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Quarterly Progress Report

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

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Glossary

ADSL	Asymmetric Digital Subscriber Line
AEO	Authorized Economic Operator
BASC	Business Alliance to Promote Secure Commerce (Bolivia)
CADEX	Chamber of Exporters of Santa Cruz (Bolivia)
CADEXCO	Chamber of Exporters of Cochabamba (Bolivia)
	Chamber of Industry, Commerce, Services & Tourism of Santa Cruz (Bol)
CAINCO	
CANEB	Bolivian Institute of Foreign Commerce
COO	Certificate of Origin
DIAN	Direction of National Taxes and Customs (Colombia)
DIGEMID	General Direction of Medicine and Drugs
DIGESA	General Direction of Health and Environment
FCC	Federal Communications Commission
FUNDES	Foundation for Sustainable Development
GOC	Government of Colombia
GOE	Government of Ecuador
GOP	Government of Peru
GOB	Government of Bolivia
HACCP	Hazard Analysis and Critical Control Points (Certification)
IBCE	Bolivian Institute of Foreign Commerce
IBNORCA	Bolivian Institute of Normalization and Quality
	National Institute for the Protection of Intellectual Property, Ecuador
IEPI	
INDECI	National Institute of Civil Defense
	National Institute for the Defense of Consumers and Intellectual Property
INDECOPI	
ISO	International Standards Organization
ISPS	International Ship and Port Facility Security Code
MEF	Ministry of Economy and Finance
MINCETUR	Ministry of Foreign Trade and Tourism
MINJUS	Ministry of Justice
MIS	Management Information System
MOL	Ministry of Labor
MTC	Ministry of Transportation and Communications
MVNO	Mobile Virtual Network Operators
NB	Bolivian Regulation
NCC	National Competitiveness Council
NLPL	New Labor Procedural Law
	Office of Overseas Prosecutorial Development, Assistance and Training
OPDAT	
OSIPTEL	Oversight Organism of Private Investment in

	Telecommunications
PMM	Program for Municipal Modernization
PMS	Public Management Secretariat
PTPA	Peru Trade Promotion Agreement
SADA	Customs Anticipated Clearance System
SENASA	National Service of Agricultural Sanitation
SIC	Colombian Superintendence of Industry and Commerce
SME	Small and Medium Enterprise
TLT	Trademark Treaty
USG	United States Government
VUCE / SW	Single Window of Foreign Trade

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I. Executive Summary

On July 28th 2011, Ollanta Humala began his five –year term as President of Peru. The top level appointments he has made, as well as the policy decisions during the initial days of the new government, have been in general well received by the public. By mid-September the approval rating of the Humala government nationwide was 65%.

USAID / *Facilitando Comercio* (the Project) has established contact with the new GOP officials related to the Project's scope, and working relationships have been productive. In some cases, as with the Ministry of Labor, the working relationship has even improved from the previous Administration.

On October 12th, the US Congress ratified the FTA with Colombia, Panama and Korea, thus establishing a new possible scope for Project activities in Colombia. The Project's trade capacity building activities have been well-received and successful in countries that favor commercial integration, while proving more challenging in Andean countries with more protectionist policies. Thus, to date, Project activities have unfolded positively in Peru and Colombia, and to a lesser degree in Bolivia and Ecuador. The approval of the FTA with Colombia creates new possibilities and demands on the Project, as USAID has expressed a desire to quickly expand activities in order to support the GOC with implementation of required reforms for the entry into force of the Agreement.

In the following paragraphs we present a summary of the Project's progress in the last quarter.

Labor

During the June - September period, the Labor Component focused its efforts on completing a series of activities in cooperation with the Ministry of Labor (MOL). In that regard, the following consultancies were completed:

- Systematization of Sentences of the Constitutional Court related to fundamental rights.
- Formulation of Regulatory Compendia: Child Labor, Forced Labor, Equality of Opportunities and Nondiscrimination.
- Report with inspection guidelines for intermediation and outsourcing contracts.
- Systematization of Sanction Resolutions and assessment of the efficacy of the coercive collection process.
- Redesign of SIIT procedures.
- Systematization of Inspection Directives
- Design of an Integrated Information System for MOL – first stage: Survey for determining nation-wide uses and requirements of information.

- Assessment of the Methodology used for the Monthly Labor Variation Survey.
- Review of Work Search Manual oriented to persons with disabilities.

It is expected that these products will be used as inputs for areas that will be addressed by the new administration, particularly regarding inspection guidelines and the design of an information system for labor inspections. Contact has been made with new authorities and an agenda is being developed for including these products as part of future activities.

Regarding the Ministry of Justice (MINJUS), the Project has completed design of a roadmap for implementing labor conciliation services in the Ministry's conciliation centers. This reform is crucial as it will improve the centers' services, which are currently lacking. In addition, MINJUS has requested cooperation in the following areas:

- Nation-wide trainings for MINJUS public defenders on the Labor Procedural Law.
- Design and implementation of a monitoring and evaluation system for assessing quality of service from public defenders.

Additionally, we have begun a series of activities to support the Judiciary in implementation of the Labor Procedural Law in: (i) rapid evaluation of its implementation in judiciary districts, (ii) design and implementation of a conceptual framework for the LPL, (iii) design of an information system to monitor the Law's implementation, and (iv) formulation of a baseline for the monitoring and evaluation system.

Intellectual Property

During this period, the two major activities of the IP Component were:

- a) Elaboration and presentation of a book called "Appellations of Origin: Wonders of the Peruvian Spirit" which features seven of the eight Peruvian Appellations of Origin
- b) Launching of the X National Inventions Contest to promote innovation in Perú.

Both events had great press and media coverage, especially the book's presentation, at which some of the producers whose stories were told in the book were present. The book has received several acknowledgements by authorities and the media, and Indecopi officials are very satisfied with the end product.

The Project also continued working on training activities related to innovation and IP with the University Cayetano Heredia, Catholic University, and Red IDI, as well as a general training on IP for *Administrative-Contenciosos* Judges from Lima, Callao and Huaura, which will end by mid-October 2011.

Trade Facilitation

The new government appears committed to fulfilling the trade facilitation policies and objectives that emanate from the PTPA. The newly appointed Minister of Foreign Trade and Tourism Jose Luis Silva, is the former president of the Exporters Association (ADEX), and he swore into office Vice Minister of Foreign Trade, Carlos Posada. Project activities have not experienced significant changes as a result of the change in office.

The Project also has been working with ADEX to exchange experiences and ideas towards enhancing the Project's impact in promoting trade facilitation. Also, the Project has continued supporting the promotion of advance ruling procedures for Customs and several outreach activities are currently under construction. The AEO implementation and Custom Bond activities have also been progressing, the latter through the elaboration of a study to propose improvements to the current custom bond model. The Single Window activity has received a great deal of technical assistance from the Project in its three pillars: controlled goods, port services and rules of origin. The Project has assessed nearly 135 procedures pertaining to controlled goods and port services, and has become a key partner in the VUCE project implementation. Finally, the Rules of Origin (ROO) activity has turned into a crucial tool and the handbook will surely become a blueprint. Other specific activities have also been carried out, as described further in this report.

Administrative Simplification

The Project has managed to adjust activities according to the new government's plan without having any major setbacks.

After 6 months of close coordination with USAID | Pro Descentralización, both the Exploratory and Rapid Field Studies have been completed. The next step will be to disseminate findings from both studies by elaborating a document for all municipalities and institutions related to the municipal business operation license.

