



USAID | **FACILITANDO COMERCIO**
DEL PUEBLO DE LOS ESTADOS
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Quarterly Progress Report

Peru and Andean Trade Capacity Building Program: USAID/Facilitando Comercio

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Peru and Andean Trade Capacity Building
Program: USAID/Facilitando Comercio

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GLOSSARY

Acronym / Initials	Full name
AEO	<i>Authorized Economic Operator</i>
DIGESA	<i>General Direction of Health and Environment</i>
GOC	<i>Government of Colombia</i>
GOE	<i>Government of Ecuador</i>
GOP	<i>Government of Perú</i>
IEPI	<i>National Institute for the Protection of Intellectual Property, Ecuador</i>
INDECI	<i>National Institute of Civil Defense</i>
INDECOPI	<i>National Institute for the Defense of Consumers and Intellectual Property</i>
MEF	<i>Ministry of Economy and Finance</i>
MINCETUR	<i>Ministry of Foreign Trade and Tourism</i>
MINJUS	<i>Ministry of Justice</i>
MOL	<i>Ministry of Labor</i>
NCC	<i>National Competitiveness Council</i>
NLPL	<i>New Labor Procedural Law</i>
OSIPTEL	<i>Oversight Organism of Private Investment in Telecommunications</i>
PMS	<i>Public Management Secretariat</i>
PTPA	<i>Peru Trade Promotion Agreement</i>
SENASA	<i>National Service of Agricultural Sanitation</i>
SIC	<i>Colombian Superintendency of Industry and Commerce</i>
USG	<i>United States Government</i>
VUCE / SW	<i>Single Window of Foreign Trade</i>

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I. Executive Summary

USAID | Facilitando Comercio (also referred to as the Project) has finished its third quarter of operations and is fully operational. Relationships have been established with counterparts and stakeholders, and the components and country programs have implemented most of the activities outlined in the Project's FY 2009-10 work plan.

On February 17th the Project was officially launched at a formal event attended by the U.S. Ambassador to Peru Rose Likins, USAID Mission Director Richard Goughnour, and Minister of Foreign Commerce and Tourism Eduardo Ferreyros, as well as senior staff from Nathan Associates. The event drew more than 200 guests from the Peruvian government, private sector, and press. More details regarding the media coverage of the event are presented in the Communications section of this document.

During the fourth quarter, emphasis will be placed on initiating activities in Ecuador, and developing a work plan for the remaining 36 months of the Project. In the following paragraphs an overview is presented on the progress made to date within each of the Project's components:

Labor

Significant progress has been made in accordance with the work plan, with studies, technical assistance and trainings being developed in support of the Ministry of Labor (MOL), the Academy of Judges (attached to the Judiciary) and the Ministry of Justice (MINJUS). Regarding the MOL, technical assistance is being provided on fundamental rights for laborers, strengthening of the inspections system, design of an integrated information system and certification of best practices.

Within MINJUS, trainings for conciliators from the 72 free MINJUS conciliation centers have begun. Likewise, training for public defenders on the new Labor Procedural Law is being designed, to enable them to provide legal support in labor matters for persons with disabilities, minors and pregnant women.

Finally, a training program for Judges is being developed jointly with the Academy of Judges, in which a conciliation and judgment hearing under the Labor Procedural Law is simulated. The Judiciary has expressed its interest in expanding the training experience to Peace Judges, Justice Helpers (*Auxiliares*), Superior Judges (*Vocales*) and Labor Experts (*Peritos*), and also in receiving support for developing information systems and monitoring the implementation of the new Labor Procedural Law.

Intellectual Property Rights (IPR)

Activities for improving technical examinations have begun. The Project is currently developing a manual for new patent examiners in support of the Inventions and New Technologies Directorate of INDECOPI that will include a collection of case law on patents from Peru, the United States Patent and Trademark Office (USPTO) and the

European Patent Office (EPO). The Project also will support INDECOPI to standardize examiners' review criteria and improve the quality of the examination process. The Project has started the consultancy for the Copyrights Directorate's initiative called "Education for Development: Fostering a Culture of Respect for Intellectual Property", along with INDECOPI and the Ministry of Education, which will reach children and teachers from 100 hundred schools throughout the country. Finally, the Project is advancing with activities regarding the automation of processes for the Distinctive Signs and Inventions and New Technologies Directorates.

Trade Facilitation

The Project has gained presence in key decision making processes within Customs and the Ministry of Foreign Trade and Tourism, among others. The TCbaseline study was completed and translated into Spanish, its contents and conclusions have been largely discussed and, under the purview of the National Council of Competitiveness (NCC), a work plan is underway to promote the Anticipated Release System (despacho anticipado).

Coordination with public and private stakeholders is ongoing and "de facto" working groups have been established for the implementation of new Customs instruments. AEO implementation and development of Customs Bonds have also been moving forward, albeit at differing speeds. The AEO has received greater attention as a result of the workshops put on by the Project and private sector demands for its prompt implementation. Peruvian Customs has announced the establishment of a working group, which was recommended by the Project. The Customs Bond activity is in progress and a solicitation has been issued to hire by the Project a US expert with a strong customs background to support activities with MINCETUR.

In regards to the Single Window project, the first task has already been accomplished through completion of the assessment of the National Direction of Health and Environment (DIGESA), and the deliverables have been positively received. As a result, the Project has been asked to provide technical assistance to implement short-term recommendations. The Project is also assessing the DIGEMID Single Window procedures and a large-scale outreach process has been launched covering 10 major cities and expected to train more than 800 people.

Administrative Simplification

During this quarter, the component began one of its most important activities: providing technical assistance to municipalities. During the first semester of 2011, at least twenty municipalities in Piura, Cajamarca, La Libertad and Arequipa will receive technical assistance to simplify their operating license procedures and their efficiency in supporting current regulations. To date, 10 municipalities have already started the simplification process. The most important objective under this activity is to reduce transaction costs to entrepreneurs and municipalities in order to promote the formalization of the private sector.

Additionally, a study to evaluate the feasibility of regional governments and municipalities outsourcing the certification process of safety conditions has been initiated. The main objective of the study is to improve the service of technical inspections that local and regional governments currently perform.

The Baseline Study on the role of local governments in the operation of businesses is being executed jointly with USAID | PERU Pro Descentralización. The Exploratory Study was completed by Facilitando Comercio and presented to the Consultative Committee, and the Rapid Field Study, being undertaken by the Pro Descentralización Project, has been started. This latter study will evaluate a sample of 35 municipalities nation-wide in order to validate and document the hypothesis presented in the Exploratory Study.

Medicines

Coordination with the US Food and Drug Administration for starting training activities for DIGEMID's examiners has advanced and we are awaiting their schedule proposal. Other training activities for examiners are also being planned and the Project has continued supporting DIGEMID's efforts to organize its digitalized archives into their SIDIGEMID information system, an activity which is expected to be finalized in the next few months.

Telecommunications

An elaborated work plan was developed with the help of Nathan's in-house telecom expert, Bruno Viani, and was approved by the telecommunications regulator OSIPTEL. In January, telecom expert Martin Taschdjan led successful workshops for public and private sector stakeholders with high attendance and positive results.

Colombia

The first year's work plan focuses on intellectual property rights activities. Main advances with counterparts include:

- SIC: support in reducing backlogs in oppositions. To date 374 cases have been studied and decisions taken. The Project continues studying with SIC the best way to help them implement the TLT.
- School for Judges Rodrigo Lara Bonilla and the Antipiracy Convention: Training for Judges on IPR and Copyrights continues. To date the Project has trained 64 judges through three workshops.
- University Jorge Tadeo Lozano, Andiaros and the Journalist Club of Bogota: The design of the Journalist Club was developed ahead of schedule. This Club will provide systematic information on IP matters to journalists.
- Colombian Crafts: Identification of 20 artisan communities was made with the goal of protecting their cultural legacy by assisting them in obtaining collective brands and appellation of origin. The Project began developing the legal structures that will be used for each community.

