,250	29,402	\$0
Molinera y Servicios 'Don capullo' Sociedad Anónima Cerrada	Rice	Milled rice	\$660,489	11,660	\$0
Frudersel S.R.L	Fruits	Aguaymanto	\$240,457	12,205	\$58,383
Grupo de Maricultores	Hydrobiological products	Peruvian scallops	\$80,539	3,027	\$0
Truchas de Laguna de Canrash	Trout	Gutted trout	\$54,002	667	\$0
Grupo de Productores del Distrito de Cajacay	Peppers and hot chilis	Hot pepper	\$30,722	973	\$0
Beder Condo - Acop. GLORIA	Dairy products	Fresh milk	\$19,156	3,653	\$0
Eurofresh Perú S.A.C	Sweet potato	Organic sweet potato	\$17,833	358	\$0
Eco Soluciones S.A.C	Guinea pig	Live guinea pig	\$12,233	810	\$0
Piscigranjas Municipales	Trout	Trout	\$4,585	100	\$0
JB Servicom S.A.C	Fruits	Aguaymanto	\$3,488	171	\$0
S&M Foods	Cereals	Color quinoa	\$3,326	209	\$0
Total			\$8,292,867	272,275	\$58,383

Although the memoranda of understanding signed by USAID and resource partners Antamina and Barrick have already ended, both companies are still supporting businesses in their priority zones in Ancash in collaboration with the PRA project. Table 2.1.3 shows the net sales in those priority zones between January and September 2012.

Table 2.1.3 Ancash ESC: Net Sales in Resource Partners' Priority Zones January-September 2012

Priority Zone	Net Sales
Antamina's Priority Zone	\$2,977,168
Barrick's Priority Zone	\$25,401



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

Aguaymanto: Creating Opportunities from an Untapped Native Biodiversity Resource

Physalis Peruviana is known by many names: aguaymanto, capulí, uchuva, Inka berry or golden berry. It is now creating many opportunities for the people of San Marcos in the Ancash region.



Photo: Pavel Robles

“I am happy because we have a secure buyer who is paying us pretty well, and we are even learning to make jam with damaged berries. With the income from aguaymanto we are building new rooms in my house”- Lidia Robles

Aguaymanto is native to Peru’s high-altitude sub-tropical areas, where several fruit species grow wild. Until a few years ago, Aguaymanto was consumed casually and sold in markets only occasionally. However, lately it has become an important crop and its cultivation is being introduced widely in temperate areas of the Peruvian highlands.

In San Marcos, a little community in the vicinity of Antamina Mining Company, the introduction of Aguaymanto cultivation is changing extensive monotonous farming and bringing more opportunities to people who used to abandon their lands to go to work in the mines.

USAID’s Poverty Reduction and Alleviation (PRA) Project is supporting small producers by providing technical assistance and connecting them with a secure market. Currently there are around 67 small farmers from San Marcos and neighboring communities who are returning to their lands to cultivate this native berry.

“Before the PRA Project came, I used to grow corn and wheat for self-consumption. Now I have 250 aguaymanto plants and I am learning a lot about this new crop”, says Lidia Robles, who has become an aguaymanto producer in San Marcos.

As part of the PRA intervention in this Antamina Mining Company area of influence, producers are becoming linked to FRUDERSEL. This company not only secures monthly aguaymanto orders, but also supports local producers via financing and acquisition of farming material.

FRUDERSEL reported sales for US\$240,457 in FY 2012 and is creating around 12,200 net days of work.

“I am happy because we have a secure buyer who is paying us pretty well, and we are even learning to make jam with damaged berries. With the income from aguaymanto we are building new rooms in my house”, explains Ms. Robles.

Aguaymanto is an important biodiversity product that outstands for its proven anti-inflammatory and antioxidant properties. The market for this berry is just starting to grow, and may turn into a very lucrative and sustainable alternative for small farmers who were not using their lands effectively.



**AREQUIPA
ECONOMIC SERVICE CENTER**

2.2 Arequipa ESC

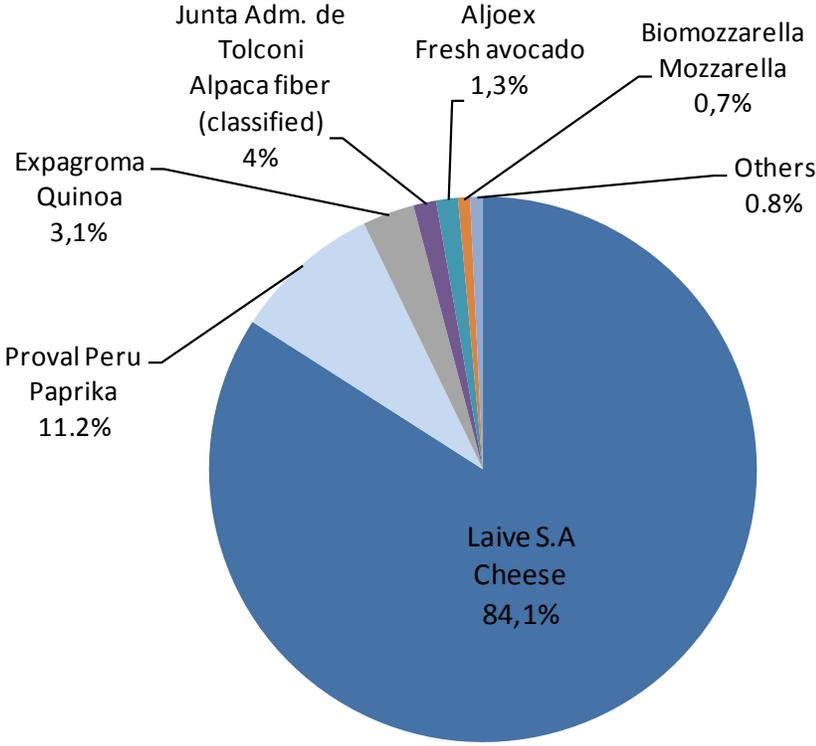
Arequipa ESC’s contribution to the project’s sales has been growing. In FY2012 its contribution reached 15% of total sales with US\$6.1 million, surpassing its annual target by 83% (see table 2.2.1). Likewise, the 131,800 net days of work exceeded the yearly employment target by 69%.

Table 2.2.1 Arequipa ESC: FY 2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$6,149,892	\$3,358,815	183%
Net Days of Work	131,800	77,899	169%
Investments	\$65,274	\$200,000	33%

Arequipa ESC’s business portfolio is made up of ten client organizations and twelve business plans and sub-products (see figure 2.2.1 and table 2.2.2.).

Figure 2.2.1 Arequipa ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



Laive dairy company was by far the largest contributor to Arequipa ESC's annual net sales. Its cheese production accounts for 84% of the corridor's sales and 46% of the new employment generated. *Laive* managed to gather milk from farmers located in high altitude and remote zones of the Castilla and Caylloma provinces, increasing its cheese production by 10%.

On the other hand, *Biomozzarella* is gathering 1.5 thousand liters of milk daily in the high Andean zones of Castilla province, transforming it into mozzarella and fresh cheese and butter, and selling these products in the domestic market. *Biomozzarella*'s first net sales in FY2012 reached \$50,348.

The Arequipa ESC continued working with its alpaca fiber client *Junta de Administración de Tolconi* which involves alpaca farmers from four zones in Chachas, Castilla province, including resource partner *Buenaventura*'s priority zone. The ESC has helped its client better integrate with the alpaca processing companies located upward in the regional value chain and has provided it with technical assistance to increase the alpaca fiber's value added. In FY2012, the alpaca business contributed with 17% of the total employment generated in the corridor.

Proval Perú's paprika business contributed with 26% of the new employment and 9% of the ESC's net sales. The project managed to link small paprika producers with *Proval Perú*. Processed paprika has been successfully exported to Spain.

Table 2.2.2 Arequipa ESC: FY2012 Sales, Employment, and Investments per Client

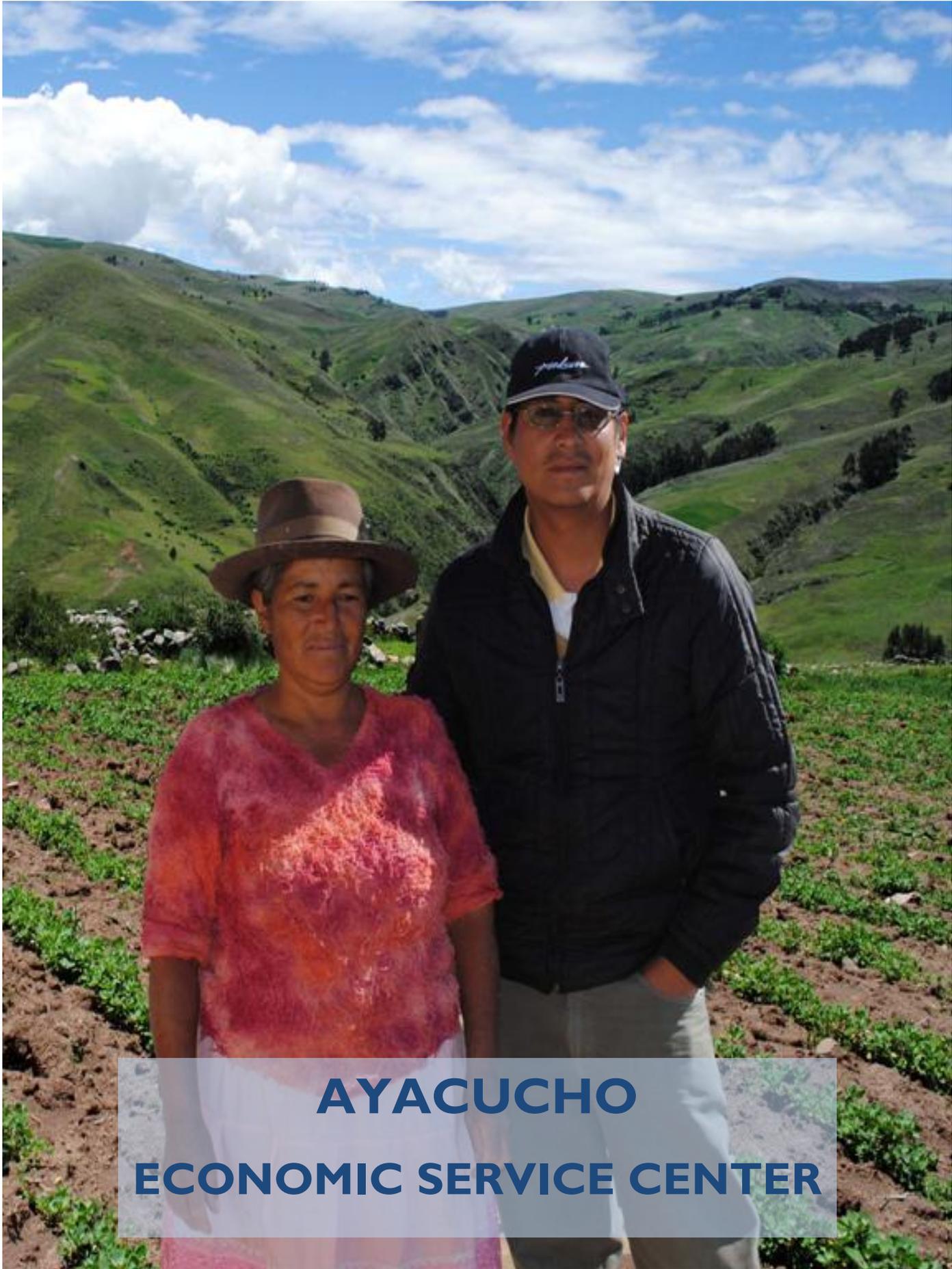
Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Laive S.A	Dairy products	Cheese	\$5,171,313	61,226	\$0
Proval Peru S.A.C	Peppers and hot chilis	Paprika	\$538,858	34,301	\$29,416
Expagroma	Cereals	Quinoa	\$188,439	5,966	\$0
Junta Administrativa de Tolconi	Fiber and wool	Alpaca fiber (classified)	\$82,448	22,934	\$0
Aljoex	Avocado	Fresh avocado	\$78,920	1,269	\$0
Biomozzarella S.R.L	Dairy products	Mozzarella	\$43,404	1,019	\$0
Narevi Alpaca Collection S.R.L	Apparel	Textiles (by power loom)	\$20,844	665	\$0
Corporación Nativa EIRL	Handicrafts and Household goods	Textile handicraft	\$12,155	1,314	\$0
Biomozzarella S.R.L	Dairy products	Butter	\$5,285	2,446	\$0
Asociación de Artesanas Orko Kraft	Apparel	Apparel	\$4,190	470	\$0
Proalica S.A.C	Vegetables	Processed vegetables	\$2,377	152	\$35,858
Biomozzarella S.R.L	Dairy products	Fresh cheese	\$1,658	39	\$0
Total			\$6,149,892	131,800	\$65,274

The project has helped boost regional quinoa production. New exporting companies have settled in Arequipa, expanding the processing capacity to three plants with an involved investment of US\$500 thousand. The technical assistance and technological package the project has provided local quinoa farmers with has helped increase productivity and quality of this Andean grain. PRA client *Expagroma* generated quinoa sales for \$188,439 in FY2012.

Sales in resource partner Buenaventura’s priority zone reached \$2,402 or 1% of the September 2012-August 2013 target (see table 2.2.3).

Table 2.2.3 Arequipa: Net Sales vs. Targets in Resource Partners’ Priority Zones

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Buenaventura's Priority Zone	September 2012 - August 2013	\$448,216	\$2,402	1%



**AYACUCHO
ECONOMIC SERVICE CENTER**

2.3 Ayacucho ESC

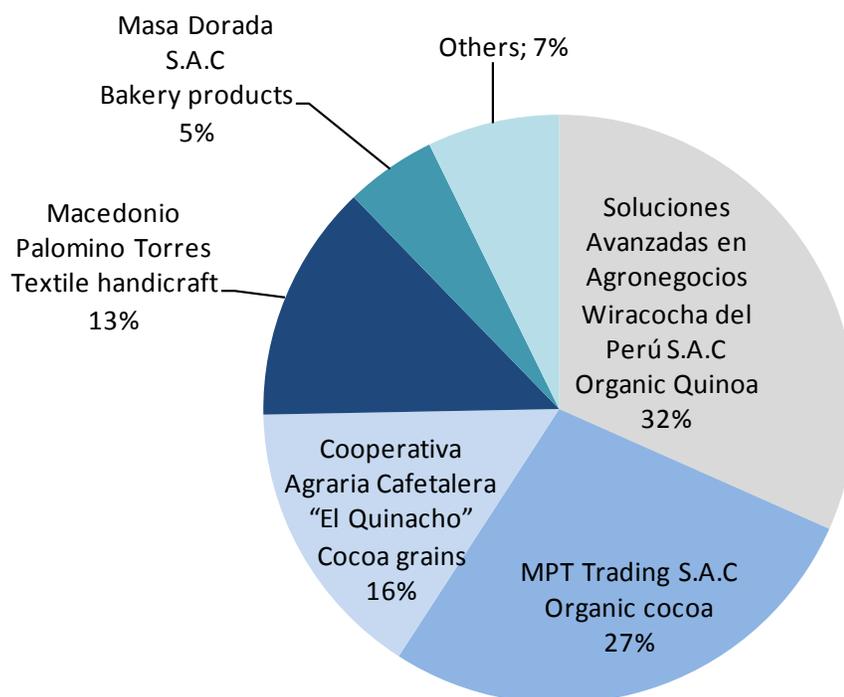
Ayacucho ESC contributed with 6% of total sales and 11% of total new jobs at project level. Net sales reached US\$2.5 million in FY2012, exceeding the annual target by 13% (see table 2.3.1). Net days of work were 199,154, surpassing the yearly employment aim by 62%.

Table 2.3.1 Ayacucho ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$2,494,631	\$2,210,666	113%
Net Days of Work	199,154	123,079	162%
Investments	\$31,811	\$81,000	39%

Ayacucho ESC's client portfolio is made up of seven companies and nine business plans with results in FY2012 (see table 2.3.2 and figure 2.3.1).

Figure 2.3.1 Ayacucho ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



In FY2012 the Ayacucho ESC continued working with client company *Soluciones Avanzadas en Agronegocios Wiraccocha del Perú* –“Wiraccocha”- and small farmers in the growing of organic quinoa. The company has been the first one to successfully grow and certify 200 hectares of red, white, and black quinoa, managing to export 165 tons of quinoa to the US market. In FY2012 *Wiraccocha* contributed with 34% of the ESC’s annual sales, predominantly organic quinoa.

Cocoa is a significant product the Ayacucho ESC has firmly supported. Its high labor-intensive nature has helped create a great number of jobs in the VRAE (Apurímac and Ene Rivers Valley) in the high Amazon forest of Ayacucho. *MPT Trading’s* organic cocoa accounts for 27% of the net sales and 34% of the employment generated in the corridor, and *Cooperativa Agraria Cafetalera “El Quinacho”*’s cocoa grains contribute with 16% of net sales and 24% of new jobs at the Ayacucho corridor. The project’s technical assistance has helped “*El Quinacho*” increase its export volumen by 34% from 974.60 tons to 1,273 tons.

Table 2.3.2 Ayacucho ESC: FY2012 Sales, Employment, and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Soluciones Avanzadas en Agronegocios Wiraccocha del Perú S.A.C	Cereals	Organic Quinoa	\$790,216	13,201	\$0
MPT Trading S.A.C	Cocoa	Organic cocoa	\$684,742	68,372	\$0
Cooperativa Agraria Cafetalera “El Quinacho”	Cocoa	Cocoa grains	\$388,460	47,730	\$31,811
Macedonio Palomino Torres	Handicrafts and household goods	Textile handicraft	\$326,555	28,553	\$0
Masa Dorada S.A.C	Processed products	Bakery products	\$124,238	3,299	\$0
Icatom S.A	Beans and legumes	Fresh broad beans	\$99,033	35,202	\$0
Soluciones Avanzadas en Agronegocios Wiraccocha del Perú S.A.C	Cereals	White quinoa	\$50,984	924	\$0
MPT Trading S.A.C	Coffee	Organic coffee	\$29,468	1,868	\$0
David Baez Anaya	Aromatic and medicinal herbs	Dried peppermint	\$936	4	\$0
Total			\$2,494,631	199,154	\$31,811



CUSCO
ECONOMIC SERVICE CENTER

2.4 Cusco ESC

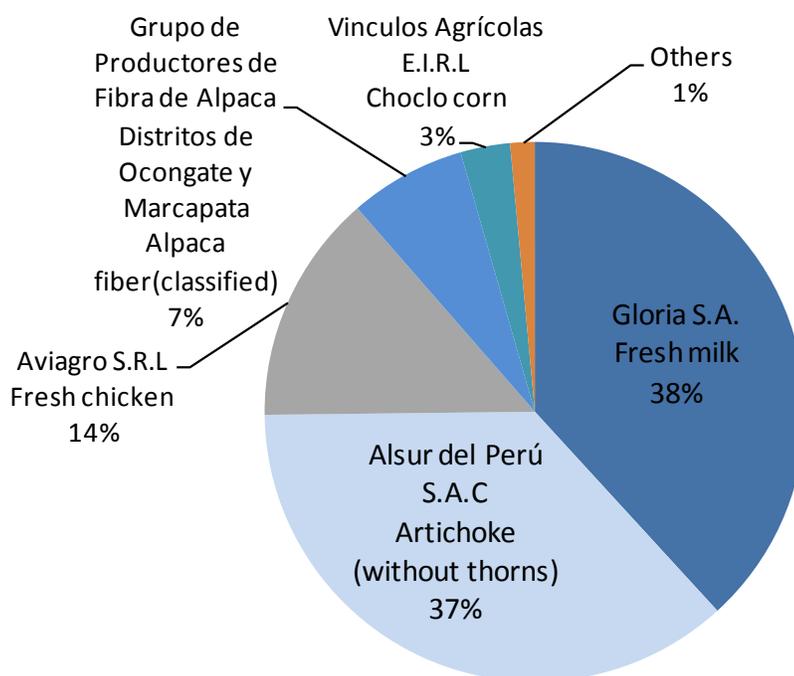
While the Cusco ESC contributed with 8% of total annual sales at project level, it generated 24% of total employment and 21% of the investments in FY2012. Results in the Cusco corridor exceeded the annual targets: sales of US\$3.6 million were 141% of the target; net days of work were 441,013, surpassing the target by 64%; and investments of US\$620,400 were 155% of the target (see table 2.4.1).

Table 2.4.1 Cusco ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$3,559,687	\$2,518,516	141%
Net Days of Work	441,013	268,890	164%
Investments	\$620,400	\$400,000	155%

Eight companies reported results in the Cusco corridor during FY2012 (see table 2.4.2 and figure 2.4.1).

Figure 2.4.1 Cusco ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



Cusco ESC's large contribution to the project's new employment generation is based on three high labor-intensive businesses: *Gloria's* milk, *Group of Alpaca Fiber Producers from Ocongate and Marcapata's* alpaca fiber, and *Alsur's* artichoke, which account for 82% of Cusco ESC's net sales and 98% of its new jobs (see table 2.4.2).