With regards to the technical assistance to municipalities to improve their business operation license, Project assistance for the first group of 20 municipalities has concluded and the second group of 32 municipalities is currently being contacted.

Regarding the elaboration of the bill for enabling electronic access to public services for citizens, the Project has completed the document in support of Reniec, which is coordinating together with MEF its presentation to the Congress. In addition, two activities have begun with INDECI to provide inputs for the reform proposal that they are preparing regarding technical inspections.

Medicines

Activities during this period were mostly focused in coordinating with DIGEMID the future trainings for the Sanitary Authorizations Directorate personnel and the planning of the next regional forum on strategies for preventing the illegal sale of medicines (counterfeited or not), to be held in the city of Iquitos.

Telecommunications

The Project has been working on the completion of two studies to (i) establish the current regulation and implementation status of the Telecommunication chapter of the PTPA as well as (ii) the identification of municipal level practices that impede the expansion of the telecommunication infrastructure. Further activities with OSIPTEL and the Ministry of Transport and Communications are being prepared.

ANDEAN REGIONAL ACTIVITIES

In the regional component, activities are well under way in Colombia and Bolivia. One of the activities identified for Ecuador has already started, and the second is soon to begin, once the TOR is finalized.

Bolivia

The Project's Country Coordinator, Julio Olmos, has established working relations with the counterparts of the six activities that have been identified in the work plan. The Project has signed a Memorandum of Understanding with the National Industry Chamber, to promote the certification of enterprises, and also with the NGO FUNDES to promote the use of intellectual property rights by SMEs. Activities with the latter institution are underway and activities with other counterparts are expected to begin next quarter.

Colombia

The highlights of the fourth quarter in Colombia include:

Superintendence of Commerce & Industry (SIC): support in reducing backlogs in oppositions. To date 1,743 cases have been studied and decisions taken. The Project continues studying with the SIC the best way to help them implement the TLT (Trademark Law Treaty). In addition, 112 cases of backlogged patent applications were studied and resolved. The Project has also worked on the study and decision of 239 cases of industrial designs.

The Rodrigo Lara Bonilla School for Judges: Training for Judges on IPR and Copyrights continues. To date the Project has trained 238 judges through workshops around Colombia.

Colombian Crafts: 20 artisan groups were identified with the goal of protecting their cultural legacy by assisting them in obtaining a collective brand or appellation of origin. To date, the legal work for 20 communities has been done and 14 communities have been trained on the use and maintenance of norms regarding collective brands and appellation of origin.

Also during the reporting period, the Country Coordinator performed a number of interviews with potential beneficiaries and 15 activities were identified and validated with USAID/Colombia and included in the three-year Work Plan.

Ecuador

The Project has been coordinating activities with IG-DE Corporation, for promoting the use of the appellation of origin Cacao Arriba, and BASC, to certify security standards for a selected group of Micro and Small Enterprises. In addition, an event was sponsored by USAID | Facilitando Comercio regarding commercial intelligence for exporting to the U.S. at the AmCham Ecuador, with the attendance of 42 representatives from SMEs.

II. Introduction: Context

On July 28th 2011, Ollanta Humala began his mandate as president of Peru for a term of five years. The public was particularly concerned with the designation of new ministers and other important government authorities, as it would provide a clear picture of the direction in which the new administration would take economic and trade policies. In general, designation of key positions including Prime Minister, Minister of Economics, as well as the President of the Central Reserve Bank have been well received by investors and public opinion leaders, leading to the belief that the country's economic management will continue along the same path as the previous administration. At the same time, the approval of the Indigenous Consultation Law, the Law for restructuring and increasing the taxes paid by mining companies and the increase of the minimum wage, has been well received by the public in general. Thus, by mid-September the approval of the Humala government nationwide was at 65%.

Regarding the Peru – US bilateral relationship, both governments have expressed and shown their desire to continue coordination. Prior to taking office, newly-elected President Humala paid a visit to U.S. officials in Washington DC, during which Humala was received by President Obama. However, some tensions have increased in the bilateral relationship as a result of Mr. Soberon, the new President of Devida, who is stopping drug eradication activities. Mr. Soberon and the Prime Minister have stated that the pause is temporary and that this new Government will continue to fight against illegal drug production and trafficking.

Near the end of the previous Administration, on June 15th 2011, the Peruvian Congress approved the new Forest and Wildlife Law. This milestone represents an important achievement towards the PTPA's implementation, as it was the most important issue pending and was highly disputed by indigenous organizations. It is important to note that in the design of the new Law all stakeholders were consulted, particularly indigenous groups.

With regards to Colombia, the FTA with the United States has been approved, despite some controversies regarding the protection that the FTA offers to Afro-Colombian labor rights. President Obama sent the FTA legislation to Congress early in October the proposed legislation and the FTA was passed on October 12.

In Ecuador, Mr. Ricardo Patiño, Secretary of State, stated that diplomatic relations with the U.S. have been improving considerably, especially after both countries have approved new Ambassadors¹. As stated by Mr. Patiño, this represents an important step towards normalizing relations between both countries, after the Wikileaks incident

¹ <http://www.terra.com.ec/noticias/noticias/act2951073/ecuador-dice-que-eeuu-ha-designado-su-nuevo-embajador-quito.html>

in April which resulted in the expulsion of both the U.S. Ambassador to Ecuador and the Ecuadorian Ambassador to the U.S.

The political context in Bolivia remains the same, as President Evo Morales continues criticisms of the USG, and especially USAID. Currently, Mr. Morales is facing an uprising by the indigenous population, his electoral base, because of a proposed highway that will pass through an Amazon reserve and the use of force against protesters.

III. Results Reporting Table

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

Common Indicator	First Year				Comments
	Target	Results First Year			
		Men	Women	Total	
Number of participants in USG supported trade and investment capacity building trainings.	585	2635	2236	4871	There have been a total of 4871 participants in the 136 trainings developed by USAID Facilitando Comercio throughout the first twelve months of the Project. Approximately 46% 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	11			<p>The Labor Component has developed the following products in order to improve implementation of the TPA:</p> <ul style="list-style-type: none"> • Systematization of Sentences of the Constitutional Court when related to fundamental rights. • (3)Review of Regulatory Compendiums: Child Labor, Forced Labor, Equality of Opportunities and Nondiscrimination. • Inspection guidelines for intermediation and outsourcing contracts. • Systematization of Sanction Resolutions and review of coercive collection. • Systematization of Inspection Directives • Review of ABE Manual oriented to persons with disabilities.