Ecuador

The approval of a new Production Code presented a new scenario for the Project. To better define next steps, a local consultant conducted a rapid assessment of the implementation of the US requirement under the Secure Freight Initiative (SFI) and the operational and regulatory status of Ecuador's Customs administration. In addition, Project staff visited Ecuador in early February, during which potential activities were identified. They are currently being validated with the Government of Ecuador and USAID.

II. Success Stories

Training for Judges – Tacna

In December 2009, the Peruvian Congress passed the new Labor Procedural Law (LPL), which aims to reduce the time needed to solve cases from an average of 5 years to 6 months. The law entered into force on July 2010, and has started its gradual implementation.

USAID | Facilitando Comercio has supported the Judiciary with training workshops since the initial application of the LPL. Tacna’s judges were responsible for performing the first trial with the new mechanisms, which are based on oral procedures, and the Project provided these judges with training on how to do so. The methodology that was used simulated a hearing, in which judges played various parts and the trainer played the role of the judge, using a hypothetical case file. Additional material was also provided to review judiciary institutions and procedures to be applied. The same type of workshop has been deployed in Arequipa and Chiclayo, and other cities are already scheduled.



Judges in Tacna, during a simulated hearing, and consultant Paul Paredes conducting the simulated hearing.

The [Video N°1](#)¹ shows an interview with Dr. Luis Ayca, a Judge specializing in Labor, in which he describes the benefits of the training provided by USAID | Facilitando Comercio. Finally, it’s important to state that the first trial was solved in approximately two and a half months.

¹ http://dl.dropbox.com/u/22917575/Luis_Ayca_FC_Audiencia%20de%20Juzgamiento%20-%20Poder%20Judicial%20Tacna%20.wmv

Single Window (VUCE) Implementation

In 2006, the Peruvian Government launched its work plan to implement the Foreign Trade Single Window (SW) as a tool to promote paperless trading to fulfill all import, export, and transit-related regulatory requirements. Currently nearly 300 procedures from 16 public entities are to be included in the SW, accounting for 20% of the FOB merchandise value and 1000 applications per day. Since its initiation, the Project has become an important ally for the Ministry of Foreign Trade and Tourism (Mincetur) in fostering the effectiveness of the SW.

As of 2010, after several years of preparation, 61 procedures are fully operating in the SW. Six entities have participated in this first stage: Ministry of Transports and Communications, Ministry of Production, Fishing Technologic Institute (ITP), National Sanitary Authority (SENASA), National Health and Environment Bureau (DIGESA) and National Bureau of Medicines, Supplies and Drugs (DIGEMID). However, none of the above agencies has made any administrative improvements, meaning that each procedure was incorporated within the SW platform as it was structured (with bureaucratic and redundant processes). In addition, though the SW began operating in July 2010, very few companies are using it.

Accordingly, an important line of action by the Project has been to provide technical assistance for the analysis of the SW procedures in order to simplify them. The first agency evaluated was DIGESA which embraces 20 key procedures. The assessment involved three topics: (i) legal compliance; (ii) process and organizational efficiency; and (iii) IT facilities (both hardware and software). The Project's report provides recommendations aimed at simplifying and reducing the cost of the SW procedures. For instance, shortening time-frames in virtually all procedures (in some cases by as much as 50%), which also implies cost reduction. An excellent partnership has been built between the Project and DIGESA officials, and today we are providing support for implementing the initial set of recommendations. The project is also currently assessing the SW procedures of another public entity, DIGEMID.

Another important line of action by the Project has been to implement training activities regarding the use of the SW, not only theoretically, but also by simulating specific cases. A large scale workshop program was carried out between January and February 2011, and trained 638 persons, including 407 men and 231 women. The two-day workshops were executed in ten cities, where both targeted public officials and private sector representatives attended. In-house training was also provided to four SW 'frequent users' in each city. The Project is currently in discussions with Mincetur officials regarding the possibility of designing a virtual induction course, with the goal of reaching a more significant number of users. Given the Project's role in the SW development, the Peruvian Government expressly acknowledged USAID Facilitando Comercio's support during its official launch of the Single Window initiative held in mid February (Annex N°1).

III. Introduction: Context

The Peruvian Government has continued efforts to fully comply with the U.S.-Peru Trade Preference Agreement (PTPA), which entered into force in 2009. Throughout the last few months, the Agricultural Commission of the Congress has been working jointly with indigenous communities to design a Forest Law Project to satisfy both the communities and the terms of the PTPA. It is expected that the Congress will debate the bill in March 2011. The previous Forest Law, Decree N° 1090, was revoked due to oppositions from indigenous communities.

Presidential elections are scheduled to be held on April 10th and public polls remain very similar to those reported three months ago: it's likely that Alejandro Toledo will face either Luis Castañeda or Keiko Fujimori in the second round. All three candidates have presented similar economic strategies in the campaign, so the election outcome will most likely be favorable for USAID | Facilitando Comercio's objectives.

In the United States, the Congress has delayed the renewal of the Generalized System of Preferences (GSP) due to the objection presented by one senator against products made under illegal labor conditions. It is important to note that, among others, the GSP grants duty-free treatment to a list of products from 131 developing countries or territories (including Colombia, Peru and Ecuador).

Furthermore, the Andean Trade Promotion and Drug Eradication Act (ATPDEA) signed with Peru, Ecuador, Colombia and Bolivia (suspended since 2008) was renewed in December for a period of only six weeks. This means that currently both ATPDEA and GSP are suspended, leaving the Andean countries besides Peru without preferential treatment for their exports to the United States.

GSP, despite its expiration on December 31st 2010, is likely to be re-approved by the new Congress retroactively, which will reestablish preferential treatment for all qualifying countries. However, recent news informs that the ATPDEA negotiation is blocked in the U.S. Senate and will not be renewed soon².

Colombia

Secretary of the State Hillary Clinton recently emphasized that United States remains committed to the ratification of free trade agreements with Colombia and Panama, which were signed in 2006. Furthermore, Secretary Clinton stated that U.S relations with the Government of Juan Manuel Santos were very close and that both agreements were of national interest. Nevertheless, the Agreements are still awaiting approval by the U.S. Congress.

² <http://www.eluniverso.com/2011/03/03/1/1356/atpdea-esta-trabado-senado.html?p=1354&m=1775>

Ecuador

The New Production Code was enacted last year and aims to boost 14 economic sectors in order to increase Ecuador's productivity and diversification. The highlights of this Code are: the reduction of 3% of the income tax on new investments, incentives for green production, and incentives for innovation. The GOE' authorities have high expectations for the results that this new legal framework is expected to have. Recently, the Minister Coordinator of Production Sectors stated that an increased inflow of long-term capital is expected to reach approximately US\$ 7.5 billion over the next 5 years.

IV. Results Reporting Table

The following table presents the results achieved to date against Project indicators.

Common Indicator	First Year				Comments
	Target	Results up to 3rd Quarter			
		Men	Women	Total	
Number of participants in USG supported trade and investment capacity building trainings.	585	853	576	1429	There have been a total of 1129 participants in the 43 trainings developed by USAID Facilitando Comercio throughout the first nine months of the Project. Approximately 40% of the participants were female.
Number of legal, regulatory, or institutional actions taken to improve implementation or compliance with international trade and investment agreements that is due to the support received from USG- assisted organizations.	10	8			The Labor Component is currently designing: 2 guidelines related to Safety and Health at Work and Outsourcing, the systematization of inspection resolutions, fundamental rights cases of the Constitutional Court and lessons learned in the BLP contest, as well as a strategy to fight child labor. The Trade Facilitation Component has started the design of two Law proposals to simplify DIGEMID VUCE procedures
Number of U.S. supported training events held that related to improving the trade and investment environment.	36	43			So far there have been 6 workshops in the Labor Component, 2 regarding trainings for labor conciliators and 4 on the new Labor Procedural Law performed in Tacna (2), Chiclayo and Arequipa. Likewise, the Trade Facilitation Component performed 7 workshops: one regarding an AEO proposal, one for Anticipated Dispatch and 5 regarding the dissemination of the Single Window (VUCE) in Tacna, Piura, Moquegua, Arequipa and Ica. The Administrative Simplification Component has carried out 29 trainings in 10 municipalities from Arequipa and Piura and a