The Cusco ESC managed to integrate nearly one thousand dairy farmers from three different dairy basins with *Gloria*. The ESC's technical assistance was focused on three areas: significant quality improvement (sanitary deficiencies were reduced), productivity increase by 10%, and genetic upgrading (400 calves have already been born by artificial insemination and 300 more will be born). The company has set up three new cooling tanks to process fresh milk and a store to provide suppliers with inputs at cost price. *Gloria* accounts for 38% of the ESC's total net sales and 68% of its total employment in FY2012.

One thousand and one hundred alpaca breeders from the *Group of Alpaca Fiber Producers from Ocongate and Marcapata* have been integrated with large alpaca processing industrial companies, reducing the intermediary commercialization chain. The ESC has helped strengthen 15 fiber gathering centers and has provided technical assistance to significantly improve fiber shearing, conditioning, and classification. In the past two years, the gathered fiber volume has increased by 100%. The Group accounted for 18% of the new jobs created in the corridor in FY2012.

Table 2.4.2 Cusco ESC: Sales, Employment, and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Gloria S.A.	Dairy products	Fresh milk	\$1,359,732	299,679	\$60,000
Alsur del Perú S.A.C	Artichoke	Artichoke (without thorns)	\$1,303,541	54,148	\$540,648
Aviagro S.R.L	Poultry	Fresh chicken	\$490,512	936	\$19,752
Grupo de Productores de Fibra de Alpaca Distritos de Ocongate y Marcapata	Fiber and wool	Alpaca fiber (classified)	\$248,125	80,566	\$0
Vínculos Agrícolas E.I.R.L	Corn	Choclo corn	\$105,569	3,431	\$0
Artesanía Ibrahim	Handicrafts and household goods	Textile handicraft	\$24,335	810	\$0
Ayniart E.I.R.L	Handicrafts and household goods	Textile handicraft	\$21,308	711	\$0
Royal Knit S.A.C	Apparel	Textiles(by power loom)	\$6,564	731	\$0
Total			\$3,559,687	441,013	\$620,400

On the other hand, *Alsur* business in Cusco has kept growing. After a pilot experience to test and validate a technological package to grow thornless artichoke in Cusco, *Alsur* committed a significant investment in the corridor, covering 20 new hectares in 2010, 200 hectares in 2011, and 70 more hectares in 2012. In addition to its US\$555,323 investment

in FY2011, new investments for US\$540,648 were registered in FY2012. *Alsur* accounts for 37% of the Cusco ESC's net sales and 12% of its employment in FY2012.

Table 2.4.3 Cusco ESC: Net Sales vs. Targets in Resource Partner's Priority Zones

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Núcleo Alto Andino (Odebrecht's Priority Zone)	April 2012 - March 2013	\$735,000	\$43,434	6%

Total net sales in resource partner Odebrecht's priority zone totaled US\$34,261, or 5% of the target for the April 2012-March 2013 period (see table 2.4.3). The businesses in this priority zone (*Royal Knit's* and *Ayniart's* textile handicrafts, *Vínculos Agrícolas'* hot pepper) were handed over to Odebrecht in September 2012.



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

Turning Small Cattle Women Farmers into Determined Businesswomen in the Peruvian Andes

In the Anta valley, one hour from Cusco city, women are demonstrating their enterprising spirit and vision, but especially their unrelenting determination to press ahead with their milk business.



Photo: Pavel Robles/ PRA

“PRA Project is helping us get a secure market. Now I can think of genetic improvements and other issues to increase milk production”, says Graciela Aite from Zurite district.

Gloria, Peru’s largest dairy company, and USAID-Peru’s Poverty Reduction and Alleviation Activity (PRA Project) have built a supplier net of 345 milk cattle farmers in the Anta Province. The business is growing rapidly and is bringing more opportunities to the villagers. In particular, it shows that it is women who are the most willing to use it as a vehicle for progress.

Thanks to the PRA Project’s technical assistance, these small cattle farmers’ productivity and incomes have increased dramatically. As of the end of FY 2012, the company reports sales of US\$ 302,677 and, even more importantly, has created over 65,000 net days of work.

But perhaps the most significant impact of this PRA intervention is the dramatic change it has operated in the lives of Anta’s women. They have turned into resourceful businesswomen: hard working, creative, and willing to take risks to enhance profits.

That is the case of Marisol Medina, who owns seven hectares and is actively committed to expanding her business: first she obtained a credit for stabling her farm, then she purchased a milking machine and installed an electric system, and now she is investing in genetic improvement.

“PRA assistance is helping us a lot. We have reduced the incidence of animal diseases, and now my cows are producing around 70 liters per day. Thanks to PRA and Gloria we have a secure buyer, and now we can think of long-term investments”, says Ms. Medina.

These women’s work is not only having a substantial impact at the household level, but also on the local business environment.

Graciela Aite, from the Zurite district, also aims at the genetic improvement of her cattle. Thanks to PRA’s and Gloria’s joint efforts, she was able to access financing and now she works hard to expand her business.

USAID’s PRA Project and Gloria have not only helped spur economic activity in the Anta valley, generating a great deal of new jobs, but have also shown women’s active role in conducting small farming activities in emerging social economic geographical areas formerly affected by long-standing poverty.



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

Knitting Opportunities for Artisan Communities in the Peruvian Highlands

With USAID's support, Ayni Art has managed to transform the lives of artisan women in Cusco, articulating their manual art with the American and European markets.



Photo : Pavel Robles/ PRA

"With PRA we have learned how to make items that tourists want. Our work is better now, and we have more buyers", says Bertha Kuschua from Maiba district.

Communities located at 14.000 feet above sea level in Cusco highlands, close to snow-covered mountains, have scarce resources and very limited possibilities to overcome poverty. Here is where Ayni Art ("Ayni" is the Quechua word for mutual help), a small textile company, and USAID-PERU's PRA Project are working to bring hope to these communities and to weave a better future for them.

The project has provided the associations of textile artisans of highland communities such as Cuyuni, Mallma and Yanacancha in Ocongate and Marcapata districts (Quispicanchis province) with management tools that have empowered them to improve their creative capacities. These associations, predominantly integrated by women and alpaca garments' producers, have increased their income by 25%. The project has not only contributed to improve the families' welfare but, more importantly, it has provided them with a brighter future development prospective amid a formerly hopeless chronic poverty situation.

Through the "Fair Trade European Program", Ayni Art has managed to add a humanitarian view to commercialization and production relations, without neglecting competitiveness and quality.

"Now we are making prettier items and more community members are involved in the knitting activities. PRA technical staff are also encouraging us to continue learning more techniques and are helping us get more orders", expressed Bertha Kuschua, president of the Mallba Community Association.

The artisan associations that work closely with Ayni Art, comprising more than 80 women, have managed to develop new products for more demanding markets. At the end of FY2012, sales reached US\$ 70.000 and the employment generated was 2.000 days of work.

Georgina Dávalos, Ayni Art manager, has worked at the textile industry in the Cusco region for more than 30 years. She has revived the abilities and ancient techniques of highland community women. However, her greatest contribution has been turning these women's manual art into fashionable products highly valued at the European and the American markets.

Ayni Art is also organizing home-stay tourism activities by which artisans teach children how to weave and tint textiles, increasing the income sources for these artisan communities. Ayni Art has managed to establish a sustainable trade relationship with seven US and European companies. The focus of this partnership is the commitment to strengthen the artisan women's capabilities and empower them to build their own future.



**HUANCAVELICA
ECONOMIC SERVICE CENTER**

2.5 Huancavelica ESC

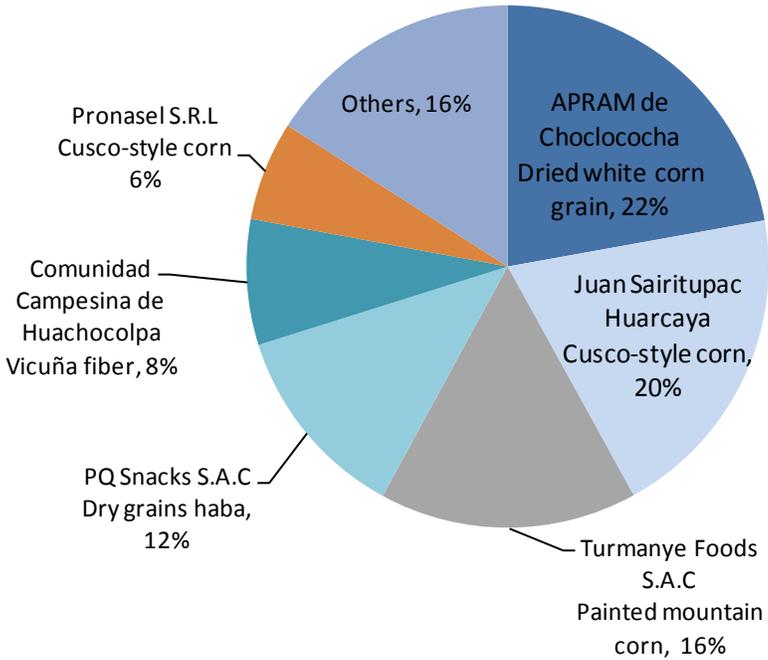
Huancavelica ESC’s annual sales totaled \$365,262 which are 38% of its target (see table 2.5.1). The employment generated was 14,159 days of work, 13% of the target.

Table 2.5.1 Huancavelica ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$365,262	\$967,670	38%
Net Days of Work	14,159	107,493	13%
Investments	\$248	\$50,000	0%

Fifteen businesses make up Huancavelica ESC’s portfolio. Corn, as a product group comprising four types of corn, accounts for 66% of total annual net sales (see figure 2.5.1 and table 2.5.2). Four companies make up 70% of the ESC’s total sales: *Apram de Choclococha* (dried white corn), *Juan Sairitupac Huarcaya* (Cusco-style corn), *Turmanye Foods* (painted mountain corn), and *PQ Snacks* (dried broad bean).

Figure 2.5.1 Huancavelica ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



Painted-mountain corn has long been the only crop grown in Tayacaja province, northern Huancavelica. Small producers used to sell their corn production through a very inefficient network of middlemen who often cheated them out of the prices they paid or the produce weight. The project identified exporting company *Turmany Foods*, linked it with a group of small painted-mountain corn producers, and worked with them to help them become formal suppliers to *Turmany Foods*. In the first three months this business has been going on, *Turmany* has generated sales for US\$58,290 (16% of the ESC's annual net sales) and 2,053 net days of work (14% of the employment generated at corridor level).

Soluciones Avanzadas en Agronegocios Wiracocha del Perú –“Wiracocha”- a PRA client in Ayacucho, has been working closely with the project to source black quinoa from small producers located in the Acraquia, Pampas and Daniel Hernández districts. The ESC provided them with technical assistance. After the first net sales, prospects for this business are bright: 40 new hectares will be made available to grow color quinoa for the following season.

Table 2.5.2 Huancavelica ESC: Sales, Employment and investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Apram de Choclococha	Corn	Dried white corn grain	\$80,959	3,406	\$0
Juan Sairitupac Huarcaya	Corn	Cusco-style corn	\$72,377	1,635	\$0
Turmany Foods S.A.C	Corn	Painted mountain corn	\$58,290	2,053	\$0
PQ Snacks S.A.C	Beans and legumes	Dry broad bean	\$44,586	1,971	\$0
Comunidad Campesina de Huachocolpa	Fiber and wool	Vicuña fiber	\$28,428	1,838	\$0
Pronasel S.R.L	Corn	Cusco-style corn	\$22,476	221	\$0
Soluciones Avanzadas en Agronegocios Wiracocha del Perú S.A.C	Cereals	Color quinoa	\$12,246	649	\$0
Industrias Aquafood S.A.C	Trout	Fresh and gutted trout	\$11,477	140	\$248
Taller de Tejidos a Telar Tuky Ruracc	Apparel	Apparel	\$9,200	1,019	\$0
Agrocóndor S.R.L	Corn	Purple corn	\$7,573	333	\$0
Agrupación de Productores de Ocoyo	Beans and legumes	Beans	\$6,178	54	\$0
Comunidad Campesina de Acoyo	Avocado	Hass avocado	\$5,589	211	\$0
Grupo de artesanas Makkys	Apparel	Apparel	\$3,813	414	\$0
Asociación Qampaq Art	Apparel	Apparel	\$1,913	213	\$0
Ecoandino S.A.C.	Fruits	Eggfruit	\$157	3	\$0
Total			\$365,262	14,159	\$248

Total sales in resource partner Buenaventura’s priority zone were \$40,093, 8% of the January-December 2012 target (see table 2.5.3).

Table 2.5.3 Huancavelica ESC: Net Sales vs. Targets in Resource Partner’s Priority Zone

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Buenaventura's Priority Zone	January - December 2012	\$482,797	\$40,093	8%

The Huancavelica corridor has severe constraints for business development. Traditional agriculture primarily geared towards local and regional consumption is the most widespread economic activity. Informality, inefficient commercialization chains and unfaithful competition by dishonest gatherers have contributed to a widespread lack of trust among small producers, impairing the project’s ability to broker deals with client companies. Moreover, producers in the region have long been accustomed to the widespread presence of government, international cooperation and NGOs’ poverty-fighting programs that provide assistance for free, generating complacency and conformism. Adverse weather conditions, restricted accessibility, excessive land fragmentation, and lack of water for irrigation make up a high risk scenario and limit the corridor’s competitive ability. The Huancavelica ESC is working to diversify its business portfolio and is looking for business opportunities less prone to weather changes.



**JUNÍN-PASCO
ECONOMIC SERVICE CENTER**

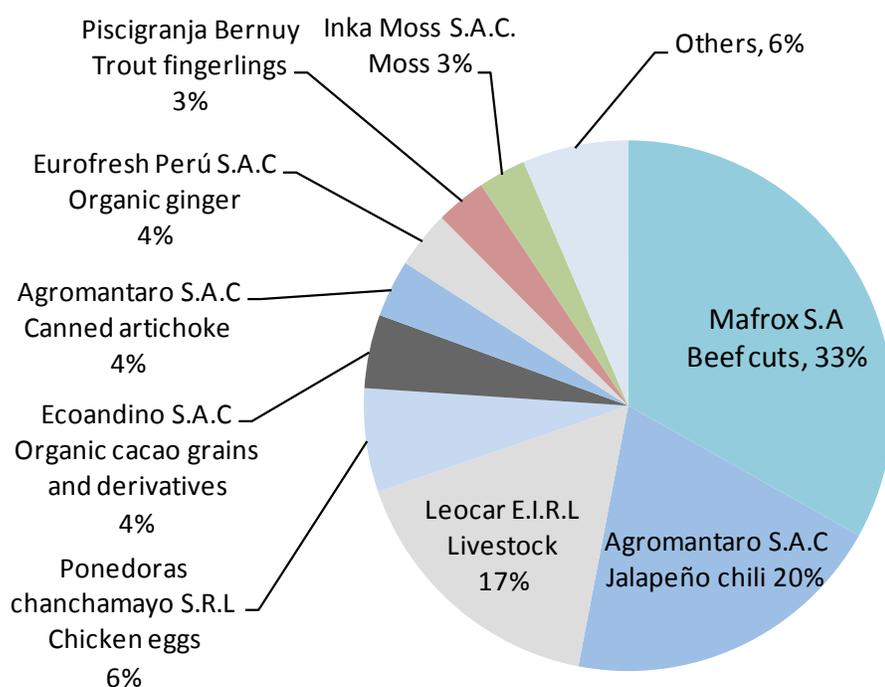
2.6. Junín-Pasco ESC

The Junín-Pasco ESC contributed with 12% of the project's sales and 8% of the employment generated in FY2012. However, the ESC's largest contribution has been the investments undertaken in this corridor, making up 41% of the total annual investments at project level. Sales of US\$4.97 million exceeded the target by 6%; employment at 142,857 net days of work surpassed the target by 94%; and investments of US\$1,208,742 were 267% of the annual target (see table 2.6.1).

Table 2.6.1 Junín-Pasco ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$4,972,647	\$4,672,315	106%
Net Days of Work	142,857	73,689	194%
Investments	\$1,208,742	\$452,325	267%

Figure 2.6.1 Junín-Pasco ESC: FY2012 Percentage of Net Sales per Client Sub-Product



Junín-Pasco ESC has always had one of the most diversified business portfolios in the project. Fourteen client companies with a total of 17 businesses reported results in FY2012 (see table 2.6.2 and figure 2.6.1). Three businesses account for 70% of the corridor's sales: *Mafrox's* beef cuts (33%), *Agromantaro's* jalapeño chili (20%), and *Leocar's* livestock (17%).

The Junín-Pasco ESC has done a significant job to develop the cattle business in the corridor, working closely with client companies *Mafrox* and *Leocar*. The ESC managed to identify more cattle farmers in Codo del Pozuzo and Iscozacín, increasing the heads of cattle from 2,500 in 2010 to 4,600 in 2012. The corridor has strengthened its position as a significant cattle and beef sourcing center for both client companies. One of the greatest benefits for the regional cattle farmers has been their actual ability to supply their product to trustworthy companies. *Mafrox* is a company specialized in supplying beef cuts to supermarkets located in Lima. The Junín-Pasco ESC has provided its small farmer suppliers with technical assistance for the adequate cattle management and a significant improvement of the cattle's sanitary conditions, including new vaccination procedures, with the resulting increase in the beef quality and therefore the farmers' access to higher prices. *Mafrox* accounts for 33% of the Junín-Pasco ESC annual sales and 20% of its net days of work in FY2012. On the other hand, *Leocar's* livestock sales account for 17% of the ESC's sales and 22% of its employment generated in the same period.

Ecoandino is a successful growing organic cocoa company. The number of producers involved in this business has increased from 57 in 2010 to 166 in 2012. The fields also grew from 109 to 586 hectares in the same period. The ESC has provided small producers with technical assistance to increase their cocoa yields from 450 to 800 kg per hectare, has helped them with the organic management of their production, and has supported them in accessing organic certification which has been paid by *Ecoandino* itself. The client company has undertaken the single most important investment in FY2012 for over US\$1.19 million to set up a processing plant in Concepción province. New investments of US\$500 thousand for equipment and machinery, and an additional US\$1 million have been planned for a second stage in FY2013.

Table 2.6.2 Junín-Pasco ESC: Sales, Employment, and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Mafrox S.A	Livestock	Beef cuts	\$1,648,068	27,902	\$0
Agromantaro S.A.C	Peppers and hot chilis	Jalapeño chili	\$988,472	11,536	\$0
Leocar E.I.R.L	Livestock	Livestock	\$830,985	30,951	\$0
Ponedoras Chanchamayo S.R.L	Poultry	Chicken eggs	\$314,452	1,419	\$0
Ecoandino S.A.C	Cocoa	Organic cacao grains and derivatives	\$223,182	15,621	\$1,190,934
Agromantaro S.A.C	Artichoke	Canned artichoke	\$173,784	7,415	\$0
Eurofresh Perú S.A.C	Spices	Organic ginger	\$173,548	1,617	\$15,175
Piscigranja Bernuy	Trout	Trout fingerlings	\$153,784	848	\$0
Inka Moss S.A.C.	Moss	Moss	\$144,342	41,215	\$0
Piscigranja Bernuy	Trout	Gutted trout	\$99,040	650	\$2,634
Koken del Perú S.R.L	Maca	Maca	\$82,427	1,272	\$0
Inca Agribusiness S.A.C	Spices	Fresh ginger	\$60,000	839	\$0
Ponedoras Chanchamayo S.R.L	Poultry	Hen	\$24,143	0	\$0
Láctea S.A	Dairy products	Cheese and other dairy products	\$19,176	457	\$0
Trans Import Sergio S.A.C	Peppers and hot chilis	Hot pepper	\$16,258	517	\$0
Asociación de Productores Agroecológicos Alto Navarra -APAN	Fruits	Little orange	\$11,275	99	\$0
Capsicum Andino S.A.C	Peppers and hot chilis	Tabasco chili	\$9,711	499	\$0
Total			\$4,972,647	142,857	\$1,208,742



SUCCESS STORY

Getting the Winning Combination: A Commitment to Organic and Fair-Trade Certification

In just fifteen years, EcoAndino has turned into a great example for all Peruvian companies working to place value-added products in international markets. EcoAndino's product line is becoming more diversified and is about to inaugurate a modern plant valued in more than US\$ 1.5 million.



Photo: Pavel Robles

David Alvarez, a cacao farmer and supplier to EcoAndino, has increased productivity and quality of his crops, thanks to his client company and USAID's PRA Project.

EcoAndino is working hard to market the biodiversity wealth of the Andes and Amazon forest worldwide; and is committed to certified organic and fair trade cultivation. Currently it is processing traditional Andean crops such as maca, yacón, aguaymanto, and exotic jungle fruits such as camu-camu and eggfruit.

EcoAndino is based in Peru's central region, where it works in close coordination with small farmers. USAID Peru's Poverty Reduction and Alleviation (PRA) Project and EcoAndino provide these farmers with training and technical assistance for developing organic and fair trade farming.

Organic cultivation makes a big difference for the small cacao farmers in Satipo (Junín Region), where the organic fields monitored by the PRA's technical staff have almost doubled their productivity in FY 2012.

"Now we are selling better beans to EcoAndino. Since PRA came to help us, we have increased productivity and the crops are healthier", says David Alvarez, a cacao producer who owns eight hectares.