			<ul style="list-style-type: none"> • Strategy to fight against child labor • Systematization of lessons learned in the Best Labor Practices contest. <p>The Administrative Simplification component has developed a bill, as requested by RENIEC, to permit electronic access of citizens to public services.</p>
Number of U.S. supported training events held that related to improving the trade and investment environment.	36	136	<p>Up to May 31st there have been 11 workshops in the Labor Component, 3 regarding trainings for labor conciliators and 8 on the new Labor Procedural Law performed in Tacna (3), Lima (2), Chiclayo, Cusco and Arequipa.</p> <p>The Intellectual Property Component developed 5 workshops for strengthening capacities for IP enforcement, 6 for raising awareness of the mentioned topic and 6 workshops to promote a culture of respect towards IP rights, developed in schools in Chiclayo, Arequipa, Iquitos, Piura and Lima(2).</p> <p>The Trade Facilitation Component performed 24 workshops: 2 regarding the AEO proposal, 1 for Anticipated Clearance, 2 Customs trainings, 12 regarding the dissemination of the Single Window (VUCE) in Tacna, Piura, Moquegua, Arequipa, Ica, Cusco, Puno, La Libertad, Lambayeque, Ancash and Lima; and 7 workshops related to Rules of Origin.</p> <p>The Administrative Simplification Component has carried out 80 trainings in 20 municipalities from Arequipa, Piura, La Libertad and Cajamarca</p> <p>In Medicines, the Project carried out 3 workshops for raising awareness of counterfeit drugs and regulations.</p> <p>In Telecommunications, 1 workshop was held in January 2011 regarding economic regulation, interconnection and cost modeling for the sector.</p>

Reduction in the cost of trade of goods across borders as a result of U.S. assistance.	26 US\$ Reduction	15 US\$ Reduction	The reduction will be measured yearly as the information is published by Doing Business. The objective for the first year is to decrease by 3% the cost of trading goods across borders. Originally, information was set to be collected from MINCETUR, but as they don't update the results often, the source has been changed to the World Bank's Doing Business. The result will hopefully be a reduction in the average cost of import and export.
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 2012 onwards.
Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.	0	-	As Customs has already internationally harmonized all its procedures, only one harmonization procedure is planned and will be done later 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 fighting gender discrimination.
Number of institutions/organizations whose capacity/competency was strengthened as a result of USG assistance.	13	15	The Labor Component has improved capacities in the Ministry of Labor, the Academy of Judges, the 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 in the Single Window for Foreign Trade. In addition to the support to MINCETUR, already 2 VUCE institutions, DIGESA (General Direction of Health and

			Environment) 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, the Ministry of Transport and Communications and Tax Authority (SUNAT). Administrative Simplification Component trained officials from INDECI.
Number of municipalities receiving U.S. assistance with regulatory/administrative simplification.	20	20	Technical assistance provided to local municipalities effectively started on January 2011. By May 31 st all municipalities had received complete assistance in the departments of Piura, Arequipa, La Libertad and Cajamarca. Currently, 32 new municipalities are receiving support.

IV. Technical Implementation - Peru Component

Component 1: Labor

The Labor Component has continued supporting government counterparts including the Ministry of Labor, the Ministry of Justice and the Judiciary. New authorities have expressed their special interest to continue activities underway, especially in the strengthening of the inspections system and the promotion of fundamental labor rights.

Activity 1.1: Develop guidelines and training material for inspectors

Prior to changes in office, the Project completed most of the activities planned with MOL. By doing so, these activities represent a package of products ready to be used in new activities now under discussion with the new administration.

Products delivered to MOL:

1. Identification and evaluation of main characteristics presented in the labor relation of intermediation and outsourcing services. The report presents a proposal for regulatory reform to improve the efficacy of enforcing labor rights in these types of services.

Main Consultant: César Gonzales Hunt.

2. Review, analysis and systematization of administrative resolutions (consented or confirmed) issued by Regional Labor Offices, in order to identify common mistakes made in resolutions of sanction processes. A guide for orienting inspectors for how to avoid common mistakes was formulated.

Main Consultant: Sandra Doig.

3. Systematization of directives and guidelines for labor inspections. The consultancy reviewed and ordered technical guidelines and directives based on topic, compiling only what was still valid. The report is currently serving as input in developing guidelines for the new administration.
4. Regulatory Compendium in three areas of fundamental rights, elaborated in coordination with MOL:

- Equality of Opportunities and Nondiscrimination. **Consultant: Marcela Huaita**
- Child Labor. **Consultant: Paul Cavalié**
- Forced Labor. **Consultant: Paul Cavalié**

The Project is expecting the passage of new regulations to complete two additional Compendia (about health and security at work and collective bargaining). It is expected that the compendia will orient authorities, labor lawyers and other actors related to labor issues in promoting labor fundamental rights.

5. Systematization and analysis of most important sentences of the Constitutional Court related to workers fundamental rights. Report has been completed and presented to MOL for its review and publication. It is expected

that it will orient inspectors in conducting their work, and also other actors in preventing conflicts.

Main Consultant: Sara Campos

In addition, a strategy is being designed to supervise compliance with labor regulations in the agricultural sector, specifically involving non-traditional crops for external markets. The report is to be concluded in the upcoming weeks.

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

Two topics have been discussed during the reporting period with the MOL, but have they remain pending for different reasons:

- Develop a virtual training module on using the electronic payroll, which will be uploaded in the MOL's webpage. The objective is to orient all users that must regularly fill the "PDT Laboral". The module has not yet been completed, as the project is awaiting SUNAT's completion of the application (PLAME). Therefore, the module has been postponed until January 2012.
- Virtualization of the Hazard Identification and Risk Assessment Guide, currently under review by the new administration, specifically by the General Direction of Fundamental Rights. This activity will disseminate the guide among micro and small entrepreneurs throughout the country in a virtual format.

In addition, the Project is designing the following training processes:

- Use of the Practical Guide to avoiding common mistakes in sanction resolutions. Training oriented mainly to inspectors.
- Use of the ABE (Job Search Assistance) Manual for persons with disabilities. Oriented to officials from the MOL and other public sectors working with this vulnerable group.

Activity 1.3: Conduct Dispute Resolution Training

The Project has finished the proposal for implementing labor conciliation services in the Ministry's conciliation centers. The proposal contains:

- Profile of extrajudicial labor conciliators for MINJUS and private conciliation centers.
- Curricular proposal for training labor conciliators based on the conciliators formation course offered by the Law Faculty of the PUCP University.
- Demand assessment of labor conciliation services to be offered by MINJUS conciliation centers.
- Requirements for implementing the service, as well as a strategy to include the different centers nationwide.

Consultant: Iván Ormachea

New MINJUS authorities have shown special interest in using this document as a guide to incorporating the labor conciliation service, and they have requested Project support in doing so.

Activity 1.4: Integrate MOL Information System (mandatory)

The Project, with the support of GRADE, has completed the activity's first stage, which consisted of assessing the informatics and statistical demands of the Sector nationwide, as well as compiling all the available sources of information.

The assessment includes: i) an inventory of information sources (supply), and ii) a diagnostic survey of demands by potential users of the system. Results have already been obtained as well as conclusions and recommendations for advancing the construction of the management information system for MOL.

Additionally, a study has been completed for evaluating the labor inspection information system. This work was based mainly on primary source information, collected by performing interviews with personnel and officials from the General Direction of Labor Inspections which are in charge of different parts of the inspection process. The analysis was complemented with analysis of regulation and other secondary sources. The study has shown an analysis of labor inspection processes and a redesign proposal, which has been presented to the new administration in order to improve the inspection system as a whole.

Consultant: Eva Céspedes

Activity 1.5: Improve Tracking of Labor Dispute Processes

During the reporting period, Judiciary and the MOL have focused their work in other areas, leaving the design of an information system for labor processes, as well as its correspondent monitoring, to be determined. However, support has been requested for the near future.

Activity 1.6: Support the Implementation of the Labor Procedural Law

The Project, with the help of GRADE, is supporting the LPL's implementation by the Judiciary. Two partial stages have been concluded:

- Rapid evaluation of the current state of the LPL's implementation by Judiciary Districts that have been applying the Law since 2010.
- Formulation of a conceptual framework for adequately implementing the new process that the Law establishes. The components of the framework have already been validated with members of the Judiciary, and now indicators are under revision.