			Telecommunications workshop was held in January 2011.
Reduction in the cost of trade of goods across borders as a result of U.S. assistance.	26	-	The reduction will be measured yearly as the information is published by MINCETUR. The objective for the first year is to decrease by 3% the cost of trading goods across borders.
Reduction in the number of days required to trade across borders as a result of U.S. assistance.	0	-	The reduction will be measured yearly as the information is presented by MINCETUR. The target for this indicator is intended to be met in 2012.
Reduction in the number of procedures required to trade goods across borders as a result of U.S. assistance.	0	-	The reduction will be measured yearly as the information is presented by MINCETUR. Procedures will be reduced from 2011 onwards.
Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.	0	-	Harmonization of Customs procedures will be performed in 2011. As Customs has already internationally harmonized all its procedures, only one harmonization procedure is planned and will be done in 2011.
Number of legal obstacles to women's economic activities (due to legal discrimination) eliminated as a result of USG assistance.	0	-	Activities related to obstacles for women are scheduled to take place in 2012. The Labor Component will address discrimination issues by developing a guideline related to gender discrimination.
Number of institutions/organizations whose capacity/competency was strengthened as a result of USG assistance.	13	13	The Labor Component has improved capacities in the Ministry of Labor, Academy of Judges, Ministry of Justice and the Judiciary. Intellectual Property Component has worked in the same way with INDECOPI. The Trade Facilitation Component is performing capacity strengthening for institutions involved with the Single Window for Foreign Trade. In addition to the support to Mincetur, already 2 VUCE institutions, DIGESA (General Direction of Environmental Health) and DIGEMID (General Direction of Drugs, Supplies and Medicines) have been assisted. Likewise, trainings regarding VUCE have been focused

			on Customs, National Service of Agricultural Health, Fishing Technological Institute, National Ports Authority and the Ministry of Transport and Communications.
Number of municipalities receiving U.S. assistance with regulatory/administrative simplification.	20	10	Technical assistance provided to local municipalities effectively started on January 2011. Currently 10 municipalities are under assistance in the departments of Arequipa and Piura.

V. Technical Implementation - Peru Component

Component 1: Labor

Despite initial difficulties in kicking-off programmed activities, particularly those planned with the Ministry of Labor, work relations in the third quarter were established and activities have been developed in a more structured manner with the MOL, the Academy of Judges and the Judiciary.

Activity 1.1: Develop Guidelines and Training Material for Inspectors

The Project has been working in support of the MOL on various consultancies to formulate guidelines that will serve as tools allowing policymakers to take action in the following areas:

- a. Identification and evaluation of the main characteristics of denaturalization cases of labor outsourcing services and labor intermediation.
- b. Review, analyze and systematize consented or confirmed administrative resolutions issued by the Regional Directorates of Labor and Employment Promotion, in order to make the criterion used in labor inspections uniform. Also, evaluate the functioning of the coercive execution systems of those resolutions.
- c. Contribute to the implementation of the new Regulation of Safety and Health at Work (D.S. 008-2010-TR), through the identification of the most relevant accidents at work, dangerous incidents and occupational diseases, recommendations for improving the information system recording occurrences and the design of a communications program about accidents at work, dangerous incidents and occupational diseases. The Project will also design an Orientation Campaign for employees and workers on the importance of identifying dangers and evaluating risks (IPER) related to Health and Safety at Work.

Furthermore, a consultancy is being designed to establish guidelines for the intervention of inspectors in agriculture and non-traditional exports, which are sectors that are especially relevant to the PTPA.

All of these activities are being developed by specialized consultants who, under the supervision of the Project, are coordinating activities directly with officials from the MOL.

Activity 1.2: Implement Ministry of Labor's General Training Plan

In this period, the MOL prioritized topics related to technical assistance rather than trainings, however several aspects related to the IPER guide (health and safety at

work) have included training activities (even a workshop to disseminate the use of the IPER guide for 600 MSEs representatives).

Activity 1.3: Conduct Dispute Resolution Training

On December 2010, MINJUS formally requested cooperation with the project to provide trainings on labor matters (Annex N°2). Since then, trainings regarding the new labor law have been provided to almost 40 conciliators in Lima. Trainings are emphasizing practical cases in labor conciliation, to progressively integrate the conciliation service for labor cases into the standard practice of the Conciliation Centers managed by the MINJUS (Annex N°3)³.

The first group of trainees included 19 conciliators who were trained for three weeks (two in December 2010 and one in January 2011). The second group of 18 conciliators is currently being trained and will finish the course on March 9th. The training process has been divided in two: a section focused on the knowledge of the main aspects of the Labor Law (52 hours) and a practical section focused on conciliation (34 hours). The courses will include entry and exit tests for participants.

Thereafter, trainings will be taken to the regions in the form of 4 macro-regional workshops, which will include conciliators from private Centers of Conciliation. Additionally, the Project plans to virtualize the trainings, making the contents available online, in order to expand the number of conciliators that have access to the training materials and to enhance the sustainability of the training process developed by the MOL. In order to do so the Project will support the development of a virtual platform.



First group of MINJUS conciliators trained on labor matters

³ Press Note Published on the MINJUS webpage on December 11th 2010.

Activity 1.4: Integrate the Ministry of Labor's Information System

A Study is being developed in order to formulate the conceptual design of an Information System that consolidates and centralizes the management of the statistical information of the MOL, using as a starting point a baseline diagnostic of the current needs and the demand for informatics and statistics by the Sector nation-wide. The first stage of the Study will be comprised of two activities: a) inventory of sources of information for the system and b) report of diagnostic survey. The inventory has already been finished but there has been a delay on the MOL's part in delivery of the survey to its personnel.

In parallel, alongside APOYO and the MOL's informatics team, the Project is assessing the current situation of other MOL information systems and registries including:

- a. Information System for Labor Inspections (SIIT).
- b. System to gather regional statistics.

In all of the above cases, specific activities are being developed to meet the needs identified by the MOL.

Activity 1.5: Improve Tracking of Labor Dispute Processes

An assessment is being undertaken by subcontractor APOYO to design a system to monitor cases of labor disputes, the first including administrative cases and the second including those of the Judiciary.

In addition, several meetings have taken place with Judiciary representatives in order to ensure the sustained and structured participation of the Project in the reforms that have been planned by the new administration led by Dr. Cesar San Martin. One of these reforms is the generation of an information system to provide statistics on labor cases such as the profile of the applicant and the defendant, amount of the demand, geographic area, object of the demand, and other useful information to describe the labor conflict.

It is expected that, in the short term, the Project will be able to offer technical assistance and trainings on this subject, with a committed Judiciary as its counterpart.

Activity 1.6: Support the Implementation of the Procedural Labor Law

In December 2009, the Peruvian Congress passed a new Labor Procedural Law (NLPL), which is expected to reduce the time needed to solve labor conflicts from an average of 5 years to 6 months. Although the Law entered into force on July 15th 2010, its application has been slow throughout the Judiciary Districts of the country, similar to what happened after passage of the Criminal Procedural Code. The Judiciary has

decided to apply the NLPL initially in the Judiciary Districts of Tacna, Cañete, Arequipa, La Libertad, Lambayeque and Cusco.

USAID | Facilitando Comercio is supporting the Judiciary in the application of the NLPL through the Academy of Judges (Annex N°4). The Project is currently developing a training program that has already been started in 4 Judiciary Districts. The Project will train judges in the fundamentals of the law, emphasizing the oral character of the proceedings and its difficulties. The audiovisual materials developed as part of the training were requested on January 2011 by the Solidarity Center to be used in their own trainings to union representatives, and they have formally expressed their appreciation for the materials delivered. (Annex N°5)

The Judges training plan includes the following contents and schedule:

Principles and values of the NLPL

This topic intends to provide judges with an enhanced understanding of the advantages of the NLPL including the principles and values that are incorporated in the law, which, in turn, will facilitate greater understanding of the new regulations and institutions defined by the Law.