For small producers like Mr. Alvarez, the positive impact of changing to organic cultivation goes beyond increasing revenues (EcoAndino pays prices and wages above the market average). In some of Peru's central jungle areas, cacao fields are gaining space over illegal coca plantations. Going into organic cacao cultivation is preventing small farmers from engaging in illegal activities and protecting against land degradation.

Moreover, the new EcoAndino processing plant located in La Concepcion valley is envisaged to processing around 1,200 metric tons of cacao beans and employing around 70 full-time workers.

EcoAndino has set to become a leader in the world market of organic and fair trade foods and a showcase for ancient Andean and Amazonian foods. Fair trade, sustainable development, and environmental conservation are the main principles this innovative company is using to achieve its goals.



**LA LIBERTAD
ECONOMIC SERVICE CENTER**

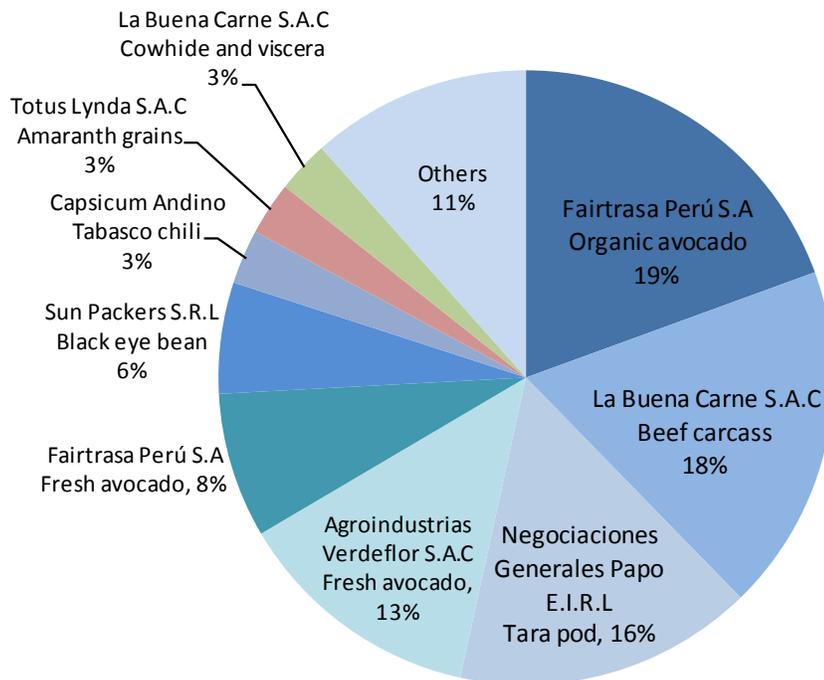
2.7. La Libertad ESC

La Libertad ESC reported annual sales of US\$3 million, exceeding its target by 7%; and 87,198 net days of work in new employment, surpassing its employment annual target by 48% (see table 2.7.1).

Table 2.7.1 La Libertad ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$3,041,860	\$2,838,754	107%
Net Days of Work	87,198	58,881	148%
Investments	\$79,909	\$161,000	50%

Figure 2.7.1 La Libertad ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



The La Libertad ESC has the most diversified business portfolio: 16 client companies and a total of 20 businesses reported results in FY2012. Five businesses make up 74% of the ESC's sales (see figure 2.7.1 and table 2.7.2): *Fairtrasa's* organic and conventional avocado (19% and 8%), *La Buena Carne's* beef carcass (18%), *Negociaciones Generales Papo's* tara pod (16%), and *Agroindustrias Verdeflor's* fresh avocado (13%).

Fairtrasa Perú's production and export of organic and fair trade avocado has involved 75 beneficiary producers who work in 130 certified hectares. They have managed to produce avocado with organic, fair trade, and Global Gap certifications, for which they get a premium price. An additional benefit has been extending the organic certification to other products grown in their own parcels: these producers have managed to sell organic mango as well, which was subsequently exported.

Figure 2.7.1 La Libertad ESC: FY2012 Percentage of Net Sales, employment and investment per client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Fairtrasa Perú S.A	Avocado	Organic avocado	\$591,056	14,822	\$0
La Buena Carne S.A.C	Livestock	Beef carcass	\$555,926	28,032	\$0
Negociaciones Generales Papo E.I.R.L	Tara	Tara pod	\$478,332	16,991	\$0
Agroindustrias Verdeflor S.A.C	Avocado	Fresh avocado	\$398,062	5,527	\$0
Fairtrasa Perú S.A	Avocado	Fresh avocado	\$232,249	2,910	\$0
Sun Packers S.R.L	Beans and legumes	Black eye bean	\$178,028	5	\$0
Capsicum Andino	Peppers and hot chilis	Tabasco chili	\$87,269	3,489	\$0
Totus Lynda S.A.C	Cereals	Amaranth grains	\$85,088	5,092	\$47,420
La Buena Carne S.A.C	Livestock	Cowhide and viscera	\$83,680	0	\$0
Agroindustrial La Joya S.A.C	Dairy products	Cheese and other dairy products	\$74,170	1,731	\$0
Servicios e Inversiones Rodal S.R.L	Beans and legumes	Dry broad bean	\$58,534	2,001	\$0
Multinegocios Charey S.A.C.	Beans and legumes	Beans	\$41,641	831	\$0
Grupo de Productores de Mango Criollo de Pataz y Cochorco	Fruits	Mango	\$33,657	1,516	\$0
Avícola Yuracyacu	Poultry	Chicken	\$27,898	52	\$4,208
Fairtrasa Perú S.A	Fruits	Mango	\$27,793	614	\$0
Totus Lynda S.A.C	Cereals	White quinoa	\$25,866	744	\$0
Avícola Chagual	Poultry	Chicken	\$25,667	50	\$10,895
Los Pantanos de Yalen	Trout	Fresh trout	\$20,825	79	\$17,385
Agroservice Flores	Dairy products	Fresh milk	\$11,137	2,581	\$0
Asociación de Productores Agrícolas del Distrito de Cochorco	Avocado	Fresh avocado	\$4,982	130	\$0
Total			\$3,041,860	87,198	\$79,909

La Buena Carne supplies beef to *Totus* supermarket chain in La Libertad, gathering high quality livestock from the corridor and neighboring areas. Working closely with PRA, the company managed to substitute frozen beef sourced from Lima with local production. The business has expanded to other regions such as Cajamarca, Lambayeque, Amazonas, and San Martín. As a labor intensive business, *La Buena Carne* accounts for one third of the annual employment generated in La Libertad corridor.

Table 2.7.3 shows net sales achieved in resource partners' priority zones for the January-December 2012 period.

Table 2.7.3 La Libertad ESC: Net Sales vs. Targets in Resource Partners' Priority Zones

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Barrick's Priority Zone	January - December 2012	\$764,869	\$150,378	20%
Barrick's Indirect Priority Zone	January - December 2012	\$961,912	\$530,098	55%
Poderosa's Priority Zone	January - December 2012	\$144,053	\$132,902	92%
Poderosa's Indirect Priority Zone	January - December 2012	\$218,947	\$303,932	139%



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

Establishing a Sustainable Cheese Business in the Northern Peruvian Andes

Secure buyers for small milk farmers and an articulated cheese business in the highlands of La Libertad are restoring hope in a depressed area.



Photo: Pavel Robles

Small farmers have significantly increased productivity.

Huamachuco, located over 10,000 feet above sea level, is the capital of the Sánchez Carrión Province in La Libertad, northern Peru. Huamachuco's historical and cultural importance contrasts with the area's high poverty index and low development.

In Corral Grande, a locality with a very harsh terrain, USAID-Peru's Poverty Reduction and Alleviation (PRA) Project has put in place a program to support dairy small farmers in collecting milk and implementing a small cheese plant.

PRA's technical staff has carried out a comprehensive articulation of milk producers, building capacities in these communities to produce quality cheese and connect them with the markets. Cheese currently produced in this area is much appreciated and the cheese plant is receiving an increasing number of orders.

According to community leaders, people in the area are gradually becoming more enthusiastic and are making progress in improving milk production and sanitary conditions. A solid commitment is being created: the PRA Project secures a steady market for their milk, and they comply with the sanitary guidelines learned through technical assistance.

This thriving PRA intervention was a life-changing experience for the Román family. Ms. Román, an illiterate woman who used to support her family working as a farmhand, was contacted by PRA promoters, who suggested her to train her children in making cheese. Now Severino, her eldest son (who was barely literate) has turned into a qualified cheese maker thanks to PRA technical assistance. He is able to monitor compliance with milk phyto-sanitary standards; and even with basic tools he produces quality cheese that is highly demanded in the local market. Now that he can read, he is able to support his family through hard work.

"When we started making cheese we used to collect just around five liters of milk. Now we are able to collect over 150 liters per day. Thanks to PRA support we are getting better every day. PRA is helping us not only through technical assistance, but also assisting us in implementing our modest cheese plant", says Severino, who is satisfied with the improvement in sales and is now able to provide for his children.



**MADRE DE DIOS
ECONOMIC SERVICE CENTER**

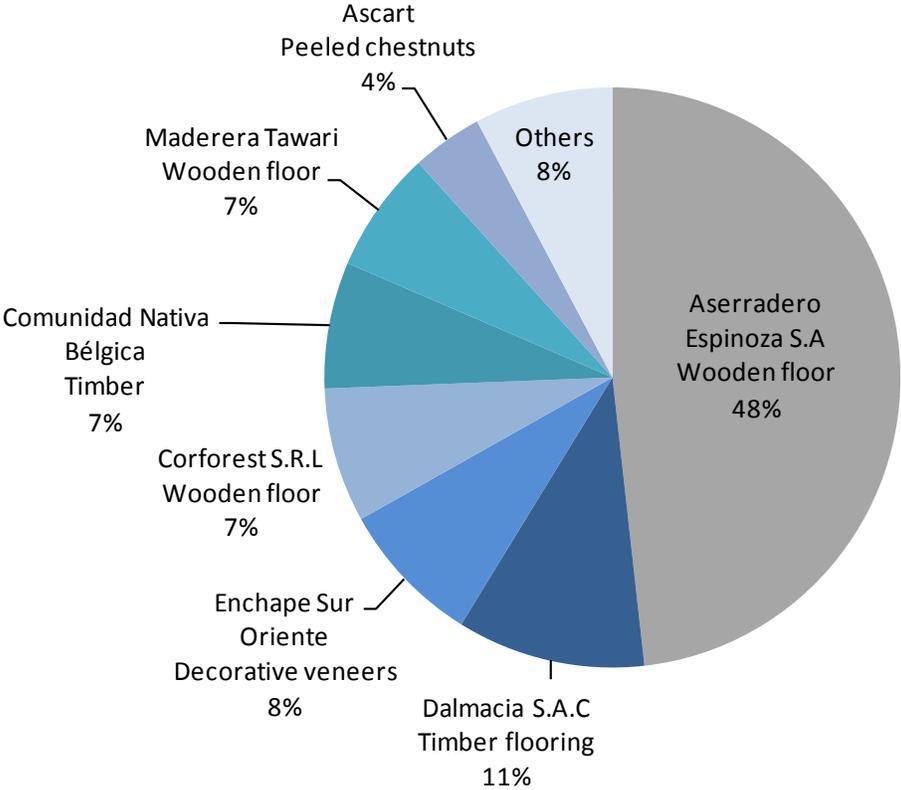
2.8. Madre de Dios ESC

With annual sales of US\$1.75 million, the Madre de Dios ESC met 99% of its target (see table 2.8.1). The employment generated was 30,118 days of work, which surpassed the employment target by 93%. Investments of US\$265,026 exceeded the target by 165%.

Table 2.8.1 Madre de Dios ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Cumulative Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$1,751,325	\$1,774,669	99%
Net Days of Work	30,118	15,616	193%
Investments	\$265,026	\$100,000	265%

Figure 2.8.1 Madre de Dios ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



The Madre de Dios ESC's business portfolio in FY2012 is made up of 16 client companies and 18 businesses. Ninety percent of the portfolio comprises wood businesses. Four businesses account for 74% of total sales (see table 2.8.2 and figure 2.8.1): *Aserradero Espinoza's* wooden floor (48%), *Dalmacia's* timber flooring (11%), *Enchape Sur Oriente's* decorative veneers (8 %), and *Corforest's* wooden floor (8%).

Table 2.8.2 Madre de Dios ESC: FY 2012 Cumulative Sales, Employment and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Aserradero Espinoza S.A	Wood	Wooden floor	\$844,706	3,648	\$0
Dalmacia S.A.C	Wood	Timber flooring	\$184,559	2,414	\$75,658
Enchape Sur Oriente	Wood	Decorative veneers	\$141,635	2,192	\$0
Corforest S.R.L	Wood	Wooden floor	\$131,878	4,302	\$55,000
Comunidad Nativa Bélgica	Wood	Timber	\$123,877	5,612	\$0
Maderera Tawari	Wood	Wooden floor	\$119,330	729	\$69,124
Ascart	Chestnuts	Peeled chestnuts	\$69,419	4,116	\$0
Perú Madera S.A.C	Wood	Dimensional lumber	\$38,960	451	\$0
Ecomusa Jebe del Map	Rubber	Rubber sheeting	\$36,433	2,978	\$7,020
Asociación Ecológicos Agrarios Forestales y Acuícolas Heredias	Fruits	Watermelon	\$19,958	305	\$0
Ascart	Chestnuts	Chestnut processing services	\$17,833	1,687	\$0
Abelardo Chávez Gallegos	Plastic items	Recycled plastic flakes	\$9,131	280	\$0
Agroindustria Sernambi del Acre - CN BELGICA	Rubber	Rubber sheeting	\$4,891	465	\$0
Asoc. Forestal Indígena de Madre de Dios AFIMAD	Handicrafts and household goods	Native trinkets (jewelry)	\$4,715	790	\$0
Perú Madera S.A.C	Wood	Wood sawing and drying services	\$3,999	150	\$0
G y G Negociaciones S.R.L	Wood	Wood handles	\$0	0	\$5,690
Multiservicios El Califa	Chestnuts	Chestnut processing services	\$0	0	\$1,736
G y G Negociaciones S.R.L	Wood	Fiber-cement boards	\$0	0	\$50,797
Total			\$1,751,325	30,118	\$265,026

Aserradero Espinoza has 81,000 hectares of certified forest, processes wood and exports certified wood to the European and the American markets. The ESC helped *Aserradero Espinoza* bring into operation a drying chamber and provided it with technical assistance to acquire the know-how to artificially dry wood. As a result, demand for the company's services has increased, given way to the company's investment in an automatic planner for US\$57,000, and two additional drying cameras for US\$124,000.

The Madre de Dios ESC helped *Dalmacia*, a timber floor producing company, improve its production flow and advised it on the design and set up of a new industrial plant. The company invested US\$75,658 in the new premises. The ESC also assisted the company in getting Agrobanco's financial resources to acquire a front charger and access working capital.

ASCART (Association of Chestnut Producers of the Tambopata Reserve) used to produce and sell raw chestnuts. Thanks to Odebrecht's and the Ministry of Agriculture's support, ASCART managed to move forward in the value-added chain and learned the processes of drying and peeling chestnuts. The ESC helped the association set up and bring into operation a processing plant and provide its members with the know-how to operate it. The ESC provided the technical assistance for the design and construction of the plant, standardization of the production processes, and personnel training on the production process, how to operate machinery, and quality control.

Table 2.8.3 shows the Madre de Dios ESC's performance at resource partner Odebrecht's priority zone. As of September 2012, the ESC had achieved 67% of the April 2012-March 2013 target. In September 2012, Odebrecht took responsibility for the businesses implemented in its priority zone.

Table 2.8.3 Madre de Dios ESC: Net Sales vs. Targets in Resource Partner's Priority Zone

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Núcleo Selva Baja (Odebrecht's Priority Zone)	April 2012 - March 2013	\$1,875,200	\$1,247,687	67%



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

Recovering a Traditional Activity is Creating Environmentally Responsible Business Opportunities in an Amazon Forest Town

Shiringa's latex is now a genuine market good that brings opportunities to Madre de Dios without damaging the Amazon rainforest. "Vegetable leather" from Iberia is now in Europe and America.



Photo: Pavel Robles

Iberia's people have rebuilt the shiringa business, this time with a sustainable framework.

The shiringa tree is part of Iberia's history. During decades, settlers in this small town in Madre de Dios, in Peru's Amazon rainforest, used to extract latex from the bark of shiringa trees. The latex was used to make the rubber that served to manufacture tires. Usually, Iberia's inhabitants were underpaid and worked in very difficult conditions. In their attempt to make more money, frequently they over-exploited the trees and damaged the ecosystem.

Around 25 years ago, a government program attempted to organize the rubber supply, subsidizing small producers and buying directly to "shiringueros" (shiringa latex gatherers). However, as soon as subsidization stopped, the business fell apart and Iberia's people abandoned the extraction of shiringa latex.

Recently, with assistance from international organizations, Iberia's people started to rebuild the shiringa business, this time with a sustainable framework.

Among other institutions, USAID's Poverty Reduction and Alleviation (PRA) Project is working to improve settlers' capacity to exploit the natural resources in their area in ways that are not harmful to the ecosystem.

With technical support provided by the PRA Project, they prepare "vegetable leather", which enjoys high demand from manufacturers of clothes, accessories, and waterproof jackets. PRA provides assistance to organize the supply of vegetable leather in the area and link small producers to the anchor firm ECOMUSA.

This PRA intervention is improving the quality of vegetable leather to meet market requirements. PRA has put ECOMUSA in touch with European buyers. Today producers supported by the PRA Project sell to a French footwear producer that not only pays a higher price than local buyers, but also assists ECOMUSA in obtaining fair trade certification.

In addition, Iberia is very close to the tri-national Peru-Brazil-Bolivia border. Providing the population in this area (next to the Inter-Oceanic Highway) with sustainable and productive opportunities contributes to rainforest conservation.



**PUNO
ECONOMIC SERVICE CENTER**

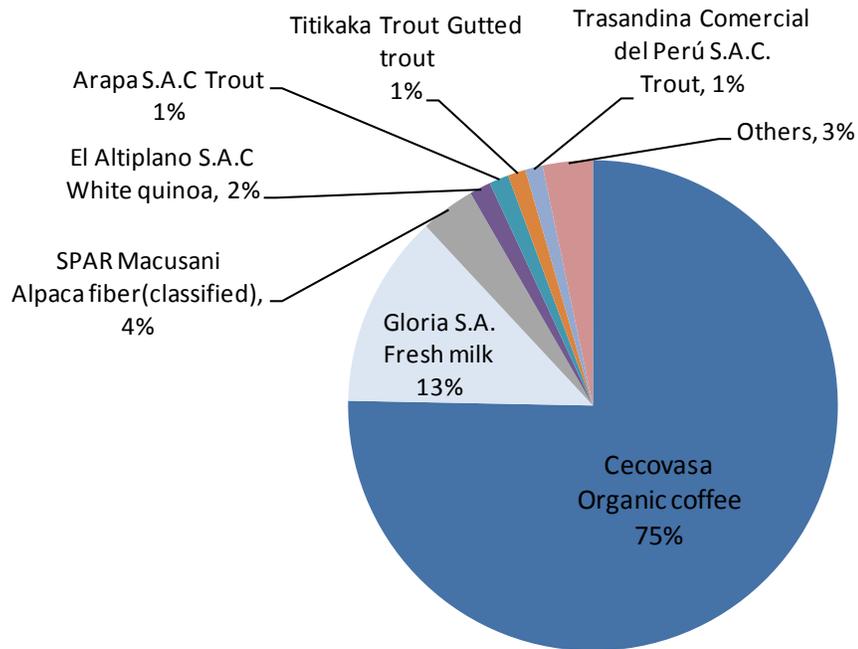
2.9 Puno ESC

The Puno ESC is the second largest contributor to the project's annual net sales (15% of total sales) and also the second largest contributor to the project's yearly new employment generated (21%). The Puno ESC's annual sales of US\$6.4 million almost quintuplicated its target and its 390,174 net days of work exceeded the target by 179%. New investments of US\$124,592 surpassed the ESC's target by 56%.

Table 2.9.1 Puno ESC: FY2012 Sales, Employment, and Investments

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$6,397,303	\$1,300,715	492%
Net Days of Work	390,174	140,065	279%
Investments	\$124,592	\$80,000	156%

Figure 2.9.1 Puno ESC: FY2012 Percentage of Net Sales per Client and Sub-Product



Fifteen businesses of the Puno ESC's portfolio reported results in FY2012 (see figure 2.9.1 and table 2.9.2). *Cecovasa's* organic coffee is by far the largest contributor to Puno ESC's annual sales (75%). *Gloria's* fresh milk comes second with 13% of total sales.

In terms of new employment, the Puno ESC has three driving forces: *Gloria's* milk gathering business (47% of new jobs), collective organizations *SPAR Macusani's*, *SPAR Kenamari's* and *COSESPI Pinaya's* alpaca fiber production (18%), and *Cecovasa's* organic coffee production (33%).

Gloria's business involved 120 small dairy farmers in Ayaviri who enjoyed a secured and steady demand from *Gloria*. Alpaca fiber production has been a high labor intensive activity at project level in the past three years. The Puno ESC worked closely with *Cecovasa* and 264 coffee producers who were trained in the organic management of coffee plants and received technical assistance to increase productivity which actually went up from 1200 to 1800 lb per hectare.