GRADE's Reports suggest that the LPL's implementation is presenting challenges, particularly in the areas of regulation, infrastructure and operations. Nevertheless, a common feature is the strong will shown by Judiciary authorities for implementing the LPL in the best possible way.

In the case of *required regulations*, a need has been identified for manuals regarding: processes, judiciary dispatch, notifications, and specific guidelines. This necessity responds to needs mainly by administrative personnel who support the judges. Importantly, Law operators report two difficulties for applying the law: conciliation rules and formalities of litigious-administrative processes.

On August 12th and 13th, the Project supported the completion of a workshop named “First Workshop for Exchanging Experiences about the LPL’s Implementation Framework”, which took place in Tacna. The Presidents of the relevant Judiciary Courts in which the Law is currently in force participated in the workshop, as well as specialized judges, mixed judges, peace judges and administrators. Conclusions reached in the workshop were similar to those found in the Rapid Diagnostic. The Judiciary expressed its recognition to the Project for its support ([Annex 1](#)).



First Workshop for Exchanging Experiences about the LPL’s Implementation Framework



First Workshop for Exchanging Experiences about the LPL's Implementation Framework

In addition, two consultants specialized in LPL and oral litigation have been hired to design flow-charts for each of the LPL's sub-processes, so as to later improve dispatch management in the courts nationwide. Products are expected to be completed by mid-October.

Next steps towards accomplishing activities discussed with the Judiciary are the following:

- Design of a monitoring system for the implementation of the new LPL and baseline report.
- Institutional Design for the adequate management by Courts of labor cases, which includes the definition of organizational issues and processes.
- Training of labor judges and other related professionals in the different courts regarding the application of the new LPL.

Component 2: Intellectual Property

The Project continued activities in order to raise public awareness about the importance of respecting and using Intellectual Property. Assistance to INDECOPI for improving its MIS is underway and the project regarding improving the PATENTA platform of the Directorate of Inventions and New Technologies has been completed successfully.

Activity 2.2: Information Management System Improvement

Implementation of New Features in the Electronic Platform of Patent Procedures and Services (PATENTA)

As discussed in the previous report, the Project agreed to provide cooperation to make some adjustments to the Patent platform. After a competitive tender, the company that was selected to develop this activity, Software Associates International, complied with the work as scheduled and in the following months the platform will be launched to general public (it is now in test mode).

The Project also has two sub-activities in process:

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

Some problems arose in the implementation of the software, all of which have now been resolved. The activity is scheduled to conclude by mid-October.

- b. *Digitization of the Certificates of Registration and Entries of the Distinctive Signs Directorate*

The TORs and basis for the tender have already been formulated and the Project is awaiting INDECOPI's approval to launch the tender.

Activity 2.3: Improving Technical Examinations

Manual for Directorate of Inventions and New Technologies' New Examiners and for people interested in becoming examiners

The manual was successfully finished in June, with great feedback from the Inventions and New Technologies Directorate. The Project expects to have it printed by the end of 2011, and to start some training on its contents in the next months.

Activity 2.4: Strengthen Capacity for Intellectual Property Rights Enforcement

The Project has one sub-activity in process:

Training for judges on IPR matters

As outlined in the previous report, the Project approached the International Technical Cooperation Office of the Judiciary to coordinate a series of IP trainings for Judges, which were accepted.

In agreement with the Judiciary, an initial general training was designed, which included four sessions: two for Distinctive Signs, one for Patents and Innovation and one for Copyrights. This training will allow the Judiciary and the Project to test the interest in the subjects and identify the issues that need to be further addressed. The first two training sessions took place on September 29 and 30th, and the two remaining sessions will take place on October 6th and 7th.

The training is directed to 40 Judges from the zones of Lima, Callao, Northern Lima, Southern Lima and Huaral, who are specialized in Administrative-*Contencioso* matters.



Mg. Juan Pablo Schiantarelli, professor in charge of the Distinctive Signs training, Catherine Escobedo, IP Component Leader and Dr. Hector Lama More, President of the Superior Court of Lima

One of the Judges participating in the class



First group of Judges trained

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

Presentation of the book Appellations of Origin: Wonders of the Peruvian Spirit

The Project provided its cooperation to INDECOPI to elaborate a book that features seven of the eight appellations of origin already recognized (Pisco, White Giant Corn of Cusco, Chulucanas, Pallar (Beans) from Ica, Loche (Pumpkins) from Lambayeque, Coffee Villa Rica and Coffee Machu Picchu-Huadquiña). The objective was to promote them among officials and general public. The Project had two consultants (a writer and a photographer) travelling to each of the regions for collecting information and images for the book.

The book not only shows the special characteristics of each of the seven above mentioned products, but it tells the story behind them, and most importantly, it tells the story of the people who produce them, most of them small producers and even some people from indigenous communities. INDECOPI has expressed its special gratitude for the support provided by USAID | Facilitando Comercio ([Annex 2](#))



Pisco

Chulucanas



White Giant Corn of Cusco



**Pallar (Beans)
from Ica**



**Loche (Pumpkin)
from
Lambayeque**



**Coffee from Villa
Rica**



**Coffee Machu
Picchu-
Huadquiña**

The first presentation of the book was during the WIPO's –World Intellectual Property Organization– International Symposium on Appellations of Origin held in Lima, where it was distributed among participants (most of them foreigners). It was extremely well-received by all and English translations were recommended.

The book's launching was made a week later with the presence of producers and representatives from the media. More information on the event is specified in the Communications report below.

Due to the great interest shown by the public for additional copies to be printed, the Project is exploring the possibility of reproducing the book by other means. Most of the copies were given to Government authorities, Producers and journalists.



Mrs. Elena Conterno, Chief of Party, speaking

**A representative of the
“Yaneshas” speaking**



A group of Yaneshas performing

a. *IP Workshop for E-QUIPU Arequipa*

E-quipu is a university network which promotes and supports initiatives and projects arising from the university (students, faculty, alumni, etc.), thus being the first organizational system that is at the service of these initiatives collectively.

This initiative began in the PUCP (Pontificia Universidad Católica del Perú), but because of its success was extended to other universities around the country. Currently E-quipus exist in the UNAP (National University of the Peruvian Amazon - Iquitos), UCSM (Universidad Católica de Santa María) and UPCH (Universidad Peruana Cayetano Heredia). Soon they will also be introduced in the San Marcos University (Universidad Nacional Mayor de San Marcos), UNI (National Engineering University) and UNU (National University of Ucayali).

Although the E-quipus have received various trainings on administrative and competitiveness issues, they had not had any training on Intellectual Property.

The Project decided to review a request to provide students and teachers from engineering faculties that are part of the E-quipus with basic knowledge on intellectual property matters so that they have the necessary tools to choose the best type of protection for their creations. The E-quipu of Santa María's Catholic University of the southern city of Arequipa was selected as a pilot. Their main interest was to receive information about patents. 50 students and teachers attended the training, and the Project has already been asked to repeat the workshop for other E-quipus throughout the country.



b. *“Encuentro por la Investigación” EPICAH at University Cayetano Heredia*

The Project provided its cooperation to the University Cayetano Heredia for having Dr. Ruben Sinisterra as a speaker at EPICAH, in English, “Meeting for the Research of Cayetano Heredia”, which is a free annual event organized by the University Cayetano Heredia (UPCH) since 2003. The event is open to universities and state enterprises. The conference was on “Innovation and Development” addressing the ways in which innovation, including technology

development, promotes and contributes to development. Dr. Sinisterra addressed the importance of investment in IP protection for innovation and research developed in universities. 748 people attended the EPICAH.