The most important principles and values that must be outlined are:

- Access to justice as a principle and value of the structure of the new procedural model
- The use of oral proceedings

The new contents of the NLPL as an expression of access to justice are:

- The Constitutional State of the Law: Interpretation from the Constitution, treaties and international declarations
- The role of the judge
- Equality of compensation
- The scope of labor justice
- Collective procedures
- Assumptions of extraordinary legitimacy
- The principles of the labor procedure: ordinary and short
- Probatory activity
- Presumption of labor
- Assessment of evidence
- The sentence after the hearing

The conciliation in the NLPL

This topic is intended to allow judges to define the scope and limits of conciliation in the NLPL.

The most relevant subjects to be addressed are:

- Conciliation as a form of conflict resolution (action rights)
- Conciliation and the principle of inalienability of rights
- The role of the judge in the conciliation
- Conciliation techniques

Judging Hearings

This topic is intended to train judges for judging hearings.

For that purpose, templates outlining the main types of disputes are used to discuss the main problems of disputes, the rules of the burden of proof and required documentation to prove an affirmation.

Teaching hours

11 hours to be taught from 9:00 to 13:00 and 14:00 to 17:00 on Saturday and from 9:00 to 13:00 on Sunday.

Schedule

The trainings for Arequipa and Chiclayo have already been conducted and the one in Cusco will be conducted at the end of March:

City	Date (2011)	Participants
Arequipa (includes judges from Tacna)	5 – 6 February	26 Judges
Lambayeque (includes judges from La Libertad)	19– 20 February	28 Judges
Lima (includes judges from Cañete)	7 – 11 March	30 Judges
Cusco	26 – 27 March	35 Judges



Superior Court of Arequipa, February 5th –Workshop on the NLPL



Participants of the Workshop in Arequipa

Activity 1.7: Certification of Best Labor Practices

The MOL has been designing a certification process for Best Labor Practices (BLP), which is intended to certify those enterprises that demonstrate the application of BLPs in their regular operations, and to promote respect for workers' fundamental rights and a proper labor environment. It is expected that certification will be granted when labor practices go beyond the law and provide for better internal relations, proper conflict resolution and higher employability.

The certification process requires a legal framework to clearly establish the competencies and duties of the MOL and the steps, conditions and requirements necessary to establish the program. In that sense, USAID | Facilitando Comercio will support the MOL in developing a Regulation Project to support the BLP certification process.

As an initial step towards establishing the certification, the MOL has conducted a 'Best Labor Practices' competition. The Project supported the contest, which evaluated BLP's and the systematization of lessons learned.

Activity 1.8: Simplification and Automation of administrative procedures of the Ministry of Labor

The Project is currently performing an evaluation of the Monitoring System of Administrative Procedures (TUPA procedures). This assessment will be used as an input for the simplification and automation of a selection of procedures.

Activity 1.9: Promotion of Labor standards among vulnerable groups

In order to support the MOL in protecting vulnerable groups, the Project is focused on laying the foundations of a communications strategy against the worst forms of child labor, which will be disseminated throughout the country.

Component 2: Intellectual Property

Larger activities related to Improving Technical Examinations and Improving Information Management Systems (Automation of Processes of the Distinctive Signs and Inventions and New Technologies Directorates), as well as the Copyrights Directorate's initiative "Education for Development: Fostering a Culture of Respect for Intellectual Property", have started and will continue throughout the year. INDECOPI's IP Directors are very collaborative in working with the Project, and are committed to supporting our efforts.

Activity 2.2: Information Management System Improvement

The Project has four sub-activities in progress:

- a. *Module of generation of electronic certificates of registration and entries for the Distinctive Signs Directorate. Module will allow for the display, searching and printing of such electronic certificates of registration and entries*

The first tender, posted for hiring the services of a company to implement the first two modules (i) a module for the generation of electronic certificates of registration and entries and ii) a module to allow for the display, searching and

printing of such electronic certificates of registration and entries), was declared void and therefore, a new tender was launched in January.

In this second tender, the Project and INDECOPI have chosen a provider and the activity will start by mid-March.

b. Digitalization of the Certificates of Registration and Entries of the Distinctive Signs Directorate

The tender to choose the winning company that will digitalize the Certificates of Registration and Entries of the Distinctive Signs Directorate is scheduled to be posted in April, once the previous sub-activity is in progress.

c. Electronic Notification System in Proceedings of Registration of Patents, Utility Models and Industrial Designs for the Inventions and New Technologies Directorate

Terms of reference were written, and it was decided to divide this activity into 8 modules. The Project's support will start with the module called: "Reception and Distribution of Load", in a tender that will be posted by mid-March.

d. Implementation of New Features to the Electronic Platform of Patent Procedures and Services (PATENTA)

INDECOPI's Electronic Platform of Patent Procedures and Services (PATENTA) was implemented with funds from the Korean Cooperation and the Inter-American Development Bank. However, after the project was finished, the Directorate of Inventions and New Technologies realized that there were adjustments needed and asked for the Project's assistance. The Project has agreed to provide support for these adjustments.

PATENTA will be launched to the Peruvian IP Community on March 1st, and USAID | Facilitando Comercio will be presented as the third collaborating partner.

Activity 2.3: Improving Technical Examinations

Two sub-activities are under way.

a. Updating the Andean Processing Manual for trademarks and patent examiners

Patricia Gamboa, Distinctive Signs Director of INDECOPI, had the opportunity to talk with the IP Director of IEPI (Ecuador's Intellectual Property Institute) about our intention to update the manuals and the suggestion was well received.

The IP Component Leader, Catherine Escobedos, had the opportunity to travel to Colombia to discuss plans for cooperation with the IP Director of the SIC (Colombia's Intellectual Property Institute) who was more than pleased to hear about it and expressed support for the collaboration. This activity is planned to begin in the first semester of the year.

We have left the Project's approach to Bolivia as pending under this initiative.

- b. *Manual for the Directorate of Inventions and New Technologies' New Examiners and for people interested in becoming examiners*

The manual will gather the policies and practices of the Directorate of Inventions and New Technologies, and will include a section on case law from Peru, the European Patent and Trademark Office (EPO) and the US Patent and Trademark Office (USPTO) as well as a section related to Andean and Peruvian regulations on patents. The manual will help to reduce the gap between the training needs of the Directorate and their capacity to meet these needs and will standardize the criteria used by examiners when analyzing Patent Applications Dossiers.

This activity started in mid-February. Two consultants were hired, one Senior Technical expert, and one IP Law expert, who are developing the contents of the Manual together with support from the Directorate of Inventions and New Technologies.

The manual is scheduled to be completed by June 2011.

Activity 2.4: Strengthen Capacity for Intellectual Property Rights Enforcement

Two sub-activities are in progress.

- a. *Training for judges on IPR matters*

The Project will take advantage of the Colombian experience in trainings for Judges and will replicate their structure while adapting it to the Peruvian environment. The current professor of the National Academy of Judges will serve as our connection for a first meeting with Judges to gather their opinions on and assess their knowledge of Intellectual Property regulations and how often they receive cases related to IPR. After collecting this information the workshops will be designed and initiated.

- b. *Training trip to the United States Patent and Trademark Office (USPTO)*

The Project provided support to SUNAT by sending Officer Juan Carlos Muñoz to the United States to attend training on Border Measures at the USPTO from January 11 to January 14, 2011.

The training addressed challenges in operating a border enforcement program with emphasis on import and export issues.