Table 2.9.2 Puno ESC: FY2012 Sales, Employment, and Investments per Client

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Cecovasa	Coffee	Organic coffee	\$4,817,783	128,807	\$0
Gloria S.A.	Dairy	Fresh milk	\$817,517	183,708	\$0
SPAR Macusani	Fiber and wool	Alpaca fiber(classified)	\$230,482	54,730	\$0
El Altiplano S.A.C	Cereals	White quinoa	\$89,958	1,212	\$33,070
Arapa S.A.C	Trout	Trout	\$82,201	93	\$0
Titikaka Trout	Trout	Gutted trout	\$75,343	567	\$83,269
Trasandina Comercial del Perú S.A.C.	Trout	Trout	\$73,083	812	\$0
Ganaderia El Rosario	Dairy	Cheese and other Dairy products	\$67,917	1,577	\$0
Niisa Corporation	Cereals	Organic Quinoa	\$55,080	1,002	\$8,253
SAIS Kenamari	Fiber and wool	Alpaca fiber(classified)	\$34,001	12,872	\$0
Artesanias Sumac Perú S.R.L	Apparel	Sweaters and accessories	\$19,494	837	\$0
Asociación Criaderos de Ovinos Corriedale Puerto Arturo	Fiber and wool	Raw wool	\$15,583	879	\$0
COSESPI Pinaya	Fiber and wool	Alpaca fiber(classified)	\$7,948	2,717	\$0
El Altiplano S.A.C	Cereals	Color quinoa	\$5,892	143	\$0
Intexa E.I.R.L.	Apparel	Apparel	\$5,020	218	\$0
Total			\$6,397,303	390,174	\$124,592

Table 2.9.4 shows Puno ESC's sales in Minsur's priority zone. The USAID-Minsur memorandum of understanding ended in March 2012.

Table 2.9.4 Puno ESC: Net Sales vs. Targets in Resource Partner's Priority Zone

Priority Zone	Target Period	Net Sales
Minsur's Priority Zone	April 2012 - March 2013	\$118,192



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMERICA

PERU | PROYECTO PRA

SUCCESS STORY

God Helps Those Who Help Themselves... and the Environment

Two decades ago Arapa Lake, in Puno (southeastern Peru), had almost no fish to catch. Today Arapa Trout is a fish farming leading company that has proved its social and environmental responsibility.



Photo: Pavel Robles

Most of Arapa Trout's workers are women.

Twenty-five years ago villagers from Arapa Lake surroundings, in Puno Region (southeastern Peru), came to the Swiss priest Marcos Degen Dublin and asked with anguish for his help: "Saint Peter is angry with us, we can not catch anything these days. Please ask him to forgive us, so he will give us back our fish".

Father Marco answered them that he would pray to Saint Peter, but also offered to them to start a fish farming business in the lake. That was the beginning of a pisciculture project that now puts Arapa Lake's trout in France, Switzerland, Australia and USA.

Tireless persistence was the main tool used by Father Marco to build a productive business that now employs the villagers for trout breeding to canning. This company not only constantly invests in performance improvements but also generates revenue to support a charity school for mentally handicapped children.

USAID's Poverty Reduction and Alleviation (PRA) Project funded Arapa Lake's environmental impact assessment that was key for the company to access the European market. This assessment regarding the fish farming impact to the lake sedimentation was required by French and Swiss buyers before confirming their orders. The assessment proved that the fish-farming activity is not harmful to the lake ecosystem, and Arapa Trout is environmentally and socially responsible.

Arapa Trout facility is a modern plant located just next to Arapa Lake that meets all environmental requirements and that has an adequate waste management system.

Most of the Arapa Trout workers are women from the surrounding areas. They pick up the fresh trout containers from the lakeshore and take it to the plant where they clean it, process it and can it. Currently this company employs 80 people (812 net days of work).

Arapa Trout has several different types of trout such as fresh filets, medallion, canned, and smoked trout. This nutritious food is also being used in Oxfam food programs thanks to a partnership that the company has with Oxfam Australia.

"We are very happy to count with PRA Project help in Arapa. More orders and increasing productivity is leading to welfare for the villagers", expressed Father Marco, who is the general manager of the company.



SUCCESS STORY

Titikaka Trout Taps Puno's Fish Farming Potential in Southeastern Peru

One of USAID- PRA Project's most important objectives is attracting investment to economic corridors around the country. Sustainability of productive capacity in towns outside Lima ensures jobs, thereby reducing local poverty indices.



Photo: Pavel Rohles

Trout is a significant resource for Puno's economic growth.

In Puno, trout is a product with a considerable potential for attracting investors, strengthening the productive chain, and creating employment. Currently, the Puno Region produces 14 thousand tons out of Peru's annual production of 19 thousand tons.

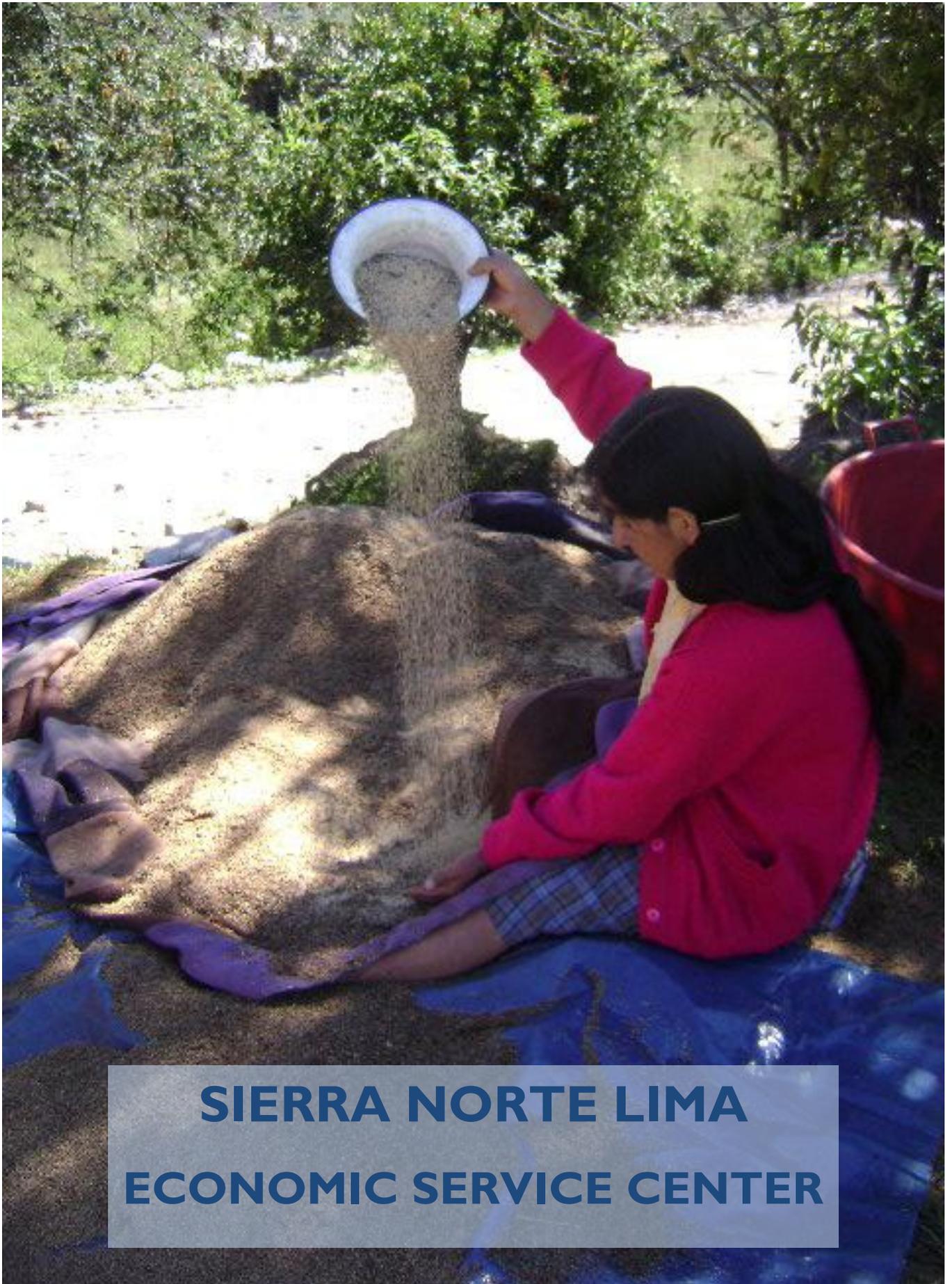
Janet Galindo, Titikaka Trout's general manager, is a businesswoman totally committed to expanding Puno's fish-farming industry. The company now has fixed assets valued in US\$ 90,000. Titikaka Trout's sales performance is also outstanding: it reported US\$ 75,343 for FY2012.

Titikaka Trout innovates constantly and is purchasing modern cages to enable better selection and a reduction in disease incidence and mortality.

USAID's Poverty Reduction and Alleviation (PRA) Project identified Titikaka Trout's main production bottleneck and assisted the company with technical assistance. PRA technical staff has provided training to improve aquaculture practices and develop a manual to resolve sanitary issues. Technical assistance has enabled a significant increase in productivity.

"Thanks to the PRA's assistance we have improved our selection process and now all our staff is well-trained in hygiene practices. We want to adopt export standards, and PRA can help us connect with more international markets", says Ms. Galindo.

Titikaka Trout has become a growth model in the sector. Recently it was visited by Peru's Production Minister Gladys Triveño, who praised the company's good performance and highlighted its contribution to improving Puno's business environment. Titikaka Trout is another PRA client achieving competitiveness in a rapidly growing sector.



**SIERRA NORTE LIMA
ECONOMIC SERVICE CENTER**

2.10 Sierra Norte de Lima-Huánuco ESC

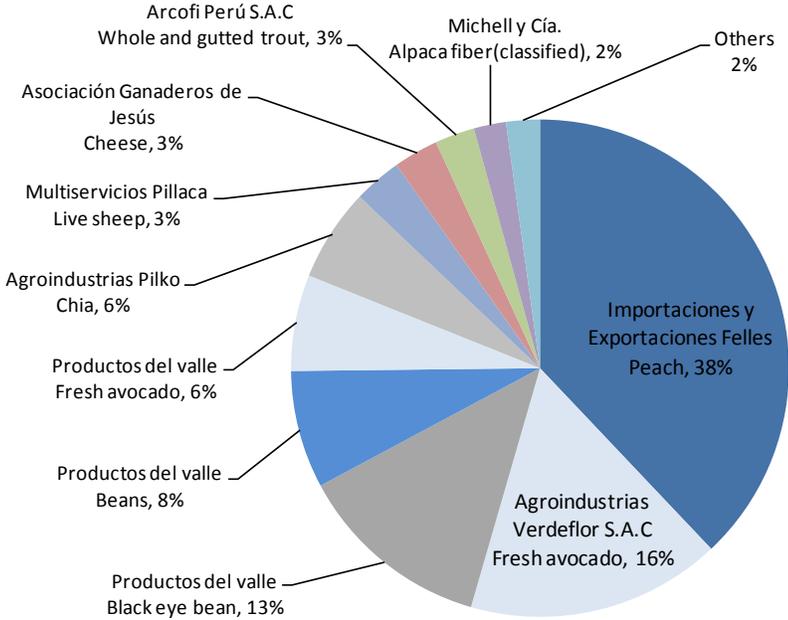
The Sierra Norte de Lima-Huánuco ESC contributed with 12% of total project’s sales, 8% of new employment, and 16% of new investments. Each of the ESC’s annual results (US\$5 million in sales, 157,768 net days of work, and \$474,203 in new investments) surpassed the target by around 50% (see table 2.10.1).

**Table 2.10.1 Sierra Norte de Lima-Huánuco ESC:
FY2012 Sales, Employment, and Investments**

	FY 2012 Results	FY 2012 Annual Target	% Target Achieved
Net Sales	\$5,036,628	\$3,408,369	148%
Net Days of Work	157,768	102,231	154%
Investments	\$474,203	\$313,210	151%

Fourteen client companies with 17 businesses make up the ESC’s portfolio with results in FY2012. Three client companies account for 81% of total corridor’s sales (see figure 2.10.1 and table 2.10.2): *Importaciones y Exportaciones Felles’s* peach (38%), *Agroindustrias Verdeflor’s* fresh avocado (17%), and *Productos del Valle’s* black eye bean (13%), beans (8%), and fresh avocado (6%).

**Figure 2.10.1 Sierra Norte de Lima-Huánuco ESC:
FY2012 Percentage of Net Sales per Client and Sub-Product**



**Table 2.10.2 Sierra Norte de Lima-Huánuco ESC:
FY2012 Sales, Employment, and Investments per Client**

Client	Product	Sub product	Net Sales	Net Days of Work	Investments
Importaciones y Exportaciones Felles	Fruits	Peach	\$1,909,497	45,754	\$189,681
Agroindustrias Verdeflor S.A.C	Avocado	Fresh avocado	\$834,962	12,907	\$284,522
Productos del Valle	Beans and legumes	Black eye bean	\$639,879	15,336	\$0
Productos del Valle	Beans and legumes	Beans	\$384,151	13,147	\$0
Productos del Valle	Avocado	Fresh avocado	\$314,021	2,556	\$0
Agroindustrias Pilko	Cereals	Chia	\$303,160	5,606	\$0
Multiservicios Pillaca	Livestock	Live sheep	\$156,938	20,797	\$0
Asociación de Ganaderos Jesús	Dairy products	Cheese and other dairy products	\$147,383	3,446	\$0
Arcofi Perú S.A.C	Trout	Whole and gutted trout	\$130,403	964	\$0
Michell y Cía.	Fiber and wool	Alpaca fiber (classified)	\$105,384	31,597	\$0
Agroindustrias Pilko	Cereals	Amaranth grains	\$62,430	2,917	\$0
San Roque Import-Export E.I.R.L	Handicrafts and household goods	Textile handicraft	\$19,126	635	\$0
Ganadería y Comercio del Centro S.R.L	Fiber and wool	Raw wool	\$16,518	1,440	\$0
Máximo Silva Aguirre	Fruits	Strawberry	\$6,535	159	\$0
Empresa de Derivados Lácteos Marsh	Dairy products	Yogurt	\$3,573	320	\$0
Granja de Cuyes Paraíso	Guinea pig	Live guinea pig	\$2,231	137	\$0
Andrea Irma Meza Luna	Handicrafts and household goods	Textile handicraft	\$438	48	\$0
Total			\$5,036,628	157,768	\$474,203

Importaciones y Exportaciones Felles - “*Felles*” has been the most successful business in the corridor. It accounts for 38% of the corridor’s sales, 29% of the employment, and 40% of investments in FY212. Peach is a widespread crop in the Oyón, Cajatambo, Huaura, and Huaral provinces in the Sierra Norte de Lima corridor, and its cultivation spreads out over 7,000 hectares. Small peach producers used to face very low prices and long delays in the payment from gatherers and middlemen. The business started by *Felles* set up a commercialization system which was significantly better: the company pays its suppliers in time, and acknowledges the right weight and quality of the produce being bought. The project helped *Felles* design a selector machine and improve production facilities which have, in turn, increased processed fruit volumes and reduced processing time and costs. The project provided more than 300 peach producers located in Huaura with technical assistance to improve their productivity and product quality in order to meet *Felles*’s market requirements. *Felles* expanded its processing capacity four-fold in the past three years and increased the number of fruit gathering centers from three to 12. Moreover, *Felles* has managed to cover 70% of Ecuador’s peach consumption. The company is

planning to upgrade its processing capacity in order to produce fruit pulp, moving forward in the value-added chain.

Agroindustrias Verdeflor carried out the most significant investment in the corridor during FY2012 to set up a new processing plant and machinery for its avocado business.

Table 2.10.3 shows the Sierra Norte de Lima-Huánuco ESC's performance in the resource partners' priority zones.

Table 2.10.3 Sierra Norte de Lima-Huánuco ESC: Net Sales vs. Targets in Resource Partners' Priority Zones

Priority Zone	Target Period	Target	Net Sales	% Target Achieved
Raura's Priority Zone	August 2012 - July 2013	\$760,000	\$34,844	5%
Buenaventura's Priority Zone	August 2012 - July 2013	\$950,000	\$12,444	1%
Los Quenuales's Priority Zone	August 2012 - July 2013	\$1,060,000	\$4,531	0%

Multiservicios Pillaca's live sheep, *Michell's* alpaca fiber, and *Asociación de Ganaderos Jesús's* cheese are the businesses supported in Raura's priority zone. *Michell's* alpaca fiber and *Importaciones y Exportaciones Felles'* peach are the main businesses in Buenaventura and Los Quenuales respectively.

Chapter 3

Mainstreaming Environmental Protection, Biodiversity, Gender, Labor Standards, and Inclusion of the Disabled

3.1 Activities and Results on Environmental Protection, Inclusion of the Disabled, and Gender Equality

During FY2012 forty activities to foster environmental protection were undertaken in seven corridors, one activity to improve employment opportunities for disabled people was carried out in Huancavelica, and two activities to promote gender equality were held in Cusco and Arequipa (see table 3.1).

Table 3.1 FY2012 Activities and Results on Environmental Protection, Disabled People and Gender

Component	Actions/Activities	Results	Products/ESC	N° of activities
Environment	Certification/ Organic certification process	Impact mitigation	Coffee (Puno)	1
	Certification/ Organic certification process	Increased knowledge and awareness of producers and others about the importance of the environment	Avocado (Ancash), cocoa (Ayacucho), coffee (Ayacucho), sweet potato (Ancash)	5
	Mitigation and improvement measures for human health and the air	Better practices (agricultural, livestock, fishing, forest and others)	Avocado (La Libertad), peppers and hot chilis (Ancash), fruits (Ancash)	4
	Mitigation and improvement measures for human health and the air	Impact mitigation	Guinea pig (Ancash)	2
	Mitigation and improvement measures for human health and the air	Increased knowledge and awareness of producers and others about the importance of the environment	Corn (Ancash), fruits (Ancash), peppers and hot chilis (Ancash), poultry (Cusco)	9
	Mitigation and improvement measures for human health and the air	Better practices (agricultural, livestock, fishing, forest and others)	Fruits (Ancash), guinea pig (Ancash)	3

	Mitigation and improvement measures for water and soil usage	Impact mitigation	Trout (Puno)	1
	Mitigation and improvement measures for water and soil usage	Increased knowledge and awareness of producers and others about the importance of the environment	Fruits (Ancash)	1
	Training for the improvement of water and soil Management	Better practices (agricultural, livestock, fishing, forest and others)	Corn (Huancavelica)	1
	Training for the improvement of water and soil Management	Increased knowledge and awareness of producers and others about the importance of the environment	Dairy products (Cusco)	2
	Training for the prevention and improvement of human health and air quality	Better practices (agricultural, livestock, fishing, forest and others)	Fruits (Ancash)	1
	Training for the prevention and improvement of human health and air quality	Increased knowledge and awareness of producers and others about the importance of the environment	Asparagus (Ancash), avocado(Ancash), dairy products (Arequipa), fruits(Ancash), hydro-biological products (Ancash)	8
	Training for the prevention and improvement of biological factors (environmentally fragile areas, endemic species, habitats, etc.)	Increased knowledge and awareness of producers and others about the importance of the environment	Dairy products (Arequipa)	2
Total 1- Environment				40
Disabled People	Identification of opportunities (trade and others) that favor the participation of disabled people	Improved employment opportunities for disabled people	Cereals (Huancavelica)	1
Total 2- Disabled People				1
Gender	Gender equity training	Increased awareness of producers and actors on gender equity	Apparel (Arequipa)	2
	Identification of opportunities (trade and others) that favor women's participation	Better job opportunities for women	Dairy (Cusco), poultry (Cusco)	2
Total 3-Gender				4
Grand Total				45

3.2 Training Activities on Environmental Protection and Inclusion of the Disabled

In FY2012, 549 individuals were trained on environmental protection topics, half of which were trained on PERSUAP (see table 3.2). Four additional individuals were trained on improvement of working conditions and opportunities for the disabled.

Table 3.2 FY2012 Cumulative Number of Producers Trained by PRA

Component	Topic	Total
1- Environment	PERSUAP	266
	Others	97
	Good agricultural practices/ Certifications other than organic	69
	Waste management	51
	Organic production/Organic certification	38
	Good animal husbandry practices	22
	Good aquaculture practices	6
Total 1-Environment		549
2- Disabled People	Improvement of working conditions and opportunities for disabled people	4
Total 2-Disabled People		4

3.3 Gender Manual

As part of *PRA's Gender Training Program*, two workshops were held: one targeted to PRA staff in Lima and the other designed for the ESCs' personnel, both in November 2010. Based on the experiences of the gender workshops, consultant Carmen Tocón and educator María del Pilar Biggio produced *PRA's Manual to Mainstream Gender in Business Plans*, a document meant to be a self-instructive tool for business promoters to know more about gender issues and to help identify issues in the business plans that may not provide equal opportunities for men and women. The *Manual* also states guidelines for the ESCs to foster gender equality in their action with client companies and producers. The *Manual* has been designed to be a reader-friendly workbook with a comprehensive learning approach, including main lessons, complementary readings, exercises to clarify concepts, tests, and methodological guidelines. The *Manual* was validated at a workshop held on December 5th-6th, 2011 with the participation of ESCs' personnel and members of the Lima Office.