Dr. Ruben Sinisterra



Dr. Ruben Sinisterra with some other speakers, the IP Component Leader and some of the University's authorities

c. Innovation week at the Catholic University

The Project provided support to the Universidad Catolica by facilitating the participation of Dr. Ruben Sinisterra as part of a panel discussion on strategies to promote innovation within organizations entitled, "Innovation for Technological Development" during Innovation Week. He was asked to tell the participants about his experience in Brazil working at the intersection between business, government, and academia to promote innovation, and to talk about how the good use of Intellectual Property could be a tool for competitiveness.



d. *Workshop for Red IDI*

The Project provided cooperation to Red IDI (Research Network on Development and Innovation) to develop a workshop on intellectual property negotiation for technology transfer. Dr. Sinisterra spoke about the strategies involved in IPR negotiations for technology transfer, provided real-world examples of such IPR negotiations, including examples of contracts, in order to provide participants with practical knowledge to apply within their businesses. 40 researchers attended.



Three other sub-activities are in progress:

a. *X National Inventions Contest*

The Directorate of Inventions and New Technologies, in coordination with *Facilitando Comercio*, announced the launching of the 10th National Inventions Contest in July 2011. The first stage of the contest (the applications for the contest) ended on September 30th, 2011. Official numbers have not been reported yet, but it is estimated that –in Lima alone – there have been nearly one hundred applications.

The Project provided its cooperation for the entire communications campaign through the internet (www.concursodeinvenciones.pe) and Facebook (www.facebook.com/concursodeinvenciones), and also helped INDECOPI with the design and printing of the material to be distributed throughout the country.

The winners of the contest will be announced on November 24th, 2011.

Front door of INDECOPI showing the announcement of the X National Inventions Contest



Bruno Merchor, Director of Inventions and New Technologies speaking



The press interviewing one of the former winners of the contest

b. IP course for students and teachers

The Project has continued with the activities programmed for the Copyrights Directorate's initiative: "Education for the creation and promotion of a culture of respect for Intellectual Property".

The Teachers Guidelines were printed and they have been donated to schools that are committed to this initiative.

Workshops with teachers have continued to develop in all five cities selected: Lima, Piura, Chiclayo, Arequipa and Iquitos. Now, the activity is in the stage where the consultant monitors activities performed by teachers to replicate what they have learned with their students.



Consultant, Lidia Moreno, directing one of the trainings for teachers in the city of Lima

Work groups



This activity is scheduled to end in December 2011.

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

As described in the previous report, the Appellation of Origin chosen for the Economic study was Coffee of Villa Rica.

The Project's consultant has developed a work plan and logical framework in order to start the construction of a baseline study. The study will include interviews and a survey, to be applied in two zones: Villa Rica and Santiago de Cao (control group), in order to compare the evolution of both towns and obtain some relevant data for the study.

The Project's consultant has already travelled to Villa Rica, along with Ashyadée Vasquez, from the Distinctive Signs Directorate of INDECOPI, in order to gather more

specific information and now the Project is in the process of choosing a survey company.

Component 3: Trade Facilitation

For the new Administration, the Project is still a key partner for implementing trade policies, and its support is highly appreciated by trade policy makers and trade facilitators. The working group on Customs Reform led by the NCC that gathers officials from Customs, MINCETUR, Ministry of Finance (MEF) and representatives of the Project, has jointly established priorities for trade reform and actively participates in the activities performed by the Project. In the case of Single Window (SW) assistance, our main counterpart is MINCETUR as the SW administrator, but a great deal of work and coordination is done with each incumbent entity – mainly related to sanitation issues, which has enabled the Project to provide support for reform to a wide array of public entities.

Activity 3.1: Establish baseline for Customs Operations

The Project has been working to implement the recommendations set out in the *TCBaseline* assessment. However, the pace has not been as fast as expected mostly due to decision-making procedures within Customs. Nevertheless, remarkable developments have been achieved and other activities are under discussion with public entities.

a. PTPA implementation status

In order to better orient Project activities, we entrusted the elaboration of a thorough report on the status of PTPA implementation. The study was performed by Dr. Luis Alonso García, former Vice Minister of Foreign Trade and principal negotiator of the PTPA, who produced a document which addresses the following subjects: (i) Peru-US trade flow data (ii) Implementation tasks check list and (iii) pending implementation tasks.

This document was later presented to USAID officials and MINCETUR's official Jaime Dupuy who noted its accuracy and considered it as a baseline assessment for periodical monitoring.

b. Conference on INCOTERMS 2011

Given the recent entry into force of the new INCOTERMS², in late June the Project set up a conference along with ADEX and the National Port Authority to discuss

² "The Incoterms® rules are an internationally recognized standard and are used worldwide in international and domestic contracts for the sale of goods. First published in 1936, Incoterms® rules provide internationally accepted definitions and rules of interpretation for most common commercial terms." Definition extracted from the International Chamber of Commerce's webpage, developer of Incoterms.

recent changes to these guidelines. The speaker invited was expert Filippo Lorenzon, Principal Professor at University of Southampton and Director of the Maritime Institute at the University of Southampton. More than 250 attendees were registered for this event, which brought together a broad range of trade operators, academics and public officials. This event –so far the only international presentation addressed on the subject in Peru - drew the attention of the trade community given the reputation of the speaker and his experience in this area.



Legal Council of the National Port Authority, Professor Lorenzon, Trade Facilitation Component Leader and Chief of Party

c. Antidumping course

The Project, along with INDECOPI, the US Embassy and AMCHAM, organized an in-house training workshop for INDECOPI officials responsible for imposing antidumping measures. This one-week training focused on trends on antidumping measures emphasizing the US government experience. The speakers were Mr. Dean Pinkert, member of the International Trade Commission, and Mr. Yohai Baisburd from the US based law firm White & Case, whose international trade practice is one of the most renowned in the world. The workshop was very fruitful, as it allowed Peruvian officials to gain valuable experience from a country with extensive experience on the matter. The workshop was held from June 13th to 17th at INDECOPI's offices. Moreover, at the end of the week the Project was able to set up an open conference at the AMCHAM for public and private sector participants, as well as academics, where specific remedies-related topics were discussed.

The outcome of the event was quite encouraging as the survey conducted by INDECOPI among participants indicated a high level of satisfaction (8.5 out of 10 points).

Activity 3.2: Dissemination of Anticipated Release System Benefits

a. *Develop Dissemination Strategy*

As suggested by the TC Baseline, the Project assisted Customs in creating a “brand” of the system, which was adopted and has become the trademark of the Anticipated Release System.

Additionally, two tools are under development: (i) the construction of a specialized web page to promote the Anticipated Release system and (ii) a user-friendly handbook to explain the characteristics and guidelines to use of the system effectively. Such tools have been largely discussed in the working group led by NCC and they are expected to be launched in October, 2011.

b. *TCbaseline awareness workshops in 10 Peruvian cities*

This activity is to be performed after the handbook launching mentioned above. However, based on the results of the SW/VUCE assessments and the current government priorities, USAID | Facilitando Comercio has been asked by MINCETUR to design a more ambitious training workshop program. The Project is currently discussing the modules, content and other details for the workshops, which are scheduled to begin next November.