Activity 2.5: Raise awareness of the importance and benefits of protecting Intellectual Property

Six sub-activities are in progress:

- a. *Appellations of Origin Seminar in Cusco*

The Project is providing support to INDECOPI in the development of a Seminar on Appellations of Origin in the southern city of Cusco which will take place

March 17th and 18th. The Seminar will end with a ceremony where the newest Peruvian Appellation of Origin, Café Machu Picchu Huadquiña, will be launched. This Seminar is co-organized with the World Intellectual Property Organization.

b. Andean Regional Conference on the Use of Intellectual Property as an Economic Development Tool in Indigenous Communities

The Project is supporting Rick Reidy, Executive Director of the International Intellectual Property Institute (www.iipi.org), in identifying possible participants for the Conference. In this regard the Project has facilitated communications with the National Institute for the Development of Andean, Amazonian and Afro Peruvian Population (INDEPA) and Colombian Crafts. We have also recommended scheduling an appointment with MINCETUR's Peruvian Crafts Directorate.

The Conference is scheduled for June 1st- 3rd, 2011.

c. IP course for students and teachers

The Copyrights Directorate's initiative: "Education for the Creation and Promotion of a Culture of Respect for Intellectual Property" which is a short course for students ages 10- 12 and their teachers, has begun.

As mentioned in the previous report, the initiative is based on materials tailored for schoolchildren, workshops for teachers and a phase of monitoring results. At the end of the course there will be a contest of plays created by the students on various IP topics. The initiative is currently being developed under the authorization of the Ministry of Education in five cities: Lima, Iquitos, Piura, Chiclayo and Arequipa.

The Project has hired a consultant for the elaboration of the Teachers' Guidelines. The same consultant will also work with teachers to train them on how to use the materials and to provide them with tools for encouraging their students to create plays for the contest. After the training, the Consultant will monitor the activities performed by the teachers to replicate what they have learned with their students. Finally, the consultant will be responsible for evaluating the plays selected for the contest, after a public presentation has been given.

This activity is planned to end in December 2011.

d. Online course on trademarks

The final contents of the course are currently under revision by the Director of Distinctive Signs.

The next step is starting the design of the virtual platform through which the course will be available

The USPTO has expressed interest in sharing some of its online courses with INDECOPI as well as in designing special courses for the agency. We will serve as facilitators for the development of these activities.

e. Study on the Economic Impact of the recognition of an Appellations of Origin on producers

Possible consultants have been identified and are currently under evaluation by the Directorate of Distinctive Signs.

We expect this activity to start by the end of March.

f. Inventors Contest

As mentioned in the previous report, the Project has committed to providing support for the award ceremony and the dissemination campaign of the Contest.

The Inventions and New Technologies Directorate is prepared to launch this Contest for Intellectual Property Week.

Component 3: Trade Facilitation

Activities under way can be described under two broad categories: (i) Promotion of the Anticipated Release System and related trade instruments, and (ii) Single Window project assistance.

In both categories the project has become a key partner in implementing the necessary policies and this support has been acknowledged by our GoP counterparts. Activities supported by the Project are discussed at every decision-making level within the relevant government institutions. The working group led by the National Competitiveness Center, which includes officials from Customs, MINCETUR and the Ministry of Finance (MEF), is kept informed of the activities performed and regularly consults with the Project to develop joint priorities. In the case of the SW assistance, although MINCETUR is our main counterpart as the SW administrator, a great deal of work and coordination is done with each incumbent agency, which has enabled the Project to have wider coverage and impact.

A new activity is being considered under this component: Promotion of Rules of Origin aimed at raising awareness of the regulations derived from the PTPA that governs rules of origin.

Activity 3.1: Establish baseline for Customs Operations

The *TCBaseline* assessment was performed in Lima from November 8th to 19th 2010. The report produced by the consultants was translated into Spanish and handed over to relevant public institutions. The report laid out potential disincentives for use of the

Anticipated Release System within 48 hours and focused on Customs operations, practices from trade operators, and other government agencies. A sample of time release/costs case was also included. The report was considered a useful tool by the NCC and Customs for promoting activities towards reducing or eliminating overcharges on imports and exports, and several adjustments are being made to the dispatch as result of these recommendations.

Activity 3.2: Dissemination of Anticipated Release System Benefits

a. *Develop Dissemination Strategy*

The Project is taking part in the working group led by NCC. One of its most important activities is promoting the 48-hour anticipated release through a comprehensive communications strategy. The Project periodically meets to discuss development and follow up strategies and activities. In addition, at the request of the Minister of Economy and Finance and National Tax Authority (SUNAT), the Project organized a seminar targeting top managers from large importing firms to discuss the use the current anticipated release system. Speakers included the Minister of Economy and Finance Ismael Benavides, the head of SUNAT, Nahil Hirsch and World Bank expert Enrique Fanta. The event brought together 30 decision makers from various companies. After the event, the AMCHAM held a similar event, convening a group of private companies to discuss the subject. The Project, along with Customs representative Antonio Portugal, provided information on the constraints of the release system. The third activity completed during the quarter is based on recommendations from the TCBaseline survey. In this regard, the Project is providing a “brand” to the release system and also drafting a handbook for the system. The latter is being coordinated with MINCETUR and Customs.

Once the branding and handbook are completed, the workshops will begin.

b. *Anticipated dispatch awareness workshops in 10 Peruvian cities*

Several meetings are expected to take place to establish the targeting groups and the workshop structure, in order to adequately disseminate the anticipated dispatch benefits. This activity should commence in April.

Activity 3.3: Simplify Import Related Procedures

Two sub-activities are in progress:

a. *Mapping and reengineering of procedures.*

The assessment of the National Health and Environment Bureau (DIGESA), part of the Ministry of Health, was completed and presented to MINCETUR and the General Director of DIGESA. As proposed, the assessment embraced three topics, (i) legal compliance (involving administrative and customs areas), (ii) process efficiency and (iii) IT facilities (both hardware and software). The report casts important results aimed at simplifying their procedures, and it was well

received by the institution. DIGESA’s General Director asked the Project for assistance in implementing short-term recommendations to reduce time frames for certain procedures and to promote the use of “guidelines” elaborated by the Project consultants.

Once the DIGESA assessment was completed, the Project began an assessment of SW procedures within the National Bureau of Medicines, Inputs and Drugs, DIGEMID. This activity was expected to be more complex given the nature of the industry (pharmaceuticals), the wider range of regulations, and the level of experience and organization of relevant business associations. Based on the DIGESA’s experience, the work team was also restructured by hiring one expert consultant solely for administrative procedures. An agreement was reached with DIGESA officials and the Ministry of Health to focus on 30 procedures which are currently the most sensitive and which are not expected to change in the short term. After the first 30 procedures are addressed, the Project will move forward with the remaining 51 procedures.

b. *Single Window (SW) training in controlled products*

As outlined in the prior report, a large scale workshop program was successfully carried out from January - February 2011. The two-day workshops were intended to provide training in using the SW not only theoretically, but also through simulating specific cases. Ten cities were included in the training program which targeted public officials and the private sector. The Project also selected four SW frequent users to receive in-house training. During the period, 638 people were trained as detailed below:

City	Date	People attending	
		Male	Female
Ica	January, 24th	31	12
Arequipa	January, 26th	40	15
Tacna	January 31st	9	8
Moquegua	February 2nd	17	9
Cusco	February 7th	75	41
Puno	February, 9th	74	37
La Libertad	February, 15th	64	38
Lambayeque	February 21st	46	24
Piura	February 23rd	36	39
Ancash	February 28th	15	8
Sub Total		407	231
Total		638	



VUCE Training in Piura

Launching event of the Foreign Trade Single Window

Finally, it is important to mention that the Project was very active in supporting the official launching of the SW which took place on February 17th. The event gathered together top officials including the Ministers of Foreign Trade, Economy and Health, and top managers from the various public agencies included in the SW Project including DIGESA, SENASA, and DIGEMID, among others. The event was well-attended and received extensive media coverage. During the ceremony, the Project was expressly acknowledged for the support it provided for design and implementation of the SW. On February 21st an article explaining the SW was published in Peru's Official Gazette "El Peruano", in which Project activities were reported.