Chapter 4

Partnerships and Alliances

4.1 Building a Pioneering US Government-Peruvian Government Alliance on Economic Development and Poverty Fighting

An unprecedented alliance between the US Government and the Peruvian Government was set up to build long-lasting capacity on how to create economic opportunities in poor areas of the Sierra and Amazon regions of Peru based on PRA's proven track record of result yielding over 13 years. On December 22, 2011, USAID and Sierra Exportadora signed an MOU by which the PRA model has been transferred to a Peruvian national organization.

Sierra Exportadora is a decentralized public sector organization under the Office of the President of the Council of Ministers whose main aim is to foster integration of Peru's poor rural Sierra producers with national and export markets. Its purpose and PRA's purpose are highly coincidental and, therefore, SIEX appeared as the natural national organization to host the PRA project and provide the PRA model with sustainability over the long run once USAID funding was over.

A particular contribution of USAID's PRA project will be its monitoring and evaluation system to certify results and measure the project's impact, a feature which very few public organizations, if any, have available.

The agreement provides additional funding for the development and implementation of business plans in nine of the ten ESCs located in the Peruvian Sierra where both PRA and SIEX are working. In addition, SIEX operates nine branch offices where PRA business development services will also be provided.

During the first semester of calendar year 2012, the PRA project took significant steps to build SIEX capacity to provide services using the PRA model. Planning sessions and workshops were held to train SIEX staff in PRA's business plan development and implementation methodology and PRA's monitoring and evaluation methodology. Additionally, PRA business development and marketing staff, based in SIEX's headquarters for five months, provided direct and continual knowledge transfer and mentorship.

To continue with this effort, a proposal to build human and institutional capacity within SIEX was developed. The capacity building and advisory services plan included three phases. Phase I (September-October 2012), using existing funding under the contract as well as additional funding from SIEX, focused on general capacity building in business

generation, alliance building, and monitoring and evaluation, as well as the transfer of four ESCs to SIEX's direct management. Phase II (November 2012 to April 2013) would focus on deepening the institution's capacity in implementation of the PRA model to areas where SIEX had presence but PRA did not currently have ESCs and on transferring management of the remaining five ESCs to SIEX. PRA staff would continue to identify new alliances and monitor program activities for results during this phase. Phase III (May 2013 to September 2013) would focus on solidifying new alliances and on building SIEX's independence in management and supervision of all 18 ESCs and branch offices, as well as strengthening the institution's auditing capacity.

All Phase I activities were duly fulfilled and some significant Phase II activities have already been undertaken. The project sought the best way to transfer five ESCs (Ancash, Ayacucho, Cusco, Junín-Pasco, and Puno) to SIEX. Since SIEX would not go on with the project's operators and not all PRA promoters would be hired by SIEX, the best way to transfer the ESCs to SIEX was to hand over PRA's intangible assets: its business plan portfolio. Therefore, at the beginning of October 2012, 72 businesses were transferred to SIEX, including –on one hand– all businesses of the Ancash, Ayacucho, Cusco, Junín-Pasco, and Puno ESCs, and –on the other hand– those businesses implemented in the Arequipa, Huancavelica, La Libertad, and Sierra Norte de Lima ESCs located in areas that were not part of the resource partners' priority zones. In this way, the project has managed to transfer its entire business portfolio to SIEX covering nine ESCs, and has only retained the businesses being implemented in the remaining resource private partners' priority zones of the last four ESCs. The Madre de Dios ESC was closed down by the end of September 2012 with the intended transfer of its businesses to USAID Peru Forestry project.

4.2 Global Development Alliances with Private Partners

During FY2012 the GDAs with private resource partners Antamina, the Clinton Foundation, and Barrick to fund the Ancash ESC expired as well as the GDA with Minsur to finance operations of the Puno ESC. In addition, private partner Odebrecht decided to end its partnership to serve both the Cusco and Madre de Dios corridors in order to take responsibility for the businesses being implemented in its own priority zones. Likewise, Raura did the same in the Sierra Norte de Lima-Huánuco corridor.

At the end of FY2012, the project transferred some businesses to resource private partners. Antamina and Barrick have taken full responsibility for the businesses implemented in their priority zones in the Ancash corridor.

Table 4.2 summarizes the state of the GDAs with private resource partners. The ongoing GDAs continue funding the four remaining ESCs: Huancavelica, Sierra Norte de Lima-Huánuco, Arequipa, and La Libertad.

Table 4.2 USAID GDAs with Private Resource Partners as of September 30, 2012

	Corridor	Private Partner	Funds Leveraged	MOU Period
Expired GDAs	Ancash	Compañía Minera Antamina	US\$ 942,857	January 1, 2010 - December 31, 2011
	Ancash	Clinton Giustra Sustainable Growth Initiative	US\$ 314,162	January 1, 2010 - December 31, 2011
	Ancash	Minera Barrick Misquichilca	US\$ 267,225	January 1, 2010 - December 31, 2011
	Puno	Minsur	US\$ 337,184	February 1, 2010 - January 30, 2012
	Cusco - Madre de Dios	Odebrecht Perú	US\$ 480,224	March 1, 2010 - February 28, 2013
	Sierra Norte Lima	Compañía Minera Raura	US\$ 264,604	July 14, 2010 - June 6, 2013
Ongoing GDAs	Huancavelica	Compañía de Minas Buenaventura	US\$ 549,042	February 1, 2010 - January 30, 2013
	Sierra Norte Lima	Compañía de Minas Buenaventura	US\$ 396,906	July 14, 2010 - June 6, 2013
	Sierra Norte Lima	Empresa Minera Los Quenuales	US\$ 264,604	July 14, 2010 - June 6, 2013
	Arequipa	Compañía de Minas Buenaventura	US\$ 452,755	August 15, 2010 - August 14, 2013
	La Libertad	Minera Barrick Misquichilca	US\$ 590,752	August 30, 2010 - August 29, 2013
	La Libertad	Compañía Minera Poderosa	US\$ 287,757	January 3, 2011 - January 3, 2014

4.3 Fostering Partnerships with Local Governments

Law 29337 (Promotion of Productive Competitiveness Law or PROCOMPITE) is a priority strategy adopted by the Peruvian State to improve competitiveness in production chains. Four governments in La Libertad's Sierra have implemented the PROCOMPITE Initiative, in close collaboration with the La Libertad ESC, to improve competitiveness in production chains that already had a formal business plan and an identified buyer. The Provincial Municipality of Sánchez Carrión and the ESC launched this initiative to benefit 830 families

in 40 rural communities. A total of S/.964,610 in financing was raised through PROCOMPITE to enhance competitiveness in nine production chains for quinoa, amaranth, broad beans, milk, beef cattle, Hass avocados, guinea pigs, sheep, and paccho corn, among others. Likewise, the local governments of Sanagorán and Marcabal, in cooperation with the ESC, implemented two PROCOMPITE plans with budgets amounting to S/.112,726 and S/.200,000, respectively.

Aggregate investments in the three municipalities, amounting to S/.1,277,336, will be dedicated to businesses aimed at improving families' incomes and attracting private investment.

Chapter 5

Communications and Outreach

5.1 MOU Signing Events

5.1.1 MOU Signing between USAID and Sierra Exportadora

The signing ceremony of the memorandum of understanding (MOU) between USAID and the Peruvian Government program Sierra Exportadora was held at the Lima Sheraton Hotel Conference Center on January 17th, 2012. The event gathered important government and diplomatic authorities, businesspeople, international cooperation agencies' representatives, and project's beneficiaries.

The MOU was signed by USAID-Peru Mission Director, Richard Goughnour, and SIEX Executive President, Alfonso Velásquez, and ratified by US Ambassador, Rose Likins, and the President of the Council of Ministers, Oscar Valdés.



From left to right: USAID-Peru Mission Director Richard Goughnour, US Ambassador Rose Likins, the President of the Council of Ministers Oscar Valdés, SIEX Executive President Alfonso Velásquez, and PRA Chief of Party José Iturrios, during the signing ceremony.

5.1.2 “Alto Chicama” Commitment Launch Ceremony

Eight organizations, including public and private sector institutions and the USAID-Peru Mission, committed to join efforts to promote social inclusion, sustainable development and people's skills development in Alto Chicama, La Libertad. The ceremony was held at El Libertador Hotel in Trujillo on February 27th.

PRA Chief of Party José Iturrios participated in the Alto Chicama Commitment Launch Ceremony. USAID is one of the eight organizations participating in this agreement.



5.2 FY2012 Main Events

5.2.1 Semana de la Calidad

“The Quality Week – The National Quality Award Event”, organized by the National Quality Management Committee, was held in Lima, October 3rd-6th, 2011. The PRA project presented three successful business cases: *Wiraccocha del Perú’s* organic quinoa, *Importaciones y Exportaciones Felles’s* table peach, and *Lactea’s* dairy products.

5.2.2 CADE 2011

The Annual Executives Conference (CADE), organized by IPAE (Peruvian Institute for Business Action), was held in Cusco, December 1st-3rd. The PRA project and the Alternative Development Program jointly provided support to set up the USAID booth and guide visitors to it at the premier business executives’ annual meeting where top private sector representatives and government leaders participated.



USAID booth at CADE 2011

US Ambassador Rose Likins and USAID-Peru Mission Director Richard Goughnour at CADE's USAID booth



5.2.3 PRA Presentation at Sierra Exportadora International Seminar

On December 12th, Sierra Exportadora organized a meeting with all Peruvian local governments to introduce its “Municipio Productivo” Guide, a tool to help promote investment and local business development.

José Iturrios, PRA Project Chief of Party, made a presentation on the project’s methodology and how the regional and local governments could adopt it.



PRA Chief of Party José Iturrios at Sierra Exportadora International Seminar with local governments’ representatives.

5.2.4 Perú Moda and Perú Gift Participation

The PRA project participated at both Perú Moda and Perú Gift expo-fairs. These expo-fairs promote the nation's textile industry and handicraft products.

Both fairs were held at Peru Jockey Club from April 26th to 28th, 2012, and gathered a great deal of visitors, including government officials, diplomats, and especially businesspeople from all over the world. Some of the project's clients also participated with booths where they exhibited their textiles and handicraft products. The Puno, Cusco and Arequipa ESCs supported the participation of these clients.



Artisan women from Cusco participated at Perú Moda. Here the Royal Knit booth supported by the Cusco ESC.

Perú Moda included a fashion show for designers from Cusco. Some of them used fiber from PRA producers.



5.2.5 James Riordan in Lima

Jim Riordan, the first PRA project COP in Peru (1999-2003), visited Lima from May 30th to June 8th, to present his book “We Do Know How. A Buyer-Led Approach to Creating Jobs for the Poor”, which systematizes the PRA experience and similar ones from other 16 countries.

He had an intense agenda promoting the PRA model among Peruvian prominent leaders and decision makers from different sectors of the society. Jim Riordan met with Gladys Triveño, Minister of Production and Magali Silva, SMEs and Industry Vice-Minister at their office.

Accompanied with some PRA team members, Jim Riordan also met with Javier Iguíñiz, Executive Secretary of the National Accord; Angélica Matsuda, Executive Director of the National Competitiveness Council; and Sierra Exportadora’s Executive President, Alfonso Velásquez.



From left to right: Luis Chang, PRA DCOP; Jim Riordan; Magali Silva, SMEs and Industry Vice-Minister; Gladys Triveño, Minister of Production; and José Iturrios, PRA COP.

5.2.6 Conference “The Production Development and Poverty Reduction Challenge- Lessons from the USAID-PRA Project”

The conference was held at Universidad Del Pacífico’s Maes Heller Auditorium on June 7th with James Riordan as the keynote speaker. The conference organization activities were led by the PRA team and coordinated with other four organizations: the National Competitiveness Council, Sierra Exportadora, Universidad del Pacífico, and the Economic and Social Research Consortium (CIES).

Dr. Riordan’s keynote speech: “Keys for Successful Development and Poverty Reduction Programs: Lessons from Peru and the World” was highly compelling and acknowledged as such by the audience. Other speakers that participated at the conference were Joshua Templeton, USAID-Peru’s Senior Economist; Gladys Triveño, Minister of Production; Alfonso Velásquez, Sierra Exportadora’s Executive President; and Angélica Matsuda, National Competitiveness Council’s Executive Director.

A discussion panel with specialist from different organizations followed James Riordan’s presentation. The members of the panel were: Enrique Vásquez (Universidad del Pacífico), Fidel Jaramillo (Inter-American Development Bank), Delcy Machado (Odebrecht), and Fernando Villarán (former Labor Minister and SME specialist).



Policy-makers, business people, trade associations’ representatives, the academic community, international cooperation agencies’ and multilateral development banks’ representatives, NGOs, development experts and practitioners, and the press gathered at Conference on PRA.

From left to right on the photograph: Enrique Vásquez (Universidad del Pacífico), Fidel Jaramillo (Inter-American Development Bank), James Riordan, Delcy Machado (Odebrecht), and Fernando Villarán (Sase Consultores).

5.3 PRA Team activities

5.3.1 Development and Social Inclusion Discussion Meetings

USAID Chief of Economic Growth and Environment Joseph Ryan, USAID Deputy Chief of Economic Growth and Environment Martin McLaughlin, USAID Trade and Investment Specialist Eduardo Albareda, Facilitando Comercio Project Chief of Party Elena Conterno, and PRA Project Chief of Party José Iturrios had a work meeting with the Policies and Social Assessment Vice-Minister Juan Pablo Silva and the Social Assistance Vice-Minister Jorge Arrunátegui at the Ministry of Development and Social Inclusion (MIDIS) on November 18th, 2011 to introduce both projects to the Ministry of Development and Social Inclusion's representatives and discuss ways of collaboration.

5.3.2 PRA Workshops: Gender Manual Validation and Project Planning

The PRA Manual to Mainstream Gender Equality in Business Plans was validated by ESCs' representatives and members of the Lima Office at a workshop held in Lima on December 5th-6th, 2011. On December 7th, 2011 the ESCs personnel gathered with the Lima Office team to assess project's performance and plan activities ahead.



PRA ESCs and Lima Office staff members gathered at workshops in Lima on December 5-7.

5.4 PRA in the Media

5.4.1 Interview at “TV Perú” Channel

José Iturrios, PRA Chief of Party, was interviewed at “TV Perú” open television Channel 7 over the topic “Promoting Rural Competitiveness”, a conversation with representatives of the main agriculture development programs in Peru. The program was aired in Lima on December 13th, 2011.

5.4.2 USAID-SIEX MOU Signing Ceremony

This important event was highlighted in the local media. All of them emphasized the importance that this agreement would have upon the Peruvian rural area development.

These are some of the media organizations that covered the event:

Television

TV Peru



N Channel



ATV+ TV Channel

Declaración de Oscar Valdés en la firma de MOU entre USAID y SIEX

PROYECTORIA Suscribirse 42 videos



Oscar Valdés
Firma del Consejo de Ministros

6:18 Declaraciones de Oscar Valdés tras firmar el
by PROYECTORIA
Visto 1 veces

2:19 Reportaje sobre firma de MOU entre USAID y
by PROYECTORIA
Visto 2 veces

2:17 Reportaje sobre firma de MOU entre USAID y
by PROYECTORIA
Visto 3 veces

4:54 La Demanda Primero
by PROYECTORIA
Visto 83 veces

1:11 Declaración de guerra - Tráiler español (vos)
by cheryralens
Visto 115 veces

Newspapers and Web Sites

El Peruano Official Newspaper

El Peruano

Indicadores Económicos

Temperatura: Lima, Perú: 22°C
Tipo de cambio al 18/01/2012 USD Compra \$: 2.882 Venta \$: 2.883
Fuente SBS

MOD. POLÍTICA ECONOMÍA OPINIÓN DEBIDO EDITORIAL ACTUALIDAD INTERNACIONAL REGIONES DEPORTES CULTURAL

Unión Sierra Exportadora y USAID firmarán convenio

Potenciarán la producción del agro

Dará soporte técnico a más de 30 mil productores y emprendedores

El Programa Sierra Exportadora y la Agencia de los Estados Unidos para el Desarrollo Internacional (Usaid) firmarán hoy un convenio que permitirá otorgar soporte técnico a más de 30 mil productores y emprendedores en la sierra de Perú.

Este apoyo técnico se realizará a partir de la firma de un memorando de entendimiento para unir esfuerzos en la lucha contra la pobreza, que permitirá la elaboración de 300 planes de negocios que los articularán con mercados nacionales e internacionales.

Gracias a este acuerdo se contará también con un probado sistema de monitoreo, evaluación y medición de impacto, y se incorporará en este esfuerzo de alianza de responsabilidad social a ocho de las más importantes empresas privadas del país que operan en la sierra del Perú.

Estas empresas son las compañías de Minas Buenaventura, Minera Antamina, Minour, Minera Los Quehuales, Minera Raura, Odebrecht Perú Ingeniería y Construcción, Minera Poderosa y Minera Banick.

Sierra Exportadora explicó que ha venido promoviendo una serie de alianzas público privadas (APP) que refuerzan su intervención en la sierra del Perú.

En este esfuerzo identifica al Proyecto de Reducción y Alivio a la Pobreza (Proyecto PRA) de Usaid como una alianza potencial muy importante.

El Proyecto PRA se implementa desde hace 12 años en 10 corredores económicos de la sierra y desarrolló un exitoso modelo de negocios inclusivo y sostenible, así como una metodología de seguimiento, monitoreo y evaluación de impacto que permite medir resultados y rendir cuentas de la inversión social.

Además del soporte y desarrollo a los planes de negocios, con este acuerdo serán transferidos la metodología y conocimientos del Proyecto PRA de Usaid a Sierra Exportadora.

- El marketing personal también es para los emprendedores
- El mercado publicitario se expande
- Fondos de APP ayudarán a acelerar la gran inversión
- Centros comerciales destinan más recursos
- Respetar política ambiental

Andina News Agency

andina

Agencia peruana de noticias

Actualizado 18:02

02:15 Sierra Exportadora y USAID darán soporte técnico a 30,000 productores de la sierra

Lima, 14 (ANDINA). Sierra Exportadora y la Agencia de los Estados Unidos para el Desarrollo Internacional (USAID) Perú darán soporte técnico a más de 30,000 productores y emprendedores en la sierra de Perú a partir de la firma de un Memorando de Entendimiento para unir esfuerzos en la lucha contra la pobreza.

Este apoyo técnico, cuyo memorando será firmado el próximo martes, permitirá la elaboración de 300 planes de negocios que los articularán con mercados nacionales e internacionales.

Gracias a este acuerdo se contará también con un probado Sistema de Monitoreo, Evaluación y Medición de Impacto, y se incorporará en este esfuerzo de alianza de responsabilidad social a ocho de las más importantes empresas privadas del país que operan en la sierra de Perú.

Pronto del tal establecimiento, sobre el piso de la jornada

MEF asocia crédito por 114 millones para comprar equipamiento en Cuzco-Moray-Perú

Costura evaluará oportunidades en concesiones de infraestructura de transporte

Consuegra y Caceres firmarán acuerdo de apoyo empresarial en Perú-Estados Unidos

Equipaciones de control de choferes sumarán US\$ 60 millones en el 2011

La República Newspaper

La República

Economía

30,000 productores de la sierra recibirán soporte técnico de Sierra Exportadora y USAID

Sierra Exportadora propone creación de fondo Sierra Perú

Libro sobre Democracia de origen más presentado por Interoce y USAID

El costo de los alimentos en la lengua de PHILLIP BUTTERS

El especialista

Ministry Web Site

PERU

Presidencia del Consejo de Ministros

INVERSIÓN DE 14.6 MILLONES DE DÓLARES PERMITIRÁ OTORGAR SOPORTE TÉCNICO A MÁS DE 30 MIL PRODUCTORES Y EMPRENDEDORES EN LA SIERRA

- Inclusión social será realidad gracias a las inversiones y a la creación de trabajo, no es un proyecto asistencialista, subraya el Presidente de la PCM, Oscar Valdés.
- Se firma Memorandum de Entendimiento entre Sierra Exportadora y la Agencia de los Estados Unidos para el Desarrollo Internacional (USAID).

5.4.3. Conference “The Production Development and Poverty Reduction Challenge- Lessons from USAID-PRA Project

Many local media covered the conference and highlighted the PRA model’s relevance for policy-making to foster economic development.



Gestion Economy Newspaper issued an article on the PRA Conference on its website and printed edition.

Andina Official Press Agency published an article about the PRA Conference on its website.



The Ministry of Production’s Website had a complete coverage on the PRA Conference.

5.5 Communications Tools

5.5.1 Photo Bank

Dozens of photos were added to the PRA Photo Bank. The photo bank includes snapshots of PRA's beneficiaries, clients and businesses in ten economic corridors. This is a useful resource for promotion tasks.