Activity 3.3: Simplify Import Related Procedures

The Project is assisting MINCETUR in the full implementation of the SW/VUCE by supporting its three components: (i) controlled goods, (ii) port services, and (iii) rules of origin. USAID | Facilitando Comercio has thus become a key partner in the VUCE Project. Since the beginning of the Project, our team of consultants has assessed nearly 150 procedures from 10 public institutions.

a. *Controlled products module*

In the case of controlled goods (i.e medicines, food and drinks, etc) the assessment embraced the National Health and Environment Bureau (DIGESA), the National Bureau of Medicines and Drugs (DIGEMID), the Fishing Technologic Institute (ITP) and the Ministry of Transports and Communications. With the exception of DIGEMID, the Project has discussed the results of the assessment with the authorities of each institution and DIGESA and ITP have already drafted regulatory adjustments that are due to be issued before the end of this year. So far, 120 procedures have been assessed, outdoing the initial plan. However, the processes consultants are still working to assess DIGEMID procedures due to sudden changes in the regulations.

b. *Port Services module*

In the case of port services, the legal consultant has identified and mapped nearly 50 procedures related to port services, 15 of which have already been assessed. At this stage, the assessment has embraced the National Port Authority, the Tax Authority and the Ministry of Transports. The reports cast important results aimed at simplifying their procedures, which were actually well received by the institutions involved.

c. *Rules of Origin module*

This is the last component which is aimed at enabling exporters to obtain Certificates of Origin online. A full-time consultant hired by the Project is leading the construction of the module and has handed over his first deliverable. This module is expected to be operating by the end of the year (2011).

Activity 3.4: Facilitate Creation of a Surety System

Consultants Claudia Cooper (Economist) and US Customs legal expert Bryce Blegen are completing the study to analyze the current customs bond model and propose improvements in the guarantee system. The study has adopted a financial and legal approach, which so far has revealed market constraints which must be addressed by policy makers when discussing adjustments to the model. The study, which is due to be finished in mid-October, will establish guidelines to sort out the problems identified. Consultants met several public institutions and trade operators including MINCETUR, the Customs Authority, insurance companies, importers and trade associations.

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

a. *AEO implementation strategy*

The Project has been assisting Customs to devise the most suitable model for the AEO. After the workshop held last April, Customs started its pilot program with two export companies and a warehouse. The process to develop an AEO implementation strategy is currently in progress. In parallel, The Project is discussing with MINCETUR complementary measures to raise awareness with public institutions to be included in the AEO model such as SENASA, DIGESA, DIGEMID, and others.

Activity 3.6: Rules of Origin handbook and workshops.

This activity is strategic for Peruvian foreign trade policy which seeks to encourage regional exports from areas outside of Lima. The objective of the activity is to enhance the trade capacity of the Peruvian trade sector through the (i) Systematization and dissemination of knowledge regarding Rules of Origin (RoO) requirements in the

agricultural and textile and garment sectors as established by the PTPA, and (ii) To propose and design a systematic method for RoO compliance within the framework of the PTPA.

This activity involved a training program within 6 cities (including Lima) joining efforts with MINCETUR, PROMPERU and private associations such as the Lima Chamber of Commerce, National Industries Association and the Association of Exporters. Cities and attending participants are detailed below:

City	Date	Attendees		
		Total	Male	Female
Arequipa	June 7, 8 and 9	16	6	10
Trujillo	June 14, 15 and 16	22	16	6
Piura	June 21, 22 and 23	30	22	8
Cuzco	June 28, 30 – July 1	19	11	8
Chiclayo	July 5, 6 and 7	16	8	8
Lima	July 12, 13 and 14 July 19, 20 and 21	47	22	25
Total		150	85	65

The program not only provided valuable training for SME's regarding how to interpret rules of origin, but also enabled the consultant to gather the exporters' feedback regarding the handbooks' drafts. These handbooks are innovative and didactic pieces which will serve as guidelines for public institutions and exporters.

Moreover, the training program allowed the Project to prove the importance of reinforcing trade information for exporters - this input has been considered in discussing the training program explained under activity 3.2. (b).



Component 4: Administrative Simplification

The Administrative Simplification component is currently working with the following public counterparts: Provincial and District municipalities, RENIEC, Public Management Secretariat, National Competitiveness Council (NCC), National Institute of Civil Defense (INDECI) and the National Office of Electronic Government and Informatics (ONGEI).

Activity 4.1: Conduct baseline study on municipal regulation of business operations

The study being conducted together with USAID | Pro Descentralización is soon to be finalized.

After systematizing and performing the analysis of the findings from the Rapid Field Study, the Project called for a sixth and final Consultative Committee meeting (July 20th) to present and discuss recommendations and conclusions.



Final meeting of the Consultative Committee

Having concluded both the Exploratory and Rapid Field Studies, the following step will be to consolidate both reports into one document that will be published and distributed among municipalities and public and private stakeholders, in order to promote a better understanding of the government's role in the regulation of businesses and orient reform processes so as to better fulfill this role within municipalities.

Activity 4.2: Consolidate information and products developed for administrative simplification

The new TRAMIFACIL webpage that the Project helped to create is regularly being updated and is widely referenced by public servants (more than 100 visits per day). However, a mass dissemination strategy for the webpage is still pending due to the problems that the Prime Minister’s Office has had in assigning a new server location for the webpage, in which higher traffic can be managed.

Activity 4.3: Provide technical assistance to municipalities in business registration.

From the initial group of 20 municipalities that were assisted in the first year, 18 have already approved the “Ordenanza” implementing the reform of their business registration process, with only two remaining -from Jacobo Hunter and Jose Luis Bustamante y River, both in Arequipa. The latter have delayed the reform approval as they are concerned about reducing income as a result of reducing the tax charged for obtaining the license. The Project is currently discussing the potential effects with those municipalities, taking into account that currently this income represents less than 1% of their budgets.



Signing of Agreement Act by Piura’s Mayor, Mrs. Ruby Rodriguez

Preliminary results show that the reform proposals will drastically reduce time and costs related to the procedure. The following charts present a comparison between the diagnostic and the proposed reform for both the ex ante and ex post procedures. It’s important to state that the Project will perform monitoring and evaluation six months after the reforms’ implementation in order to measure real results.

EX POST (in business up to 100 m2)
Reduction from an average of 78 to 5 hours to issue the operating license
Reduction from 7 to 4 areas involved in the operating license procedure

Reduction from 48 to 20 steps to issue the operating license
Reduction of costs from S/ 369.00 to an average of S/65.00

EX ANTE (Businesses from 101 to 500 m2)
Reduction from an average of 175 to 34 hours to issue the operating license
Reduction from 8 to 5 areas involved in the operating license procedure
Reduction from 68 to 32 steps to issue the operating license
Reduction of costs from S/ 453.00 to an average of S/198.00

A notable example is the municipality of Yanahuara in Arequipa. Its Mayor, Elvis Delgado Bacigalupi, has provided all his political support for developing an efficient and accurate reform proposal. As a result, Yanahuara has reduced the time for issuing licenses from 157 hours to 1 hour, number of steps from 24 to 7 and costs from S/.230 to S/.26 (for the ex post procedure) and from 42 to 7 hours, from 28 to 14 steps, and from S/.368 to S/.185 (for the ex ante procedure). Furthermore, Mayor Delgado has also held information sharing activities among stakeholders and has promoted the reform among other Mayors. ([Annex 3](#))

In parallel, the Project selected a new group of municipalities with which to continue the simplification process for their business operation licenses; in the last quarter, 32 municipalities were selected, and 12 of them have already signed Agreement Acts. Work is already in progress with 5 municipalities.