Recognition given to USAID | Facilitando Comercio for its support in the implementation of VUCE

Activity 3.4: Facilitate Creation of a Surety System

To define the scope of the work under this activity, meetings were held with MINCETUR, Customs, insurance companies, the Superintendence of Insurance and Banking, importers and trade associations. Initially, the Project planned to hire a domestic consultant to develop the report, but given the complexity of the surety system, the Project is considering a consultant from the US, where Customs Bonds are successfully being used. A US expert has been asked to quote his services to jointly work with the domestic team on this task. This activity is expected to start in mid-April.

Activity 3.5: Support creation of Authorized Economic Operators (AEO)

The AEO program has been heightened as a key issue by the Minister of Economy and Finance, so the MEF has sought assistance from the Project in this regard. Following the recommendations pointed out in our October report, Customs convened trade operators to discuss establishing a working group to implement the AEO program. As a result the AEO working group was established and Customs was assigned to develop the criteria to qualify companies as AEOs. Customs is currently developing the list of criteria and the Project has offered to hire US consultants to validate the criteria.

Activity 3.6: Rules of Origin handbook

Rules of Origin (RoO) have been introduced within the Trade Facilitation scope, given their importance in regional trade agreements which often allow duty free treatment or other trade preferences based upon compliance with strict rules that verify the source of the export.

The objective of the activity is enhancing the trade capacity of the Peruvian trade sector through the (i) Systematization and dissemination of knowledge of the requirements for the self-certification regime among economic agents and within civil society, and (ii) To propose and design a systematic method for economic agents to identify the steps, requirements and considerations necessary to qualify origin and thus comply with the PTPA.

Two specific tasks have been designed: first, the elaboration of two handbooks regarding RoO in the agriculture and textile sectors; and second, the provision of two-day workshops in seven cities to provide training on rules of origin to the Peruvian business community. The activity is expected to begin immediately and conclude in June.

Component 4: Administrative Simplification

The Administrative Simplification Component has been coordinating actively with the National Competitiveness Council (NCC), the Program for Municipal Modernization

(PMM), the Public Management Secretariat (PMS), the National Institute of Civil Defense (INDECI) and the Ministry of Justice.

Activity 4.1: Conduct Baseline Study on Municipal Regulation of Business Operations

This activity is being undertaken in coordination with USAID | PERU Pro Descentralización. It began in October 2010 with the formation of the Consultative Committee and the beginning of the consultancy to perform the Baseline Study.

On January 21st the third meeting of the Consultative Committee was held to present the consultant's final report on the Baseline Study. The Study shows that Operating Licenses are necessary in Peru, but there are different issues that hinder their efficacy. The following is a summary of the highlights of the report:

- Limitations found in local governments
 - Insufficient or limited personnel
 - High rotation of personnel
 - Improper pressure from higher level officials
 - Lack of stability in zoning regulations
- Good practices identified
 - Timely information provided to users
 - Existence of a step zero (0) for information, orientation and review of documentation.
 - Coordination between areas involved in the process
- Conclusions and Recommendations
 - The Law for Obtaining a Business Operating License is a very useful instrument that has standardized the operating license procedure in municipalities. There is no need to change the legal framework but there is a need to strengthen the efforts for monitoring compliance by municipalities, as done by the Public Management Secretariat, as well as to support the establishment of incentives for compliance, like the ones developed by the PMM.
 - The problems faced by entrepreneurs are not due to the procedure itself, but are rather due to issues like zoning, compatibility of use and technical regulations.
 - Supervision of businesses must be reinforced in local governments.
 - Local governments don't have a zoning plan that reflects the reality and vision of their jurisdictions. This instrument is fundamental when issuing an operating license.

Once the Baseline Study was finished, approved and validated by the Consultative Committee, the Project coordinated with USAID | Perú Pro Descentralización to begin the Rapid Field Study – RFS. The consultant in charge of conducting the study has already presented a work plan and the hypothesis to be validated. In February 25th the fourth Consultative Committee meeting was held to present the following:

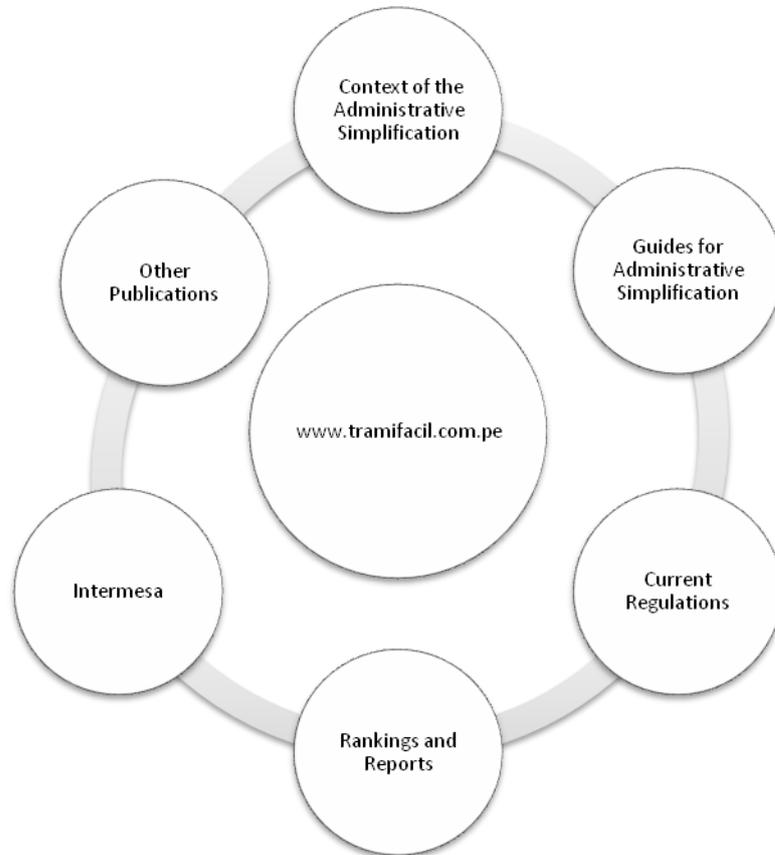
- Objectives:

- Conduct a qualitative diagnosis of the operating license procedures administered by local governments.
- Present recommendations to improve the quality of the service and to enhance the municipal role of promoting local economic development.
- Sample:
 - Based on criterion like National GDP, geographic location, number of operating licenses issued and areas of intervention of Pro Descentralización, 47 local governments were selected to perform the RFS in the departments of Arequipa, Ayacucho, Junín, Piura, Puno and Ucayali.

On Monday February 28th the workshop for the team of evaluators was conducted and in mid-March the RFS will begin implementation.

Activity 4.2: Consolidate information and products developed for administrative simplification

Once the identification of the main products related to administrative simplification was finished, a meeting was held to introduce the team to the PMS and to discuss the strategy that will be used to organize the information on the Tramifacil webpage. The following structure was agreed upon with the PMS:



With the approval of the Secretariat, the TRAMIFACIL webpage was redesigned and updated, and is currently under final revision. It is important to note that there have been personnel changes within the PMS, so are coordinating with new officials.



Picture of the TRAMIFACIL webpage

Activity 4.3: Amend Established Inspection Regulations

Once TORs were validated by the INDECI, the consultant Angélica Matsuda was hired to perform the activity. In the first week of January a meeting was held between the Chief of Inspections of INDECI (Mr. Rodrigo Calderón) and the consultant to present the work plan for the activity, which contained:

- Scope of the Consultancy: focused solely on safety technical inspections in civil defense rather than health and environmental technical inspections, which are also among the inspections carried out among entrepreneurs.
- Methodology: use of a mixed approach to combine both quantitative and qualitative elements (gathering and reviewing existing information, interviews with public officials, specialists, private stakeholders and field visits).

The mentioned work plan was validated by both parties. The cities to be visited for information gathering are Arequipa and Piura, mainly due to their significant level of economic activity and the number of technical inspections that are regularly performed. Piura was the first city visited and the information gathered was very useful. Interviews were also performed with Local Governments, Regional Governments, private institutions, entrepreneurs and the Chamber of Commerce. The trip to Arequipa was delayed due to weather conditions and will be performed in the first week of March.