5.5.2 New Videos in PRAtube

- José (Pepe) Iturrios talks about his experience as PRA CoP
<http://www.youtube.com/watch?v=DDg7yP1qMw0&feature=plcp>
- Forum: Lessons from the PRA-USAID Project.
<http://www.youtube.com/watch?v=35pJWleXJRw&list=UUtz2brlpqkhtRAYtgayfGcA>
- Minister Gladys Triveño's final comments in PRA Forum. Diario Gestion
<http://www.youtube.com/watch?v=VoEntT7PG8Q&feature=relmfu>
- Gladys Triveño, Peruvian Production Minister in PRA Forum
<http://www.youtube.com/watch?v=VMi5svliqf0&list=UUtz2brlpqkhtRAYtgayfGcA&index=4&feature=plcp>
- Proyecto PRA. Foro: El Reto del Desarrollo Productivo y la Reducción de la Pobreza
<http://www.youtube.com/watch?v=DuCcf9mAUEg&list=UUtz2brlpqkhtRAYtgayfGcA&index=5&feature=plcp>
- PRA articula el trabajo de 10 mil pequeños productores con los mercados
<http://www.youtube.com/watch?v=TwIM8pJHt1E&list=UUtz2brlpqkhtRAYtgayfGcA&index=7&feature=plcp>
- Gladys Triveño: "Produce tiene programas que no funcionan"
<http://www.youtube.com/watch?v=i3tqhPYQxEE&list=UUtz2brlpqkhtRAYtgayfGcA&index=8&feature=plcp>
- Declaraciones de Oscar Valdés luego de firma del MOU entre USAID y SIEX (Willax TV)
<http://www.youtube.com/watch?v=fhTjXntrfkY&list=UUtz2brlpqkhtRAYtgayfGcA&index=9&feature=plcp>

Chapter 6

Operations

6.1 Accounting and Finance Operations Reviews

Chemonics Field Accounting and Compliance Manager, Daniel “Kent” Styron, conducted a review of the project’s accounting and finance operations in Lima from November 14th to 23rd, 2011, as part of Chemonics’ standard practice. The main purpose of the review was to ensure that the accounting practices used in the field office, in particular cash management and internal controls, were in accordance with Chemonics’ standard practices and policies as well as with USAID regulations, while also ensuring that the field is complying with local tax and labor regulations. Mr. Styron submitted a set of useful recommendations to improve operational procedures which were implemented.

From July 16th to 20th, 2012, “Kent” Styron and Juan Carlos Camacho Sofrony, both Field Accounting and Compliance Managers, conducted a second review of the project’s accounting and finance operations. The review of the recommendations from the previous visit in November 2011 revealed that most of those recommendations had been accepted and implemented. During this second review, the PRA II project office received guidance on reconciliation of outstanding account receivables and payables, petty cash management practices, the filing of appropriate back-up documentation, and the project bank accounts with respect to standard closeout procedures. The review of PRA II accounting processes and documentation indicated that the project was operating effectively and continued to benefit from a dedicated and experienced finance manager. Overall, there were no major concerns with the project that were noted during this assignment. This review also recommended that special attention be directed to specific issues discussed to ensure that the close out activities are in compliance with Chemonics and USAID policies and procedures and remaining outstanding issues have been adequately resolved.

6.2 Economic Service Centers Close Down and Project Downsizing

Given the reduction of the project’s funds availability and the transfer of most PRA businesses to Sierra Exportadora, the ESCs without funding from private resource partners –Ayacucho and Junín-Pasco– and those ESCs whose resource partners had finished their MOUs with USAID –Ancash and Puno– were closed down by the end of September 2012. In addition, the Cusco and Madre de Dios ESCs were also closed down by the same time as resource partner Odebrecht decided to end its partnership to serve

both corridors in order to take responsibility for the businesses being implemented in its own priority zones.

Fixed assets of the closed ESCs were donated to local community organizations, producers associations, NGOs, and research centers, as follows:

Table 6.2 Recipients of Fixed Assets from Closed Down ESCs

ESC	Donee
Ayacucho	<ul style="list-style-type: none"> ▪ Ayacucho Social Research Center (<i>Centro de Investigación Social de Ayacucho-CEISA</i>)
Junín-Puno	<ul style="list-style-type: none"> ▪ Rural Support Center (<i>Centro de Apoyo Rural-CEAR</i>) ▪ Yanacancha Farmer Community ▪ Chicche Farmer Community
Ancash	<ul style="list-style-type: none"> ▪ Agricultural Producers Civil Association of the Carhuaz Province (<i>Asociación Civil de Productores Agropecuarios de la Provincia de Carhuaz</i>)
Puno	<ul style="list-style-type: none"> ▪ High Andean Plateau Producers Association (<i>Asociación de Productores del Altiplano - APROAL</i>) ▪ Melgar Agricultural Producers Association (<i>Asociación de Productores Agropecuarios Melgar</i>) ▪ Virgin of the High Grace Association of Women Artisans, Ayaviri (<i>Asociación de Artesanas Virgen de Alta Gracia de Ayaviri</i>)
Cusco	<ul style="list-style-type: none"> ▪ Señor de Ccoyllorritry Alpaca Producers Association, Ocongate district (<i>Asociación de Productores Alpaqueros Señor de Ccoyllorritry, distrito de Ocongate</i>) ▪ Apu Pachatusan Alpaca Producers Association, Marcapata district (<i>Asociación de Productores Alpaqueros Apu Pachatusan, distrito de Marcapata</i>)
Madre de Dios	<ul style="list-style-type: none"> ▪ Amazonian Study, Research and Health Services Center (<i>Centro de Estudio Investigación y Servicios en Salud de la Amazonía-CENSAP</i>) ▪ Sustainable Future (<i>Futuro Sostenible</i>) NGO

The Lima Office had already undergone a reduction of its staff personnel since January 2012. By the beginning of November 2012, the staff had been significantly reduced from 33 to 11.

Chapter 7

Problems, Solutions, and Lessons Learned

7.1 Barriers to Trade and Investment: Elements for Policy Dialog

The PRA project's promoters in the economic corridors have identified a set of barriers to business activity through their interaction with client companies and small producers who supply them in value chains. Table 7.1.1 summarizes the main issues identified for six types of barriers to trade and investment. Table 7.1.2 gives a more detailed account of such barriers in each economic corridor.

Table 7.1.1 An Overview to Barriers to Trade and Investment in the Corridors

Type of barrier	Main issues identified
Legal framework	<ul style="list-style-type: none"> ▪ Need to fight informality ▪ An adequate legal framework for environmental protection and use of biodiversity resources is needed ▪ Little progress in natural resources management ▪ Need to update sanitary control mechanisms ▪ Need to set up technical standards (to protect seed banks and increase seed quality) and designation of origin (for quinoa) ▪ Decentralization of government functions required
Infrastructure	<ul style="list-style-type: none"> ▪ Insufficient road infrastructure and lack of maintenance, particularly in local and secondary roads ▪ Serious deficiencies in production infrastructure: irrigation canals, gathering centers for agricultural produce, fences for cattle, cattle shelters, slaughterhouses. ▪ Need to set up infrastructure for internet access
Innovation and technology	<ul style="list-style-type: none"> ▪ Lack of technological transfer programs (genetic upgrading programs, including embryos' transfer for alpaca's genetic upgrading) ▪ Lack of applied research programs ▪ Need to build testing infrastructure in the regions to decentralize technical testing

Information provision and market promotion	<ul style="list-style-type: none"> ▪ Lack of market information system to guide producers and investors on prices, market trends and business opportunities
Capacity building	<ul style="list-style-type: none"> ▪ Need to provide training on agricultural and cattle management methods and techniques, good agricultural, cattle management, and manufacturing practices, HACCP (hazard analysis and critical control points), standardization and traceability
Financing	<ul style="list-style-type: none"> ▪ Need to adapt financing conditions to production conditions and characteristics such as seasonality ▪ Excessive red tape and long waiting time for credit approvals

Table 7.1.2 Barriers to Trade and Investment in PRA Corridors – FY2012

LEGAL FRAMEWORK	
Ancash	Tax incentives should be provided to encourage private investment growth in the region.
	Agrochemicals are often adulterated impairing small farmers' crops. Quality control on agrochemicals should be enforced in the region.
Ayacucho	A protection plan for agricultural fields should be implemented to promote organic products. Especially, pesticides are used indiscriminately in potato fields. As a result, the latter can be used for growing organic crops only three years later.
	Use of pesticides, agrochemicals, and fungicides should be regulated to prevent abuse and health hazards. In the VRAE (Apurímac and Ene Rivers Valley), a plan should be implemented for appropriate use of agrochemicals in cocoa plantations. Agrochemicals contaminate the environment and affect the cultivation of organic cacao and coffee.
Cusco	Tax policy should promote formalization and tax compliance. Incentives should be put in place to encourage producers to establish relations with larger firms as suppliers.
	A legal framework should be put in place to protect the biodiversity in Andean regions and promote sustainable development of gourmet or specialized market niches.
	Technical norms should be introduced to promote the normalization of seed quality and protect the germ plasm. Technical standards for alpaca and sheep fiber should be updated to improve prices and profits.

Huancavelica	Specific regulations should be issued for vicuña shearing in farmers communities. Responsibility in this field lies with the Regional Government's Agriculture Directorate (<i>Dirección de Agricultura</i>).
Junín-Pasco	All applications for forest management plans are submitted to Lima for authorization, a process that can take six months. In practice, implementing a forest or environmental activity takes around one year. Effective decentralization should be achieved so that decisions/authorizations are issued by the regions.
	Regarding sanitary regulations, the Regional Government has not updated its control programs, and the 1998 regulatory legislation (DS 007 SA) is still in force. Appropriate development plans for new products, such as quinoa and sheep milk, among others, are not yet in place. There is a disconnection between the authority's capacities and the region's development possibilities and new promising products. The Regional Government's operations in this field are based on routine supervision.
La Libertad	It is necessary to promote private investment and improve business conditions, especially regarding the resolution of conflicts with local communities.
	The commercialization of inputs and forbidden products promoted by informal mining should be subject to strict control.
	Technical norms and standards should be introduced.
Puno	It is crucial to combat the extreme informality, smuggling, asset laundering, and drug trafficking that are pervasive in Puno. In this respect, RUC (taxpayer registration number)-related procedures should be expedited and a communications policy should be introduced to show producers the importance of formalization for competitiveness.
	There has been no progress in the management and protection of natural resources (use of hydric resources, pasture improvement, control of vicuña hunting) over the last three years.
	DIGESA's (General Directorate of Environmental Health) sanitary regulations and control programs for the implementation of cheese plants have not been updated. Operations at the Ayaviri plants have not been formally authorized (a requirement for exporting).
	Technical norms for categorized and classified fiber should be updated, and 18-micron royal fiber (the finest) should be included, as it has not yet been recognized by the industry.
	Technical norms for sheep wool classification and exporting are not in place. Designation of origin-related procedures should also be started.

	<p>Designation of origin for quinoa from the Puno Andean Plateau has not yet been obtained. There are no technical norms to discriminate between first-, second-, and third-category quinoa and cañihua grain according to size and contrasting varieties.</p> <p>Technical norm NTP.209.051:2006 for beef and beef products establishes specifications for dried meat, but does not include specific parameters for alpaca meat.</p>
Sierra Norte de Lima-Huánuco	Sanitary livestock regulations (especially vaccination) are not complied with in the communities of the Oyón Province. Anthrax outbreaks occur regularly.
	Informal trout production is widespread in the Lima Region (especially in the Province of Oyón). Producers are not registered with the Regional Government's Production Directorate (<i>Dirección de Producción</i>).
INFRASTRUCTURE	
Ancash	Secondary roads need maintenance, particularly the Catac-San Marcos road and the Huari-Chingas road which are relevant to transport aguaymanto and corn production.
	More irrigation systems and canals are needed.
Arequipa	Peru is the world's first producer of alpaca fiber. An appropriate production infrastructure should be established in the high Andean zones (the natural habitat of the alpaca), mainly gathering centers, sheds, slaughterhouses, and shearing yards in the provinces of Castilla, Condesuyos, and La Unión in the Arequipa Region.
Ayacucho	Lack of an appropriate maintenance program for roads leading to production zones considerably raises costs. Access to the VRAE cacao and coffee plantations is mostly via dirt roads, which makes it difficult for producers to transport their output to the markets.
Cusco	While there has been progress in infrastructure development in the region, more is required to improve inter-district and inter-province connectivity. A road maintenance program should also be introduced. Greater articulation between the Central and Regional Governments is needed to develop the necessary roads for articulating producers with regional, national, and export markets.
	A small program is necessary to facilitate access to specialized machinery for harvesting and post-harvesting activities, as well as the installation (or improvement) of pre-processing or finishing plants, with an aim to develop regional technologies, complementary services to create value added, and regional capacities.

	It is urgent to promote partnerships with the private sector to support the equipping of textile workshops.
Huancavelica	Secondary roads lack maintenance: Imperial- Pampas (38 km) and Huancavelica-Lircay (40 km).
	The train service between Huancayo and Huancavelica is irregular. A political decision is necessary to enhance the service.
	While there has been important progress in the implementation and improvement of the region's road infrastructure, the construction of many road connections to towns around the country is still pending. Most works are being implemented by the <i>Programa Provías Descentralizado</i> , but without coordination with either the Regional Transportation & Communications Directorate (<i>Dirección Regional de Transportes y Comunicaciones</i>) or the Regional Government's Economic Development Department (<i>Gerencia de Desarrollo Económico</i>).
La Libertad	It is necessary to improve the penetration roads to production zones: Huamachuco-Puente Pallar, Puente Pallar-Chagual, Chagual-Pataz, and Retamas.
	It is necessary to enhance the production infrastructure (irrigation canals and water reservoirs to secure two yearly harvests).
	It is necessary to introduce Internet services and improve communications significantly in rural areas.
Madre de Dios	Arrangements have been made to ensure participation of the <i>Proyecto Especial Madre de Dios</i> in the installation of a water reservoir to modernize irrigation of the plots owned by the members of Asociación Heredias, a project client.
Puno	Many businesses in Puno are located in remote areas. Access is very difficult, as associations can only be reached via dirt roads. The road to Pucara, Juliaca, and Puno is in bad state, even though a road toll is levied in Ayaviri.
	It is important to promote investment in production infrastructure. Fences are necessary to ensure optimum pasture management for alpaca and sheep farming; and sheds are needed to protect against heavy rainfall, hail, and low winter temperatures (aggravated by climate change). It is necessary to establish gathering centers in areas with a high concentration of alpaca and sheep farms, such as Antauta, Ñunoa, Macusani, Santa Rosa, and Cupi. Only one shearing yard and a few storehouses have been built with assistance from Veterinarians Without Borders (France) in Paratía (Lampa). Additionally, specialized machinery for quinoa and cañihua transformation (threshing machines, combine harvesters, and optical selectors) is required to enhance productivity. Lack of certified slaughterhouses in Azángaro affects the development of the alpaca meat industry.
Sierra Norte	Production infrastructure is deficient, particularly regarding irrigation canals and

de Lima-Huánuco	irrigation systems.
	A slaughterhouse is required in Oyón, particularly to promote the lamb and mutton industry.
INNOVATION AND TECHNOLOGY	
Ancash	The science and technology institutions lag behind the actual needs for technological development in the region. The PRA project alone took two years to successfully validate the technological package to introduce the aguaymanto cultivation in the region.
	Internet access should be provided, particularly in rural areas.
Arequipa	Technological innovation in the alpaca fiber business is associated with embryo transfer for the medium-term genetic improvement of the Suri and Huacaya breeds, with an aim to produce higher-quality fiber in line with market demands. This information was provided by the Regional Coordinator of Domestic Camelids (<i>Coordinador Regional de Camélidos Domésticos</i>) of the Regional Agriculture Department's (<i>Gerencia Regional de Agricultura</i>) Agricultural Promotion Section (<i>Subgerencia de Promoción Agraria</i>).
Ayacucho	Producers generally lack knowledge of certifications and quality norms. The relevant institutions do not promote technological innovation.
Cusco	It is necessary to submit proposals to the Regional Government's recently established Science and Technology Directorate (<i>Dirección de Ciencia y Tecnología</i>) for systematizing the progress achieved so far and promoting the development of prototype harvesting and post-harvesting equipment.
	It is important to put in place an accessible and functional information system for research carried out by universities, entities, and firms specialized in technology.
Huancavelica	It is necessary to complete the implementation of SENATI (National Industrial Labor Training Service)-Huancavelica, an institution recently created with contributions from Buenaventura and the Regional Government (currently only the room space is in place).
Junín-Pasco	The PSI (Irrigation Modernization Program) has expanded its activities to the Sierra and is currently identifying feasible projects. Some proposals have already been submitted to the PSI.
	INCAGRO (Peruvian Agriculture Innovation and Competitiveness Program)'s contestable fund for agricultural innovation used to promote decentralized agricultural initiatives (with emphasis on regional projects). Upon discontinuation, its activities must be handed over to INIA (National Agricultural Innovation

	Institute), but no contests have been announced so far.
	FINCYT (the Science and Technology Program) is another fund dedicated to innovation promotion. It has been accessed by some producers, but it covers a wide range of activities beyond agriculture or agroindustry.
La Libertad	Technological transfer (e.g., irrigation techniques, new crops like quinoa and artichoke) has not been implemented in the region.
Puno	An applied research policy for Andean grains is not in place. It is important to promote water harvesting techniques via use of water springs, water sources, and micro- and mini-reservoirs; use of quinoa production methods that minimize grain loss; establishment of seedbeds to secure high quality; genetic improvement of Andean grains; dissemination of trial experiences performed by INIA (National Agricultural Innovation Institute), Pacamarca (Grupo Inca), and Mallquini (Michell); and embryo transfer. It is necessary to implement a small meteorological station to provide producers with weather information for planning cultivation and preventing damage from hail, frost, or drought. Technological transfer should be emphasized to promote the production of alpaca meat (processing, improvement, and innovation). This should go hand in hand with the development of technical regulations, normalization, quality standards, plant authorizations, trademarks, bar codes, sanitary register, etc.
	Much working time could be saved by establishing a product analysis laboratory in the Puno Region (currently samples need to be sent to Lima and Arequipa).
	It is necessary to assist producers in gaining Internet access. Use of email facilitates access to recent commercial and technological information.
INFORMATION PROVISION AND MARKET PROMOTION	
Ancash	There are no official channels for trade information (prices and opportunities) that can be used to inform sale or cultivation decisions.
Arequipa	The Regional Office of Trade and Tourism (<i>Gerencia Regional de Comercio Exterior y Turismo</i>), in charge of market information and promotion, is in the process of updating a database for assisting entrepreneurs interested in investing in productive and sustainable businesses.
Ayacucho	Most producers lack commercial and market information. As a result, often they sell their output to gatherers at very low prices.
Cusco	It is necessary to establish an organization in charge of providing specialized market information and information on technical norms and export/import processes. Information provided by PromPerú (Peru Export and Tourism Promotion Board) is not enough to promote initiatives by rural suppliers/producers.

Huancavelica	The Regional Government does not have a market information system that can reach medium and small agricultural and other producers.
Junín-Pasco	Currently the promotion of commercial activities covers mostly local fairs, but some of them are gaining national relevance. The Regional Government's Trade and Tourism Directorate (<i>Dirección de Comercio Exterior y Turismo</i>) identifies 10 regional and national fairs registered in the national fair calendar. The Ministry of Agriculture registers seven provincial, thirteen regional, and five national festivals/fairs, among them the Junín Maca Festival, the Yauris General Agricultural Fair, the Pichanaki Coffee Festival, the Pangoa Cacao Festival, and the Satipo Orange Festival. In addition, almost all towns carry out weekly fairs.
	There are no official channels for trade information (prices and opportunities) that can be used to inform sale or cultivation decisions for export crops. Little progress has been made in this field. PromPerú's efforts are still limited in coverage.
Puno	The Ministry of Agriculture must disseminate the advantages of consuming alpaca meat (mainly low cholesterol, compared to red meat).
	The Ministry of Agriculture should inform producers and entrepreneurs about market trends, such as the advantages of producing organic crops. Products like quinoa have a potential for linking poor producers to formal firms' production chains.
CAPACITY BUILDING	
Ancash	Substantive training on soil management, use of fertilizers, and rational use of water is needed. Training on quality standards to meet market requirements is also needed.
	Training on organic agricultural techniques, standards, and traceability is needed, following suit on what the PRA project has done on avocado and aguaymanto.
Arequipa	Most professionals (agricultural engineers and farming and textile experts), hired by the Regional Government and the Local Governments provide training with a supply, not a market, approach. The ESC assists them in trade issues to add value to their activities. Limitations have been identified regarding agricultural, livestock, dairy, and textile businesses.
Ayacucho	Farmers should receive training in fertilizer management and soil techniques to maximize the impact of rainfall.
Cusco	It is convenient to promote agreements with institutes and universities to validate methodologies (e.g., certification of environmental and farming promoters, shearers, and textile experts).