As determined necessary in the first year of operations, activities have been designed to include attendance by municipal aldermen. This facilitates the signing of “Ordenanzas,” as they are the officials in charge of passing them.

Municipalities selected for second year

	Municipality	Province	Department
1	La Peca (Bagua Chica)	Bagua	Amazonas
2	Bagua Grande	Uctubamba	
3	Cerro Colorado	Arequipa	Arequipa
4	Cajamarca	Cajamarca	Cajamarca
5	Santiago	Cusco	Cusco
6	Wanchaq	Cusco	Cusco
7	San Sebastián	Cusco	Cusco
8	José Leonardo Ortiz	Chiclayo	Lambayeque
9	La Victoria		
10	Pomalca		
11	Santa Rosa		
12	Monsefú		
13	Lambayeque	Lambayeque	
14	Barranca	Barranca	Lima
15	San Vicente de Cañete	Cañete	

16	Mala		
17	Imperial		
18	Chancay	Huaral	
19	Huacho	Huaura	
20	Santa Eulalia	Huarochiri	
21	Lurigancho Chosica	Lima	
22	Chaclacayo		
23	Paíta	Paíta	Piura
24	Sechura	Sechura	
25	Moyobamba	Moyobamba	San Martín
26	Nueva Cajamarca	Rioja	
27	Tarapoto	San Martín	
28	La Banda de Schilcayo		
29	Tumbes	Tumbes	Tumbes
30	Corrales		
31	Zarumilla	Zarumilla	
32	Aguas Verdes		

Activity 4.4: Improve bill “Law of electronic access of citizens to public services” in the framework of the Interoperability Platform Project developed by the Peruvian State

The Project has continued supporting the elaboration of the bill, in collaboration with the Public Management Secretariat, ONGEI and RENIEC. As changes in office occurred during its design, the bill was not presented to the previous Congress, as it had initially been foreseen. Nevertheless, the new administration showed its interest in the bill, considering it an instrument of “social inclusion”. Accordingly, RENIEC has presented new recommendations regarding both digital identity and digital inclusion that have led to changing the bill’s name to “Law of Digital Identity and Secure Electronic Government”. Among the most important improvements are:

- Clarification of concepts: digital inclusion, digital identity, government digital identity and services of secure electronic government.
- Definition of the scope of action of institutional electronic notaries.
- Dissemination of Information to indigenous and native communities through institutional webs.
- Scope of electronic file within services of secure electronic government.
- Redesign of the bill’s purpose.
- Redesign of article referred to minimum conditions for digital inclusion.
- Clarification of the implementation plan and its scope.

The modified bill has been validated by ONGEI, NCC, INDECOPI and RENIEC. NCC has stated that the Minister of Finance is currently promoting a package of reforms, and will include the mentioned bill as one of them.

Activity 4.5: Critical analysis of the verification lists used in the safety technical inspection in civil defense procedure, annex 10 of the manual for executing safety technical inspections in civil defense.

The activity is being executed in support of INDECI and is intended to assess the technical consistency and coherence of regulations within Annex 10 of the manual for executing safety technical inspections in civil defense. The analysis will also provide a baseline for carrying out a wider reform in the inspection process, which will be led by the NCC, PCM and INDECI and will enable the implementation of a Management System for Disaster Risks. As we know, the inspection in civil defense is one of the most important steps in the process that businesses must follow before approaching their municipalities to obtain their business operation license.

In order to accomplish all objectives, four consultants have been hired, each one an expert in a specific area of the annex. To date, they have presented their reports to INDECI and are awaiting comments.

Activity 4.6: elaboration of a noncompliance chart based on the verification list for the safety technical inspection in civil defense procedure

The main objective of this activity in support of INDECI is to organize, process and analyze statistical information regarding safety technical inspections in civil defense, in order to obtain information for improving policy decisions in the inspections procedure. Like Activity 4.5, the noncompliance chart will also serve as part of the reform to be implemented for the inspection procedure.

To date the database is being compiled, so far including a total of 3,000 cases. Among the analyses still to be undertaken are the following:

- Identification and analysis of items and most frequently recurring issues of noncompliance by entrepreneurs.
- Identification and analysis of items and critical situations that can't be solved easily due to the shortness of terms.
- Identification and analysis of items by type of commercial activity and geographic location, wherever possible.

Activity 4.7: Virtual diploma in administrative simplification

The objective of this activity in support of the Public Management Secretariat is to strengthen capacities among public officials in topics related to administrative simplification. The virtual diploma will be oriented specifically towards officials from type B municipalities (according to the classification of the Program for Municipal Modernization) as they are required to meet more targets for simplifying their operating license procedures.

Four topics will be addressed:

- Regulatory framework
- Administrative simplification methodology

- Costs methodology
- Citizen attention

The Project has already identified profiles and roles for the teaching team and is elaborating TORs for the tender to hire a company to manage the virtual part of the diploma.

Component 5: Medicines

Coordination for trainings and future activities directed to raise awareness regarding counterfeit drugs and regulations of pharmaceuticals have continued.

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

a. Trainings

The Project has been seeking institutions/organizations that can provide trainings for examiners from the Directorate of Sanitary Authorizations of DIGEMID, which are expected to start in late 2011.

The Project had the opportunity to meet with two FDA representatives to discuss possible trainings. Unfortunately, budget restrictions (and few personnel) within the FDA prevents their travel to Peru, so FDA would rather have Peruvian examiners visit the FDA headquarters in the US. They have, however, expressed their desire and intention to support the Project with some training events in Peru in the future.

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

The Project has one activity in progress in this area

a. Forum: "Strategies to prevent and fight the illegal commercialization of pharmaceuticals, medical devices and sanitary products" in Iquitos

Given the success of previous forums, the Project has teamed up with DIGEMID, CONTRAFALME and the US Embassy to organize a Forum on Counterfeit Medicines in the city of Iquitos in October, 2011.

This time, the goal is to approach native communities within the Iquitos region.

Component 6: Telecommunications

The Project has been working on the completion of two studies to (i) establish the current regulation and implementation status of the Telecommunication chapter of the PTPA as well as (ii) the identification of municipalities' practices that impedes the expansion of the telecommunication infrastructure. Likewise, further activities with OSIPTEL and the Ministry of Transport and Communications have been prepared.

Activity 6.1: Analysis of International Best Practices on Telecommunications Regulations

The Project has already completed a baseline study of Peru's telecom regulatory environment in light of the obligations set out in the PTPA. Based on the findings, the Project has prepared and sent to OSIPTEL a TOR to perform a study on unbundling of the network, which was recently approved by the Osiptel General Manager with minor adjustments. Therefore, the study is expected to commence this October, 2011.

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

As set out in the work plan, the Project has prepared a TOR for the visit of Professor Scott Wilson in either October or November to provide training in spectrum licenses. This activity is being coordinated with the Vice Minister of Telecommunications.

Activity 6.3: Analyze and propose changes on regional regulations

After field work in seven cities, the consultant has delivered his draft report. The study casts important findings as to the municipalities' practices in regulations in telecommunications infrastructure permits; the Project has asked the consult to complement his analysis with information from INDECOPI and the Office of the Prime Minister. Once the revised report is approved, the Project will organize a conference to discuss the findings and establish a work plan to address the problems identified.

V. Technical Implementation - Regional Component

In the regional component, activities are well under way in Colombia and Bolivia. One of the activities identified for Ecuador has already begun, and the second is soon to start, once the TOR is finalized.