Activity 4.4: Technical Assistance to Municipalities in Business Registration

The first group of municipalities that will receive technical assistance for simplifying their operating license procedures are located in the following four departments: Piura, La Libertad, Cajamarca and Arequipa.

In the first week of January, letters were delivered to mayors of the selected municipalities introducing the Project and inviting them to participate in the technical assistance program. A large group of municipalities immediately accepted the invitation, and soon afterwards the Project responded with an introduction of the consultants in charge of the activity. The assistance began in the second week of January in the departments of Piura and Arequipa.

Simultaneously, the Coordinator of the Administrative Simplification Component, Rocío Castillo, and the Assistant of Monitoring and Evaluation Joaquín Leyton, traveled to Piura and Arequipa, respectively, to sign the Commitment Acts with the mayors, in order to formalize the agreement. The act in the municipality of Yanahuara was reported in the press (Annex N°6).



Sign of the Commitment Act with the District Municipality of Cayma – Arequipa



Sign of the Commitment Act with the District Municipality of Castilla – Piura

To date, 22 municipalities have sent their acceptance to the technical assistance (Annex N° 7), 8 Commitment Acts have been signed, and technical assistance is being provided simultaneously to 10 municipalities. The following chart shows progress to date in this activity:

N°	Municipality	Department	Agreement Act	Current Situation
1	Sullana	Piura	Ok	4 trainings have been developed according to programmed (Diagnosis, Reform proposal, Implementation and Use of technology). The Report covering the diagnostic and the proposal is being formulated and will be presented to the mayor for his approval.
2	Catacaos	Piura	Ok	
3	Yanahuara	Arequipa	Ok	
4	Tambogrande	Piura		
5	Miraflores	Arequipa	Ok	
6	Víctor Larco	La Libertad		2 trainings have been executed (diagnosis and Reform proposal)
7	Castilla	Piura	Ok	
8	Mariano Melgar	Arequipa	Ok	
9	Cayma	Arequipa	Ok	
10	Morropón – Chulucanas	Piura	Ok	1 training has been executed (Diagnosis)
11	Piura	Piura		
12	Socabaya	Arequipa		
13	Alto Selva Alegre	Arequipa		
14	José L. Bustamante y Rivero	Arequipa		
15	Cajamarca	Cajamarca		
16	Baños del Inca	Cajamarca		
17	Jacobo Hunter	Arequipa		
18	Florencia de Mora	La Libertad		
19	Talara	Piura		
20	Jaen	Cajamarca		
21	Cerro Colorado	Arequipa		
22	Chao	La Libertad		

Source: USAID | *Facilitando Comercio*

It is important to note that the Comptroller's Office (*Contraloría General de la República*) issued in January Resolution N° 002-2011–CG “Formulation and Evaluation of the Annual Plan of Control for the Areas of Institutional Control for 2011”, establishing in section 3.4.6 the prioritization of control activities to examine the simplification of administrative procedures related to the issuing of operating licenses by local governments. Furthermore, the resolution emphasizes the importance of

rationalizing tasks that don't add value and reducing the time and costs currently associated with these processes.

The regulation is being disseminated by our consultant team to the municipalities to show that there is a sanctioning institution (The Comptroller's Office) in charge of monitoring the compliance with the operating license regulation, thus promoting the commitment of high level authorities in reforming their operating license procedures.

In addition to the direct support delivered to municipalities, the Project has been participating in a working group formed by the NCC, PMM, PMS and the National Office of Electronic Government and Informatics (ONGEI), to finalize the online platform for operating license procedures. The platform was restructured and adapted to the Operating License Law by the former USAID | Mype Competitiva, Facilitando Comercio's predecessor project. In that sense, and in coordination with Apoyo, a diagnostic is being performed to assess what needs to be done to implement the platform. After this, a pilot initiative will begin covering five municipalities.

Activity 4.7: Implementation of the Interoperability Initiative

The general objective of this activity is the development of a Law Project to grant citizens electronic access to public services provided by the State (at three levels). The Law Project is expected to promote the simplification of administrative procedures and to determine how public institutions will interchange or transfer information without cost, whenever necessary, for procedures or services provided to citizens.

It should be noted that Supreme Resolution N° 015-2011-PCM established a Multi-sectoral Commission to design the Law Project of Electronic Access of Citizens to Public Services and Interoperability of the Peruvian State.

The hiring process for a consultant with the proper profile is underway.

Component 5: Medicines

Activity 5.1: Strengthen DIGEMID's capacity to Evaluate New Drug Applications

Two sub-activities are in progress:

a. Training for examiners in Lima

The Project has been coordinating with Ana Maria Osorio, the Assistant Regional Director of Latin America for the FDA at the US Embassy, Santiago, Chile, to set a schedule of trainings for DIGEMID's examiners. Ms. Osorio has informed us that their idea is to work mostly through web chats and video conferences, but that they will also arrange for some examiners to provide in-person trainings. Trainings are expected to start by April 2011.

b. *Training trip to Maryland, US.*

The Project will support the participation of two DIGEMID officers in the 12th Forum for International Drug Regulatory Authorities organized by the Center for Drug Evaluation and Research of the US Food and Drug Administration (CDER Forum) from April 4 to 8, 2011, in Maryland, where Senior Scientists from CDER will review disciplines and discuss a case study on ETRAVIRINE (NDA 22 - 187). The two officers will then replicate the training with DIGEMID's examiners in Lima.

Activity 5.2: Improve DIGEMID's MIS and Improve Coordination with INDECOPI

As specified in the previous report, the Project hired three consultants to organize the digitalized information on sanitary registrations dossiers in the SIDIGEMID information system.

The consultants are expected to finish managing all the information related to medicines by April.

Activity 5.3: Raise Awareness of Counterfeit drugs and Regulations of Pharmaceuticals

The project is planning, along with DIGEMID, ALAFARPE, CONTRAFALME and the US Embassy to organize a Forum on Counterfeited Medicines in the city of Puno, as a continuation of the previous forums organized in Lima and Tumbes.

The different institutions involved in the activity are currently designing the program and identifying speakers. DIGEMID, as the Peruvian Authority in charge of the control and vigilance of medicines, will be leading the implementation of the forum.

The Forum will run from March 30th to April 1st.

Component 6: Telecommunications

At the end of December, OSIPTEL agreed on the work plan for the telecommunications component, and soon afterwards activities began implementation.

Activity 6.1: Analysis of International Best Practices on Telecommunications Regulations

The Project has already completed the TOR for the elaboration of a baseline study of the telecomm sector in Peru in light of the obligations set out in the PTPA. This study will provide valuable input for the forthcoming studies on international best practices on telecommunications.

Activity 6.2: Development of Human Capital in the Economics of Telecommunications regulation

In January, Professor Martin Taschdjian conducted a three-day training for OSIPTEL officials on the economics of telecommunication regulations. Nearly 40 officials attended the sessions and Professor Taschdjian received requests to hold a committee meeting to discuss specific topics related to implementing the Broadband Initiative, which will deploy broadband infrastructure throughout Peru. Presently, broadband penetration beyond DSL service in higher income urban areas is very limited and the service is expensive. Additionally, a workshop was arranged for private operators, in which an open discussion was held with the largest telecom operators on topics such as telecom trends and barriers in the deployment of infrastructure in municipalities, among others.

Activity 6.3: Analyze and propose changes on regional regulations

Based on the information collected from telecom operators, the Project has already completed the TOR to elaborate a study which identifies key municipal or regional regulations that hinder the deployment of telecommunications infrastructure. Special emphasis will be placed on local/regional regulations that are not directly related to telecommunications services but that may affect indirectly the deployment of services. This activity should be completed by the end of April.

VI. Technical Implementation - Regional Component

Colombia

Activity B2.1 and B2.2: Implementing the Trademark Law Treaty (TLT) and the Madrid Protocol

In accordance with the Work Plan, the Project closely followed activities performed by the Superintendence of Industry and Commerce (SIC) and worked to identify a consultant to evaluate the SIC's current status in implementing the Trademark Law Treaty (TLT) and proposed action plan for full compliance. Since the Madrid Protocol has not yet been approved by the Legislature, the Project developed with the SIC a new activity to help with its patent backlog. The change in activity has been approved by USAID/Colombia.