	It is necessary to promote technical assistance programs to improve negotiation aspects, such as trade agreements, prices, and costs.
Huancavelica	Public institutions lack field experts, especially for alpaca and vicuña farming, and for high-altitude crops (native potatoes and maca).
La Libertad	Additional training is required for agricultural and farming techniques, including reconversion of Fuerte avocado into Hass avocado; genetic improvement of cattle to enhance beef and milk production; and use of silos.
	Additional training is required for the design of water harvesting techniques during the dry season, and for achieving two yearly harvests.
	Additional training is required for tourism activities, which are still incipient in La Libertad's Sierra.
Puno	Applied training is required for agricultural techniques, for example obtaining results in demonstrative plots and replicating them later at a larger scale.
	Regarding alpaca fiber, it is necessary to train shearing and classification experts in the implementation of good practices.
	In all cases, especially in the processing of beef derivatives, compliance with Good Manufacturing Practices and implementation of the HACCP Plan for slaughtering and processing of meat products (charqui) should be emphasized.
	It is necessary to reinforce product normalization and traceability. The latter have been addressed by the Puno ESC in the cases of alpaca charqui and trout production.
Sierra Norte de Lima-Huánuco	Insufficient knowledge of trout farming in Oyón, quinoa in the district of Ámbar, and aguaymanto in the district of Cochamarca, and deficient technical management of peach cultivation in the district of Cochamarca.
FINANCING	
Ancash	Financing availability and conditions should be improved. Interest rates continue to be high.
	Financing needs in rural áreas are quite different from financing needs in urban areas. Loan conditions should be adjusted to the cycles of agricultural production.
	A guarantee fund to cover private banks' and savings banks' loans provided to small farmers located in remote areas would be a significant tool to facilitate financing in low-income rural zones.
	Financial operations for agricultural activities whose farmers have a secure buyer

	<p>and are supported by the project should have less severe conditions since their risk profile is much lower.</p> <p>Many small farmers do not have title deeds on their land which may allow them to access bank financing. Helping them to have these formal property documents will be a significant development towards their integration with the market.</p>
Arequipa	<p>Agrobanco extends credit to a number of farmers, but the majority does not have access to financing, as the latter depends on collateral. Moreover, disbursements are not based on the production cycle. It is necessary to provide producers with property titles that can be submitted to Agrobanco as collateral.</p>
Ayacucho	<p>A majority of farmers do not have access to Agrobanco financing, as assessments are overly long and tedious, and credits are approved too late, when they are no longer needed.</p> <p>In the VRAE region there is little information about financing options. Banking institutions operating in the area are mostly private and extend credit at high interest rates.</p>
Cusco	<p>It is necessary to promote triangulation with financial entities such as savings banks (<i>cajas</i>) and cooperatives, based on the strength of enterprises, the existence of a secure market, and timely technical assistance.</p>
Huancavelica	<p>It is necessary to implement the necessary norms for launching the PROCOMPITE (Promotion of Productive Competitiveness) projects fostered by the Regional Government.</p>
Junín-Pasco	<p>Until 10 years ago there were only 5-6 financial entities in the region. Currently there are more than 30. While Agrobanco's monthly rates are 1.2%–1.5%, compared to 3% on average for private banks, the latter develop a more aggressive credit policy thanks to better staff qualifications and operating practices, leading to faster disbursements and higher portfolio quality. This has forced Agrobanco to improve its performance: disbursement times have been halved (from 6 months 5 years ago) and continue to decline. Agrobanco is also implementing its own training plan for field personnel.</p> <p>Credit supply to small agricultural producers has become more diversified. Equipment, machinery, and production infrastructure needs are currently covered.</p> <p>One of the main problems in the sector is the lack of a credit culture among farmers who still do not have access to credit services. Coverage is extremely low, around 5% of the potential market.</p> <p>The "catastrophe insurance" has not met wide acceptance. The Central Government launched it last year and has continued to expand it in 2012. Its administration is entrusted to Mapfre insurance company. While it would be recommendable to use it as collateral to obtain financing for production activities (it</p>

	would contribute to reducing credit costs associated with climate risks), it remains largely unused. Our visits have contributed to increasing awareness among operators, who now consider it as a good option to serve producers who have not been reached yet.
La Libertad	It is necessary to improve financing access and conditions to support production growth. Interest rates continue to be high.
	It is necessary to open private bank offices in province capitals.
	It is necessary to create a guarantee or trust fund for leveraging resources and attenuating the financial sector's risk sentiment.
Puno	It is necessary to adapt bank financing conditions to rural businesses' seasonal conditions. For example, the alpaca fiber production calendar begins in November and ends in March-April. In the case of trout production, sales and profits can only be made after the end of the harvest season (lasting 9 months).

7.2 Coordination Work with Regional and Local Authorities

PRA ESCs' promoters are continuously interacting with authorities at the national, regional, and local (provincial and district) levels. This activity is geared towards: 1. creating synergies between the authorities and the project in achieving the same goal (a regional government providing the seeds while the project provides technical assistance for new quinoa growing; joint participation in fairs); 2. helping identify the need to set up or provide a non-existent public good which may boost production (a shelter for cattle or simple machinery and tools to increase productivity of low-income producers); and 3. helping identify and remove barriers to economic growth through active involvement in policy dialog.

The main coordination activities PRA ESCs have undertaken with regional and local government organizations are summarized by corridor as follows:

7.2.1 Ancash

The Ancash ESC coordinated with the Ancash Regional Government to motivate it to use the PROCOMPITE facility to foster production development projects in the region.

The ESC worked closely with the Huatchis Municipality to undertake projects on aguaymanto and tree tomato. The local government contributed with seedlings and fertilizers while the PRA project provided technical assistance and access to market information. The project also worked closely with the San Marcos Municipality to provide co-financing resources for aguaymanto and quinoa growers.

7.2.2 Arequipa

Business promotion at the regional level is coordinated with the Regional Agriculture Office (*Gerencia Regional de Agricultura*), under the conduction of engineer Julio Vicente Salas. Regarding the alpaca and vicuña fiber businesses, the PRA is a member of Arequipa's Textile Council (*Mesa Textil de Arequipa*), formed by firms and institutions associated with the apparel industry. The PRA has also cooperated with the quinoa business in Majes and with cheese production in Chuquibamba.

At the local government level, thanks to Mayor Mario Yauri the Chilcaymarca community provided 1 Ha for the cultivation of red quinoa and 1 Ha for the cultivation of black quinoa, to be used as demonstrative fields. PRA paid for the seeds and for a consultant (in addition to the one provided by the Arequipa ESC).

In the mozzarella cheese business, the ESC has articulated a strategic partnership with the Municipality of Chachas, which has authorized the use of a municipal plant to produce mozzarella cheese for the firm Biomozzarella.

Mario Ascasiuilca, the Mayor of Chachas, supports this initiative, as well as the alpaca fiber business run by the Tolconi Administration Council (*Junta de Administración de Tolconi*), through the Tolconi Gathering Center (*Centro de Acopio de Tolconi*). This has resulted in improved organization, with an aim to enhance sustainability and empowerment among alpaca farmers.

Coordination with the Provincial Municipality of Condesuyos is made through Mayor Miguel Angel Manchego. PRA provides technical assistance for the production of ripened cheese.

7.2.3 Ayacucho

Arrangements have been made with the Economic Development representatives of the Municipalities of Huanta, San Miguel de Ocros, and Huancasancos to provide the communities of Laupay, Picas, Santillana, and Culluchaca with five drying facilities; and to implement a modern irrigation system and a gathering plant through PROCOMPITE for their aromatic herbs businesses.

7.2.4 Cusco

Joint actions and proposal exchanges have been made with the Regional Government's General Manager's Office (*Gerencia General*), the Economic Development Department (*Gerencia de Desarrollo Económico*), the Regional Trade and Tourism Directorate (*Dircetur*), the Regional Agriculture Directorate (*DRAC*), and the South American Camelides Regional Special Project (*PERCSA*). Presentations about specific business initiatives have been made. The Regional Government's offices indicate that the promotion

actions should emphasize inclusion, poverty reduction, articulation of high areas and intermediate towns, and businesses that can be developed in at least 3 provinces.

PRA has cooperated with the Regional Government in *Perú Moda*, *Cusco Always*, Cusco's *Festival Camélidos*, and the commercialization of alpaca and vicuña fiber. PromPerú and the Cusco Chamber of Commerce & Tourism also participate in these initiatives.

A close relationship has been established with the Provincial Municipalities of Anta, Acomayo, and Paruro for the promotion of the milk, artichoke, amaranth, and quinoa businesses.

A similar cooperation exists with the District Municipalities of Limatambo, Ancahuasi, San Salvador, Ollantaytambo, Ocongate, Marcapata, and Maras. The project supports the garlic, corn, hot pepper, textile, and alpaca and vicuña fiber businesses by providing seeds, transportation, venues, lectures, and junior specialists.

Finally, technical assistance, contacts, and information on commercial events are provided in cooperation with PromPerú's Macro-Regional Office.

Summing up, a wide range of complementary actions have been developed: macro-regional initiatives (such as bio-commerce, in coordination with the Ministry of Finance) have been provided with information; and steps have been taken to facilitate financing from the National Strategic Planning Center (*CEPLAN*) and to establish a partnership with the Korean government's financial support fund. All future strategies should consider a partnership with these instances.

7.2.5 Huancavelica

Specific arrangements have been made with the Regional Government regarding PROCOMPITES, as well as for improving product definition and supporting the establishment of norms.

7.2.6 Junín-Pasco

The Regional Government is committed to support the strengthening of production chains with a view to increase exports (especially agricultural). However, effectiveness is low due to lack of expertise in the development of these activities. For example, two task forces have been established for promoting the cultivation of native potatoes and creole artichoke, but producers have limited mobilization capacities. The marble transformation plant in Sicaya is being completed, but linkages with foreign markets and entrepreneurial participation remain unspecified. There is a strong commitment, but objectives lack clarity. Unsatisfactory results have also been evident in emblematic crops like coffee and cacao, and in other products such as improved sheep breeds.

7.2.7 La Libertad

Joint work has been developed with the Provincial Municipality of Sánchez Carrión and the District Municipalities of Sanagorán and Marcabal for the implementation of PROCOMPITE during 2011. In 2012, assistance is being provided to the same municipalities in completing the necessary documentation to participate in PROCOMPITE (with which cooperation agreements have been signed). As a result, in 2011 it was possible to raise 1,300,000 nuevos soles for these municipalities; and the necessary documentation is being prepared to raise approximately 6,000,000 nuevos soles in 2012.

Steps are being taken to integrate the group in charge of promoting the Regional PROCOMPITE with the Regional Government's Agency for the Promotion of Private Investment (*Agencia Regional de Promoción de la Inversión Privada*), SIEX, ONG SOLARIS etc. Currently the necessary documentation is being prepared to raise 500,000 nuevos soles.

7.2.8 Madre de Dios

The ESC has participated in meetings where self-taxing of the timber-yielding products of the Tahuamanu Forest Concessionaires Association (*Asociación de Concesionarios Forestales del Tahuamanu*) has been proposed to improve administration and finance the creation of the Forest Custodians Program (*Programa de Custodios Forestales*), with an aim to improve protection of forest concessions against invasions.

Arrangements have been made to ensure the participation of the Madre de Dios Special Project (*Proyecto Especial Madre de Dios*) for the installation of a water reservoir, with an aim to improve irrigation of the plots owned by the members of Asociación Heredias, a project client.

The ESC has participated in the EXPOAMAZÓNICA 2012 Fair, where contact was established with importers of wood sheets, decorative veneers, and wood for tool handles.

The ESC has facilitated the improvement of financing conditions for forest concessionaires. AGROBANCO approved a 5 million nuevos soles credit line for timber-yielding concessions, which was launched in Madre Dios as a pilot program. The ESC supported five clients in preparing the necessary documentation and meeting the requirements demanded by AGROBANCO, of which three have already obtained financing amounting to 1,500,000 nuevos soles. The firms that have received financing from this credit line are: Aserradero Espinoza, Maderera Tawari, and Dalmacia SAC. It is an innovative initiative, by which the bank accepts the mortgage on concession rights as partial collateral for purchasing machinery and equipment; and the standing trees considered in the annual operative plan approved by the forest authority as partial collateral for working capital (up to one year). While the use of concession rights and standing trees as collaterals has not yet been approved by the bank, the General Directorate of Forest and Wild Fauna continues to work towards this end.

7.2.9 Puno

The Municipality of Melgar does not have access to PROCOMPITE. A meeting was held with the Economic Development Manager and the Councilors, as a result of which it will be implemented shortly. The Puno ESC considers that the required documentation is excessive and decelerates the process; on the contrary, it discourages application by associations and cooperatives.

A meeting was held with the Economic Development Manager of the Municipality of Melgar and his team to discuss the objectives and methodology of the PRA project. The ESC has participated in the Camelids Task Force (*Mesa de Trabajo de Camélidos*) as a member of the Commercialization Committee (*Comité de Comercialización*). In the November regional and local elections, the candidates for Regional President and District Mayors were encouraged to prioritize in their agendas all aspects associated with alpaca and sheep wool production (production infrastructure, construction of gathering centers and shearing areas, genetic improvement, etc.).

The ESC has also participated in the productive and commercial activities developed by Melgar's Ovines Task Force (*Mesa de Trabajo de Ovinos*).

7.2.10 Sierra Norte de Lima-Huánuco

The ESC has made arrangements with the Production Directorate (*Dirección de Producción*) of the Regional Government of Lima for the formalization of trout producers. An agreement will be signed shortly and exploratory activities have already been developed.

The ESC has made arrangements with SENASA (National Agricultural Health Service) to carry out a vaccination campaign for communities' livestock. Three campaigns have been carried out.

The ESC has held discussions with the Mayor of Oyón to assess the possibility of establishing a slaughterhouse in the province. The project will be submitted for consideration within the participatory budget.

The project supported the Chirimoya Festival in the district of Ámbar, organized by the Municipality of Ámbar and Huacán's Producer Association.

Two business plans from the Provincial Municipality of Daniel A. Carrión (Pasco) have been submitted to PROCOMPITE.

7.3 Problems Encountered, Solutions Proposed, and Lessons Learned

7.3.1 Working in Resource Partners' High Altitude Priority Zones

The project has faced severe constraints to broker business deals in private resource partners' priority zones which have impaired its ability to fulfill optimistic sales targets. These priority zones are mostly located in very high altitude areas, over 12,500 feet above sea level. The zone's location and geography, in addition to problems regarding the state of the roads and adverse weather, permit the development of only a very limited range of businesses. For example, stockbreeding activities are part of the very few production alternatives in Huancavelica's high altitude Andean zones where alpaca breeding communities face serious limitations including weak organization, lack of focus, and deficient genetic quality, all of which limit their negotiation capacity; and sheep breeding (mainly creole breeds), used by producers as a source of "petty cash", is characterized by low meat yields over long periods (two-three years), low leather and wool value, and poor market access.

Besides that, since many producers work at mining units where salaries are higher, other economic activities experience human resource shortages. There are also other limitations, such as water shortages, which prevent immediate implementation of feasible business proposals.

As these resource partners' priority zones tend to be poorer than the rest of the corridor, some adjustments should be introduced in the project's usual operating processes to make up for the serious limitations in the availability and quality of basic factors in these zones. Without losing sight of the project's market-driven guiding principle, more activities to build the local population's production capacities and asset capabilities should be included as previous steps to broker deals with buying companies in order to create competitive advantage in value-chains for products and services with demand opportunities in the market. Examples of these basic productive factors' capacity building activities are: development of production, management and implementation capacities; seed and cattle genetic improvement and reconversion; creation of adequate infrastructure; and input production integration.

New businesses need to be launched as "pilots" aimed at validating experiences, as in the case of quinoa (sensitive to climates over 12,800 feet above sea level), maca (soil, weather, and livestock quality), and mashua (market in development) in the Huancavelica corridor. Producers, like all economic agents, invest time and other resources in a business as long as it is more profitable than traditional alternatives. In this context, validation "pilots" need to be developed, including the start of businesses in limited areas with few producers, so as to create and validate successful experiences. Given the limiting conditions in high-altitude Andean zones, a medium- and long-term business component

should be considered to validate products with firms interested in developing a demand for them. The time horizon to develop new businesses in these zones should be extended to an average span of three years. Considering that many limitations lie outside the project's control, it is advisable to establish partnerships to address these limitations (for example, improving access roads, generating information for decision-making, validating new varieties and products, etc.). The project itself is in a unique position to act as a bridge between local producers, prospective client companies, private resource partners, and national, regional and local governments to seek new partnerships and collaborative schemes in order to help boost development of impoverished high-altitude Andean zones.

7.3.2 Implementation of the USAID-Sierra Exportadora Alliance

Implementation of the USAID-Sierra Exportadora alliance started in January 2012 with the immediate PRA know-how transfer process to Sierra Exportadora personnel in both Lima and the regions through workshops and meetings to train them on how to elaborate a business plan and how PRA's Monitoring and Evaluation Unit proceeded to guarantee attributable results.

As it happens with merger processes, this transition has not been free from difficulties. Aligning visions proved to be a harder job than expected. Whereas the PRA approach is focused on transactions, brokering deals, and looking for star businesses with proven demand in the market, SIEX is primarily focused on promoting six star product lines: trout, cheese, alpaca fiber, berries, wood products, and handicrafts. Rather PRA organizes activities not by sector or cluster but geographically with a strong problem-solving orientation.

Designing the right organizational structure to mainstream the vision was also a critical issue. Initially PRA's ESCs and Sierra Exportadora's branch offices in the regions were merged into Sierra Exportadora's new Economic Promotion Centers (EPCs). Planning sessions with PRA and EPCs' personnel to align visions and agree on the activities to be undertaken at each EPC were also held at Sierra Exportadora's head office. However, having a double chief instance in the corridors: one ESC head (in charge of business promotion) and one SIEX branch office head (in charge of institutional and public policy issues) made PRA implementation very difficult.

These difficulties were assessed at work meetings by USAID, SIEX, and PRA representatives. A transition plan was further developed to provide space for additional capacity building to reinforce trust relationships and develop system processes that would ensure an effective implementation of the PRA model. Seventy-two businesses were transferred to SIEX's EPCs in the nine corridors where PRA operated by early October 2012, and a series of workshops have been designed and implemented both in Lima and the regions to continue with capacity building within SIEX on PRA's business development, alliance building, and monitoring and evaluation know-how.

7.3.3 New Steps in Alliance Building for Local Development

PRA promoters have played a significant catalytic role in helping regional and local governments identify opportunities for economic growth and in creating synergies by working in joint initiatives: elaborating proposals for policy issues to improve the business climate, helping local authorities assess investment in public goods which will collectively benefit producers' groups or value chain components (training on new technologies, new seeds provision, building a community warehouse for low income producers, etc.), or simply channeling the concerns of buying companies and small producers on problems that act as deterrents to local competitiveness. This close working relationship has also proved to be very strong with the regional and local chambers of commerce, and has turned PRA promoters in highly knowledgeable regional business advisors and undeclared regional development officers. The use of this expertise can certainly be expanded if the PRA practice and the PRA model are adopted as a public policy, particularly in the regions where regional and local governments often lacked human and institutional resources to design and undertake effective local economic development programs.

The pioneering experience of PRA's La Libertad ESC in helping the Provincial Municipality of Sánchez Carrión and the local governments of Sanagorán and Marcabal design and implement PROCOMPITE activities –a national government facility to improve competitiveness in regional and local production chains– to benefit families and communities, based on PRA methodology, has indeed opened a new work line for the project to collaborate with regional and local governments in promoting local development. The same La Libertad ESC has identified at least nine other potential PROCOMPITE activities in its private resource partners' priority zones, and the Sierra Norte de Lima-Huánuco ESC has followed suit. The project is encouraging all ESCs to collaborate with the regional and local governments at their corridors in the design, processing, and implementation of PROCOMPITE activities.

Annex

PRA Chemonics Contract Results and Indicators Status

Result 1: Sales of goods and services produced by MSMEs receiving USAID assistance increased by US\$ 90 million, which generate 27,000 new full-time equivalent jobs.