Activity B2.4: Reducing Trademark Registration Backlogs

USAID|Facilitando Comercio and the SIC began work to reduce the trademark backlog. To date 374 cases have been studied and decided.

Number of Cases Studied per Consultant

Consultant	Total of Cases
Carolina Barragan	83
Diego Guzman	87
Fabian Duran	87
Juliana Arias	30
Beatriz Morales	87
Total	374

Activity B2.5: General IPR Training for Judges

The Project is working closely with the School for Judges “Rodrigo Lara Bonilla” in order to train approximately 1,135 judges through 32 IPR seminars during the first year of the program. The first seminar was held in December and the second and third were held in Medellin and Quibdo in February. A total of 64 judges have been trained. Nathan Tenny from USAID Lima and Catherine Escobedo from Facilitando Comercio Lima attended the workshop in Medellin.

Activity B2.6: Copyrights Training for Judges

The Project, along with the Convenio Antipiratería and the Copyrights Office, is working on creating a handbook for the judges training in Copyrights. The handbook has already been developed and is pending approval from USAID for the use of trademarks and IPR.

Activity B2.7: Limitations of Liability for Internet Service Providers

Thanks to the support of the Antipiracy Agreement, Chambers of Commerce and Unions, a consultant was identified for the seminar on Limitations of Liability for Internet Service Providers.

Activity B2.8: Support IP Registration for Colombian Artisans

In cooperation with the organization *Artesanías de Colombia* (Colombian Crafts), twenty (20) artisan communities were identified to receive assistance in obtaining the collective brand or appellation of origin. This will provide them with legal rights to protect their cultural legacy.

The Project is being carried out by lawyers contracted by the Project alongside Artesanías de Colombia. The Legal study of each application was initiated and visits to the communities were carried out.

Activity B2.9: Support Creation of a Journalism Club

The Project started conversations with Andiaros, the Colombian Association of Diaries, the Journalist Club of Bogota, and the Jorge Tadeo Lozano University to create a Journalism Club for IP and Copyrights.

Ecuador

USAID|Facilitando Comercio has been analyzing potential activities since August 2010. Initially, under the guidance of USAID|Ecuador, and with support from USAID Peru officials, the Project began this Quarter by eliminating some of the previously identified activities for potential support:

- ISO and SPS certifications for the private sector;
- Certifications for tourism operators;
- National macro administrative simplification law implementation;
- Assistance with the curriculum and training of Ecuador's commercial officers abroad;
- Assistance with the Strategic Plan of the Vice Ministry of Foreign Commerce;
- Assistance with an internal restructuring of the Vice Ministry of Foreign Commerce.

In December, following the guidance of USAID|Ecuador and the Business Alliance for Secure Commerce (BASC) in Ecuador, a local consultant was hired to provide a clear picture of the current operations at Ecuadorian Customs. His first report was submitted on December 26, however the Production Code was updated shortly thereafter. As a result, in January 2011 the local consultant was hired again for an extension of his report. A clear picture of how the Project will provide support to Ecuadorian Customs will only be possible when the different "Reglamentos" are published in 2 or 3 months. The Reglamentos will define exactly how the updated Production Code will be implemented, and which organizations will be charged with which tasks.

In early February, based on the report from the local consultant, USAID|Facilitando Comercio met with the Executive Director of the Ecuadorian Customs Corporation (*Corporación Aduanera Ecuatoriana*). It was agreed that the Project will evaluate the possibility of supporting Customs in performing an audit of its outsourcing system for physical inspections, for which Nathan will pull from its experience conducting a similar assessment in Nigeria. The main focus of this evaluation will be to identify major pros and cons of the current model in order to improve its efficiency and efficacy in relation to foreign trade management. The evaluation will include an analysis of the contracting arrangement currently in place between importers and inspection companies, and the moral hazard risks associated with this process. This will serve as preparation for compliance with Law 2012 which will require all containers going to the U.S. to go through a scanner.

In January, USAID|Facilitando Comercio was approached by IG-DE Corporation (a local non-profit organization) to promote the use of the appellation of origin *Cacao Arriba* by local producers. This is a key step towards promoting other appellations of origin in the future, as coffee from Loja and hats made out of “paja toquilla” could be next. USAID | Facilitando Comercio will promote the use of the appellation of origin *Cacao Arriba* and the implementation and operation of a regulatory committee, in order to enable producers of this variety to access a higher price in the world market, based on the prestige of the product as a gourmet cacao.

In early February USAID|Facilitando Comercio visited the Vice-Minister of Foreign Commerce to resume work that had been put on hold. After the meeting, it was decided to explore providing assistance in the formation and training of Ecuador’s long-term negotiating team.

However, the advisor to the Viceminister, Mr. Montaña, has expressed doubts about how politically viable it will be to conduct this activity as it would necessarily include other Ministries and organizations within the government.

In the same visit to Ecuador, USAID|Facilitando Comercio met with the executives from Business Alliance for Secure Commerce (BASC). USAID | Facilitando Comercio will explore supporting BASC Ecuador in the training and certification of SMEs, especially those under the support of USAID | Ecuador within the *Red Productiva* initiative and PRODEL (Programa para el Desarrollo Económico Local) initiative.

The Project will promote the use of BASC certification, which ensures global security procedures throughout the logistics chain, in order to increase and facilitate trade for Ecuadorian enterprises. Currently, despite the recognition of BASC certification by buyers in the US and other countries, it has been underutilized by Ecuadorian SMEs mainly due to its high entrance fee. To lower this economic barrier, the Project will partially finance the entrance fee for a group of SMEs, and it is expected that BASC will reduce the cost of its first annual renewal so as to maintain their certification while they establish commercial relationships with buyers that value the certification of their logistics chain. The activity is intended to reach 50 enterprises that are already exporting or that plan to export to the United States. The Project is currently working together with BASC to develop the budget for this activity.

VII. Communications

USAID | Facilitando Comercio has built a solid reputation in its areas of influence through the various activities that have been performed to date under each of the project components. To continue building this reputation, it was necessary to develop a general marketing program to disseminate information on Project objectives, achievements and progress, informing stakeholders of the Project's contribution to the improvement of the business climate and the competitiveness of Peru and other Andean Countries. The marketing strategy included:

- **Design of a graphic and image line:** This included the project brochure, files, personal cards, labels, CD's and DVDs covers, Power Point presentation formats, letterhead, invitation cards, diplomas, banners, and backing, among others, which are included in the attached file *COMMUNICATIONS PRODUCTS*⁴.
- **Design of a webpage for the Project:** Definition of the architecture and functions of the webpage, with a friendly graphic design including USAID's branding guidelines. Its contents will be updated *in-house*, as Project staff has been properly trained for this task. (www.emc-s.com/fc/) (Annex N°8)
- **Project's Official Presentation:** A press conference was organized with the presence of the Director of USAID | PERU Richard Goughnour; the United States Ambassador to Peru Rose M. Likins; the Minister of Foreign Trade and Tourism, Eduardo Ferreyros; and the Chief of Party, Elena Conterno. The Project launch was well attended by various members of the Lima press providing wide coverage for the event. News related to the Project is presented in Annex N°9 and in [VIDEO N°2](#)⁵.
- **Dissemination of component activities:** Press notes were written related to trainings for MINJUS conciliators in labor topics and trainings performed nationwide regarding VUCE promotion. The Project also supported development of leaflet (attached in the file *VUCE LEAFLET*⁶) describing the Single Window initiative for MINCETUR.

⁴ Also available in: <http://dl.dropbox.com/u/22917575/Communications%20Products.pdf>

⁵ <http://dl.dropbox.com/u/22917575/Channel%208.%20Program%20RUMBO%20ECONOMICO.%2017-02-11.wmv>

⁶ Also available in: <http://dl.dropbox.com/u/22917575/VUCE%20leaflet.pdf>