Primary	Target	Status as of November 15, 2012	Evidence
<p>Amount of increase in sales of goods and services produced by assisted MSMEs in the targeted regions broken down by type of goods and services, by women and men owned enterprises, and by market (domestic, regional and international). Sales baseline shall be established for each MSME as they join the program. From this baseline, increased sales above and beyond this prior year's sales target will count towards achieving the result.</p>	<p>US\$ 90 million</p>	<p><i>- Cumulative sales from September 2009 to September 2012 totaled US\$ 68.35 million, 76% of the life-of-project sales target.</i></p> <p><i>- The US\$90 million target will most likely be accomplished by March 2013.</i></p> <p><i>- Sales baselines have been established for all client companies.</i></p> <p><i>- Sales break down by type of goods and domestic/ export market has been reported quarterly and annually.</i></p>	<p><i>-Quarterly Reports.</i></p> <p><i>- Annual Summary Reports.</i></p> <p><i>-M&E Database.</i></p>

<p>Number of full-time equivalent (see Definitions) jobs created among participating MSMEs, broken down by sex. Jobs baseline shall be established for each MSME as they join the program. From this baseline, increased jobs above and beyond this prior year's sales target will count towards achieving the result.</p>	<p>27,000</p>	<p>- <i>Cumulative new jobs from September 2009 to September 2012 totaled 14,908, 55% of the life-of – project target.</i></p> <p>- <i>New employment is estimated over baselines.</i></p> <p>- <i>Employment data has been broken down by sex by M&E unit. 3,996 new female jobs have been generated, and around 70% of jobs were generated in rural areas as of September 2012.</i></p>	<p>- <i>Quarterly Reports.</i></p> <p>- <i>Annual Summary Reports.</i></p> <p>- <i>M&E Database.</i></p>
--	---------------	---	--

<p>Indicator 1.1 – Peruvian MSMEs equipped with the skills and know-how to increase sales by US\$ 90 million as a result of new market linkages. Results should be broken down by groups of goods and services and by women and men-owned enterprises.</p> <p>At a Minimum:</p>		
<p>Indicator 1.1</p>	<p>Status as of November 15, 2012</p>	<p>Evidence</p>
<p><u>1.1.1.</u> – Methodology to provide Business Development Services (BDS) to MSMEs in eight (8) different Economic Corridors in the Sierra developed and submitted to USAID for approval.</p>	<p>- <i>Submitted to USAID.</i></p>	<p>- <i>Document: “Instrumentos de Gestión para el Monitoreo de Planes de Negocios. Manual del Gestor de Negocios.”</i></p>
<p><u>1.1.2</u> – System established to: (1) identify buyers for the good and services that are produced or could be produced in the economic corridor; (2) serve as an</p>	<p>- <i>Nine Economic Service Centers in operation during</i></p>	<p>- <i>Quarterly Reports and Annual Reports.</i></p>

<p>honest broker to facilitate sales agreements between buyers and local producers; (3) organize the local supply of goods and services to complete the sales agreement established between the buyers and producers; and (4) provide technical assistance and identify and resolve problems to ensure that sales agreements are fulfilled.</p>	<p><i>project's first year, and one more ESC starting operations at the beginning of the second year.</i></p>	
<p><u>1.1.3</u> – Methodology and gender sensitive criteria for selecting program beneficiaries developed and submitted to USAID for approval.</p>	<p><i>- Submitted and approved by USAID.</i></p>	<p><i>- Gender Methodology. -Gender Manual.</i></p>
<p><u>1.1.4</u> – Participating MSMEs identified and sales baseline established.</p>	<p><i>- Done.</i></p>	<p><i>-M&E Database.</i></p>
<p><u>1.1.5</u> – Sales (domestic and international markets in a maximum of 60 months) of goods and services of participating MSMEs increased by US\$90 million over baseline levels for the life of the Contract as a result of MSMEs adopting improved business practices and new technologies and adding value and/or diversifying into higher-value products/services (see Definitions). The average incremental annual sales from the annual cohort of participating MSMEs shall be at least equal to or greater than the sales from the previous year through the life of the program.</p>	<p><i>- Cumulative sales from September 2009 to September 2012 totaled US\$68.35 million, 76% of the life-of-project sales target.</i></p> <p><i>- The average net sales of MSMEs was increased in US\$ 154,700 in 2010; in US\$ 413,000 in 2011, and US\$ 166,000 in 2012 (as of June), considering the result from the previous year.</i></p>	<p><i>-M&E Database.</i></p>
<p><u>1.1.6</u> – Strategic plan developed and implemented to ensure participating MSMEs have sustained access and utilization of market information beyond Contract performance period. The plan should also include criteria for selecting participating MSMEs.</p>	<p><i>- Underway.</i></p>	
<p><u>1.1.7</u> –All environmental assessments as identified in 22CFR 216 (USAID Environmental Procedures), as</p>	<p><i>- Environmental Management and</i></p>	<p><i>- Environmental Management and</i></p>

<p>applicable, completed and submitted for USAID approval (see Section H.19 for more details).</p>	<p><i>Biodiversity Conservation Plan Submitted and Approved by USAID.</i></p> <p><i>- All business plans include an initial environmental assessment.</i></p> <p><i>-Environmental Impact Assessment of Business Activities undertaken by Rosa Velásquez.</i></p> <p><i>- Forestry Business Assessment undertaken by Marco Romero</i></p>	<p><i>Biodiversity Conservation Plan.</i></p> <p><i>- Business plans and monitoring formats.</i></p> <p><i>- Environmental Impact Assessment Report</i></p> <p><i>- Forestry Business Assessment Report</i></p>
<p>Indicator 1.2 – Creation of 27,000 full-time equivalent jobs among program-assisted MSMEs. At a Minimum:</p>		
<p>Indicator 1.2</p>	<p>Status as of November 15, 2012</p>	<p>Evidence</p>
<p><u>1.2.1</u> – Participating MSMEs identified and employment baseline established.</p>	<p><i>- Done.</i></p>	<p><i>-M&E Database.</i></p>
<p><u>1.2.2</u> – Twenty-seven thousand (27,000) full-time equivalent new jobs created among participating MSMEs at or above Peru’s established minimum levels for rural and urban wages broken down by sex (see Definitions).</p>	<p><i>- Cumulative new jobs from September 2009 to September 2012 totaled 14,908, 55% of the life-of –project target.</i></p> <p><i>- New</i></p>	<p><i>- Quarterly Reports.</i></p> <p><i>- Annual Summary Reports.</i></p> <p><i>- M&E Database.</i></p>

	<p><i>employment is estimated over baselines.</i></p> <p><i>- Employment data has been broken down by sex by M&E unit. 3,996 new female jobs have been generated, and around 70% of jobs were generated in rural areas as of September 2012.</i></p>	
<p><u>1.2.3</u> – Adherence to labor laws and standards, and the hiring of people with disabilities and other disadvantaged people promoted among participating enterprises.</p>	<p><i>- All business plans include formats on these issues.</i></p> <p><i>- Training activities and other activities undertaken.</i></p>	<p><i>- Business plans.</i></p> <p><i>- Quarterly Reports.</i></p> <p><i>- Annual Reports.</i></p> <p><i>- Monitoring formats.</i></p>
<p>Indicator 1.3 – Sales of products and services that lead to conserving biodiversity increased by US\$ 3 million. At a Minimum:</p>		
Indicator 1.3	Status as of November 15, 2012	Evidence
<p><u>1.3.1</u> – Participating MSMEs identified and sales baseline established.</p>	<p><i>- Done.</i></p>	<p><i>- M&E Database.</i></p>
<p><u>1.3.2</u> – Sales of goods and services of participating MSMEs that are produced/provided in way that enhances biodiversity increased by US\$3 million over baseline levels for the life of the Contract. The goods and services sold must have an explicit biodiversity objective and the intent to positively impact biodiversity in biologically significant areas. All areas of Peru, including its coastal waters, have biological significance. We refer you to Peru’s National Biodiversity Strategy http://www.cbd.int/doc/world/pe/pe-nbsap-01-es.pdf</p>	<p><i>- Life-of-project cumulative sales of biodiversity amount to US\$ 3.85 million as of September 2012.</i></p> <p><i>- Environmental Management and Biodiversity</i></p>	<p><i>- Quarterly Reports.</i></p> <p><i>- Annual Summary Reports.</i></p> <p><i>- Environmental Management and Biodiversity Conservation</i></p>

<p>and USAID’s guidance http://pdf.usaid.gov/pdf_docs/PNADE258.pdf to help you develop your approach. The Offeror must submit a brief analysis of the threats to biodiversity and monitor associated indicators for biodiversity in the area where the goods and services are produced/provided.</p>	<p><i>Conservation Plan Submitted and Approved by USAID.</i></p>	<p><i>Plan.</i> <i>- Business plans and monitoring formats.</i></p>
<p>Indicator 1.4: Communication and outreach strategy designed and implemented. At a Minimum:</p>		
<p>Indicator 1.4</p>	<p>Status as of November 15, 2012</p>	<p>Evidence</p>
<p><u>1.4.1</u> – Target audiences and key messages that will assist in achieving the contract results identified.</p>	<p><i>- Included at Communications and Outreach Strategy and Updated Communications Plan.</i></p>	<p><i>- Communications and Outreach Strategy and Updated Communications Plan.</i></p>
<p><u>1.4.2</u> – Communication tools and media to reach each targeted audience most effectively developed and implemented.</p>	<p><i>- Included at Communications and Outreach Strategy and Updated Communications Plan.</i></p>	<p><i>- Communications and Outreach Strategy and Updated Communications Plan.</i></p>
<p><u>1.4.3.</u> – Surveys conducted as necessary to determine if key messages among targeted audiences are helping to achieve contract results.</p>	<p><i>Not deemed necessary as the project is very well positioned.</i></p>	<p><i>- Conference “The Production Development and Poverty Reduction Challenge. Lessons from the USAID-PRA Project” (Lima, June 7, 2012) with James Riordan’s participation.</i></p> <p><i>- James Riordan’s book “We Do Know How”.</i></p> <p><i>- The Office of the President of the Council of Ministers issued</i></p>

		<p><i>the publication “Experiencias Sugerentes de Programas y Proyectos en la Sierra” in July 2011. The document was written by Rosa Flores and included the PRA experience.</i></p> <p><i>- “Business Integration and Formalization: Lessons from Development Experiences in Peru and the Dominican Republic” by Juana Kuramoto, uses the PRA experience in its analysis.</i></p>
--	--	--

Result 2: Resources leveraged from public, private and civil society entities as a result of USAID assistance exceed US\$15 million.

The Contractor's achievement will be measured by the following indicators.

	Target	Status as of November 15, 2012	Evidence
Number of local institutions and/or enterprises strengthened or equipped to provide Business Development Services on a fee-basis.	8	<p>- <i>Five PRA operators: CARE, Recursos, CEAR, Universidad del Pacífico, and IDESI operating PRA model and procedures.</i></p> <p>- <i>CEISA will be hosting the director of PRA's Ayacucho ESC who will apply the PRA model.</i></p> <p>- <i>Asociación Civil Pataz in La Libertad and ISUR in Cusco have worked very closely with PRA and have become well acquainted with the PRA model.</i></p>	<p>- <i>Operators' subcontracts.</i></p> <p>- <i>PRA Operators' Manual.</i></p>
Amount of new private sector investment in infrastructure and business development services to support market-led economic development activities in targeted areas as a result of USAID technical assistance in targeted areas. Baseline of zero.	US\$ 8 million	- <i>Life-of-project cumulative private investments as of September 2012 amount to US\$4.9 million, or 61% of the project's target.</i>	- <i>FY2012 Annual Summary Report.</i>
Amount of new public sector investment in infrastructure and business development services to support market-led economic development activities in	US\$ 3 million	- <i>Sierra Exportadora's commitment to contribute US\$5.3</i>	- <i>USAID-SIEX MOU and Letter of Agreement.</i>

targeted areas as a result of USAID technical assistance in targeted areas. Baseline of zero.		<i>million through USAID-SIEX MOU. As of November 15, 2012, SIEX has provided US\$1.25 million.</i>	
		<i>- ProCompite's leveraged funds by US\$ 490,563 as of September 2012.</i>	<i>-ProCompite grants at municipal level in La Libertad corridor.</i>
Amount of resources leveraged through Alliances/Public-Private Partnerships (PPPs) with private sector companies (local and/or international companies), government entities, non-governmental organizations, foundations, universities and/or training institutes. See Definitions) Baseline of zero	US\$ 4 million	<i>US\$5.3 million leveraged through GDAs with 9 private sector organizations and one private agreement.</i>	<i>MOUs signed by USAID with 9 private organizations, and Invicta-IDESI agreement.</i>
Total	US\$ 15 million		

<p>Indicator 2.1– Quantify the amount of increased private and public investments in infrastructure and business development services made to support market-led economic development activities as a result of USAID technical assistance in the targeted regions. At a Minimum:</p>		
Indicator 2.1	Status as of November 15, 2012	Evidence
<u>2.1.1</u> – Establish a methodology and baselines to measure increases in public and private investments.	<i>- Submitted and approved by USAID.</i>	<i>- Methodology and Baselines to Measure Increases in Public and Private Investments.</i> <i>- Performance Monitoring Plan –PMP- approved by USAID.</i>

<p><u>2.1.2</u> – US\$ 3 million of new investment by national, regional and local government units in targeted regions stimulated by USAID technical assistance.</p>	<p>- <i>Sierra Exportadora's commitment to contribute US\$5.3 million through USAID-SIEX MOU. As of November 15, 2012, SIEX has provided US\$1.25 million.</i></p> <p>- <i>ProCompite's leveraged funds by US\$ 490,563 as of September 2012.</i></p>	<p>- <i>USAID-SIEX MOU and Letter of Agreement.</i></p> <p>-<i>ProCompite grants at municipal level in La Libertad corridor.</i></p>
<p><u>2.1.3</u> – US\$ 8 million of new private sector investments made in targeted regions as a result of USAID technical assistance.</p>	<p>- <i>Life-of-project cumulative private investments as of September 2012 amount to US\$4.9 million, or 61% of the project's target.</i></p>	<p>- <i>FY2012 Annual Summary Report.</i></p>
<p>Indicator 2.2 – Implement mechanisms and cost-sharing schemes to ensure that participating MSMEs contribute at least 10% (aggregate) of the total investment amount required to fulfill new sales agreements. At a Minimum:</p>		
<p>Indicator 2.2</p>	<p>Status as of November 15, 2012</p>	<p>Evidence</p>
<p><u>2.2.1</u> – Establish a methodology to monitor increases in investments. Investments include the US Dollar value of cash and in-kind resources provided by program-assisted MSMEs to help them meet quality and quantity specifications of new markets.</p>	<p>- <i>Submitted and approved by USAID.</i></p>	<p>- <i>Methodology to Monitor Increases in Investments.</i></p> <p>- <i>Performance Monitoring Plan –PMP- approved by USAID.</i></p>

2.2.2 – Participating MSMEs contribute in aggregate at least ten percent of the total investment required to fulfill new sales agreements.	<i>To be determined</i>	
--	-------------------------	--

<p>Indicator 2.3 – Significant resources leveraged through alliance partners in support of Contract results.¹ At a Minimum:</p>		
Indicator 2.3	Status as of November 15, 2012	Evidence
2.3.1 – US\$ 4 million in resources leveraged from alliance partners.	<i>US\$5.3 million leveraged through GDAs with 9 private sector organizations and one private agreement.</i>	<i>MOUs signed by USAID with 9 private organizations, and Invicta-IDESI agreement.</i>
<p>Indicator 2.4 – Maintain existing alliances with Buenaventura and Antamina mining companies for at least 3 and up to 5 years and seek other alliances with private sector companies or foundations (subject to USAID approval). Resources leveraged from these private sector actors during the time period of performance may count towards achieving the result and target. At a Minimum:</p>		
Indicator 2.4	Status as of November 15, 2012	Evidence
2.4.1 – Implement Memorandums of Understanding between USAID and Antamina and Buenaventura mining companies to maintain the provision of business development services in the economic corridors established in Ancash and Huancavelica (see Section J Applicable Documents section).	<i>-Done.</i>	<i>-USAID-Buenaventura MOUs cover 3 economic corridors.</i> <i>-USAID-Antamina MOU for Ancash corridor.</i>

¹ USAID will be the principle negotiator and partner in any new alliance/PPP, not the contractor. The contractor's responsibility is to support USAID in identifying, designing and implementing alliances/PPPs.

<p><u>2.4.2</u> – Assist USAID in establishing and implementing new alliances with new resource partner(s).</p>	<p>- GDAs with 6 other private partners and one with SIEX were set up and signed.</p>	<p>- MOUs with the Clinton Foundation, Minsur, Odebrecht, Barrick, Poderosa, Raura, Los Quenuales, and SIEX were signed.</p>
<p><u>2.4.3</u> – Develop and implement a strategy in conjunction with USAID to promote alliances/PPPs with private and public actors</p>	<p>- Submitted and approved by USAID.</p>	<p>- Public Private Alliances Strategy.</p>
<p>Indicator 2.5 - A short and focused assessment/action plan prepared on institutions and/or enterprises providing market access and business development services on a fee-basis or those that show a strong interest in developing the capability to provide these services. At a Minimum:</p>		
<p style="text-align: center;">Indicator 2.5</p>	<p style="text-align: center;">Status as of November 15, 2012</p>	<p style="text-align: center;">Evidence</p>
<p><u>2.5.1</u> – The assessment/action plan shall describe the nature, activities and services of existing institutions and/or enterprises providing market access, and business development services or those that show a strong interest and capability to provide services on a fee-basis.</p>	<p>- Submitted and approved by USAID.</p>	<p>- Assessment on Institutions and Enterprises Providing Market Access and Business Development Services on a Fee-Basis.</p>
<p><u>2.5.2</u> – The assessment/action plan shall evaluate effective (or potentially effective) institutions and/or enterprises in terms of their ability to provide market access and business development services on a fee-basis.</p>	<p>- Submitted and approved by USAID.</p>	<p>- Assessment on Institutions and Enterprises Providing Market Access and Business Development Services on a Fee-Basis.</p>

Indicator 2.6 – Per findings of Indicator 2.5, the capacity of local institutions and/or enterprises in each area to provide market access and business development services on a phased-in fee-for-services basis strengthened.

At a Minimum:

Indicator 2.6	Status as of November 15, 2012	Evidence
<p><u>2.6.1</u> – Based on the assessment/action plan in Indicator 2.5, at least eight (8) institutions and/or enterprises strengthened or equipped with the skills and know-how to provide market access information and/or business development technical services on a fee-basis.</p>	<p><i>- The Assessment found that provision of business development services on a fee-basis was not easily feasible. However, 8 BDS providers will be ready to continue with PRA model type of services, although not necessarily on a fee-basis.</i></p>	

Result 3: Methodologies developed and implemented to assist public, private and civil society entities to measurably improve the trade and investment climate within selected economic corridors in the Sierra and possibly the Selva.

<p>Indicator 3.1 – Analyses and policy recommendations provided to government, private sector and civil society leaders to improve the trade and investment climate in the targeted Departments in a measurable way. At a Minimum:</p>		
Indicator 3.1	Status as of November 15, 2012	Evidence
<p><u>3.1.1</u> – Barriers to trade and investment identified and national and sub-national government officials, private sector companies, and civil society organizations engaged to remove these barriers and promote improvements in the trade and investment climate in each economic corridor.</p>	<p><i>- A complete list of main barriers to trade and investment as well as coordination work with regional and local authorities by corridor is presented at FY2011 Annual Report.</i></p> <p><i>- A new compilation of barriers and coordination work by corridor is being undertaken to cover the complete PRA-II period for the Final Report.</i></p>	<p><i>- FY2011 Annual Report</i></p>
<p><u>3.1.2</u> – The Contractor shall document and report to USAID the analyses conducted and the policy recommendations made and measure the impact of these activities on the trade and investment climate within a Department.</p>	<p><i>- Underway.</i></p>	
<p>Indicator 3.2 – Regular exchanges of information take place between the Contractor and other USAID projects related to building the capacity of regional and local governments.</p>		

Result 4: Performance Monitoring and Evaluation Plan developed and implemented.

Indicator 4.1 – Performance Monitoring and Evaluation Plan for all Results and indicators developed and implemented with approval from USAID.		
At a Minimum:		
Indicator 4.1	Status as of November 15, 2012	Evidence
<p><u>4.1.1</u> – Cost-effective methodologies to quantifiably measure the poverty reduction impacts of the program at the Departmental (regional) level (including the impact on the Gross Domestic Product of the targeted regions), and at the micro-enterprise level established.²</p>	<p>- <i>Impact Assessment currently underway (baseline).</i></p> <p>- <i>Methodology to measure impact on regional GDP already designed.</i></p>	<p>- <i>Performance Monitoring Plan –PMP- approved by USAID.</i></p> <p>- <i>Impact Assessment Methodology Proposal.</i></p>
<p><u>4.1.2</u> – Data on the poverty reduction impact of the program at the Departmental (regional) level reported at the mid-point and three months prior to the end of the contract.</p>	<p>- <i>Underway.</i></p>	
<p><u>4.1.3</u> – Data on sustainable, cohort-based, annual sales and jobs generated, and the poverty reduction impact of the program at the micro-enterprise level, collected and reported quarterly.</p>	<p>- <i>Underway.</i></p>	
<p><u>4.1.4</u> – Resources leveraged from public, private and civil society entities as a result of USAID assistance monitored, tracked, and reported quarterly.</p>	<p>- <i>Submitted.</i></p>	<p>- <i>Quarterly Reports.</i></p>

² USAID’s micro-enterprise implementing partners must measure the share of their clients who are classified as living in poverty or extreme poverty. USAID has developed and certified low-cost tools for assessing the poverty status of micro-enterprise clients and requires its micro-enterprise implementing partners to use those tools to measure and report the share of their clients who are poor. More information on Poverty Assessment Tools can be found at <http://www.povertytools.org/tools.html>.

Additional Results on Building Human and Institutional Capacity Building within Sierra Exportadora – Phase I (September-October 2012)

Result	Status as of November 15, 2012	Evidence
Business plans in the Ancash, Junín, Ayacucho, and Puno ESCs transferred to Sierra Exportadora	<i>-Done.</i>	<i>- Transfer minutes for each ESC.</i>
“How-to” manual for alliance building developed.	<i>-Done.</i>	<i>- PRA Alliance Building Manual.</i>
Workshop on alliance building designed and implemented.	<i>-Done.</i>	<i>- Three macro-regional workshops on business development, alliance building, and PRA’s M&E system were held in Huancayo (October 4-5, 2012), Chiclayo (October 11-12, 2012), and Cusco (October 25-26, 2012).</i>
Workshop on monitoring, evaluation, and impact assessment developed and implemented.	<i>-Done.</i>	<i>- The workshop’s sessions took place on September 13, 20, and 26, October 9, 2012. - Three macro-regional workshops on business development, alliance building, and PRA’s M&E</i>

		<i>system were held in Huancayo (October 4-5, 2012), Chiclayo (October 11-12, 2012), and Cusco (October 25-26, 2012).</i>
--	--	---