The technical scope of the Project is more suitable to Peru and Colombia, where the governments are in favor of trade integration, and thus more receptive to the Project's support in helping public entities design and implement reforms related to trade. In Bolivia and Ecuador, where this trade-oriented environment is not present, support is focused on activities with associations and NGOs which can implement activities to promote the use of certifications and intellectual property registers by SMEs, in order to enhance their possibilities of accessing international markets.

Bolivia

Component 2: Intellectual Property

Activity 2.1 Promote use of intellectual property as a competitiveness tool

The Project will support FUNDES in the promotion of IP rights among SMEs in La Paz, Cochabamba, El Alto and Santa Cruz. A Memorandum of Understanding to formalize the scope of work was signed with FUNDES on July 1st 2011. The Terms of Reference for hiring professionals to lead the activity have been completed. Likewise, FUNDES has selected the enterprises to be supported and is currently interviewing candidates for each required position. The Target is that 30 SMEs receive support.

Component 3: Trade Facilitation

Activity 3.1 Certification of processes and products

The Project will support MIPYMES in obtaining certifications such as: ISO 9001, NB12009, HACCP and FCC. The activity is being developed with the National Chamber of Industries and its regional offices nationwide. The activity is focused on SMEs with exporting potential and is intended to enhance their production standards so they can access new markets.

The Memorandum of Understanding between the Project and the National Chamber of Industries was signed on June 7th 2011. Currently the Project is selecting enterprises, and the target is set at 20 SMEs obtaining certification.

Activity 3.2 Promote best bio-commerce practices

The Project will develop the activity with the National Chamber of Biocommerce of Bolivia (BIONATIVA) and the Foundation Friends of Nature, whose associates will be supported to become members of the Union for Ethical Biocommerce.

Currently, TORs are being developed in order to begin the activity.

Activity 3.3 Standardization of Industrial Activity

The activity will support the Bolivian Institute of Standardization and Quality (IBNORCA) in the design of technical regulations for selected sectors. Currently a Memorandum of Understanding and TORs are being designed.

Activity 3.4 Institutional Strengthening for technical assistance in trade facilitation

Support will be provided to the Chamber of Exporters of Cochabamba (CADEXCO) in the implementation of its new area of technical assistance in trade facilitation.

Currently, CADEXCO is developing TORs for hiring 2 or 3 experts.

Activity 3.5 Dissemination of best practices in trade facilitation

The activity will comprise the dissemination of best practices in trade facilitation among associates from the Chamber of Exporters of Santa Cruz (CADEX) by providing experts to lead the Trade Facilitation Forum to be held between the 23rd and 25th of November of 2011. Coordination is currently underway to identify experts in the field.

Colombia

Activities in Colombia began in late 2010, focused specifically on intellectual property issues. At that time, a one year plan was approved for Colombia and, recently, 15 activities have been included in the Project's three year plan.

As the Trade Promotion Agreement between the United State and Colombia has now been signed, USAID / Colombia is interested in increasing Project activities that will support the efforts of Colombian government agencies to implement reforms that are part of the Trade Agreement. The Project has expressed its willingness to make adjustments as requested by USAID to provide further support in Colombia. During this quarter, two missions were made to Colombia to i) supervise current activities, and ii) explore the possibility of expanding activities, not only in intellectual property components, but also in trade facilitation. A subsequent trip report outlines possible new areas of cooperation.

The Project awaits instructions from USAID regarding expansion of activities in 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 monitors activities performed by the Superintendence of Industry and Commerce (SIC) in relation with the implementation of this treaty. The Law Project has been presented to the Colombian Congress and is pending final approval. At present the Project is working with the SIC to identify the areas where an intervention is needed to implement the TLT, once the Law is approved. Passage of the TPA should expedite that process.

Activity B2.4: Reducing Trademark Registration Backlogs

USAID | Facilitando Comercio and the SIC began work to reduce the trademark backlog. To date 1740 cases have been studied and decided.

Number of Cases Studied per Consultant	
Consultant	Total of Cases
Carolina Barragan	390
Diego Guzman	390
Fabian Duran	313
Juliana Arias	257
Beatriz Morales	390
Total	1740

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 judges through 32 IPR seminars. To date seminars have been held in Medellin, Quibdo, Florencia, Cucuta, Bucaramanga, Valledupar, Cartagena, Tunja, Villavicencio and Pasto. 230 judges have been trained.

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. The material is ready for printing, awaiting the approval of Lara Bonilla School.

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

Given that this Law is highly political and that the communications strategy is a lobbying effort, an activity prohibited by USAID contract rules, the Project will await the outcome of the law. Again, since the TPA has been ratified there will be more pressure to implement the law in order to fulfill a TPA objective.

Activity B2.8: Support IP Registration for Colombian Artisans

In cooperation with the organization Artesanias de Colombia, 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 and a marketing tool to promote their products to buyers.

The activity is being carried out by lawyers contracted by the Project alongside Artesanias de Colombia. The legal study of 20 applications was carried out and 14 communities were trained by the legal team on the responsibilities of collective brands and appellations of origin. The following communities were visited and its cadres trained on the use of collective brands.

N°	Zone	Product	Possible Protection
1	Tolima: Ataco	Jewelry	Collective Brand
2	Magdalena: Santa Martha	Soap Stone carving	Collective Brand
3	Huila: San Agustín	Stone carving- Réplicas	Collective Brand
4	Huila: Suasa	Iraca Hats	Apellation of origin
5	Meta: Puerto Gaitán	Wood carving Sikuani	Collective Brand
6	Valle: Anserma nuevo	Embroidery	Collective Brand
7	Cauca: Popayán	Wood carving	Collective Brand
8	Cesar : Pelaya, Pailitos, Tamalameque	Palm cestery	Collective Brand
9	Antioquía: Chigorodó	Platain	Collective Brand
10	Antioquía: Santafé	Jewelry	Collective Brand
11	Antioquía: Urabá	Cestery	Collective Brand
12	Antioquía :Jericó	Leather	Collective Brand
13	Chocó: Quibdó	Hats	Collective Brand
14	Puerto Inirida	Wood carving	Collective Brand

Activity B2.9: Support for Creation of a Journalism Club.

The Project has continued work on this activity to bring on board a university which can guarantee the future sustainability of the club. So far Andiaros and the SIC have committed resources and personnel to carry out this activity.

New activities

- For the coming years we have identified new areas of support for several agencies including the Fiscal Office, the Customs Service, the Fiscal Police and the DIJIN. These agencies are interested in receiving cooperation to train their personnel and to create systems to improve the quality and the timing of their operations.
- The Superintendency of Transportation and Ports has solicited help to improve its internal processes and to study the existing problems in the logistics to transport goods from and to the ports.
- The SIC –Superintendency of Industry and Commerce- has solicited help to continue our assistance in reducing the backlog on the trademarks and patent cases.
- The Ministry of Industry and Commerce and Proexport have requested help on training businessmen on the entry requirements to the American market.
- The Authors Rights Office has solicited help to study compliance levels for copy rights in Colombia and to help improve their processes to enforce these rights.

Ecuador

In the following paragraphs we present progress to date in the activities identified for Ecuador.

Promotion of the appellation of origin Cacao Arriba

Key executives from IG-DE Corporation, the local non-profit organization that will receive Project support to promote the use of the appellation of origin Cacao Arriba by local producers, presented a proposal which includes the following 4 activities:

- Creating a database of all associations and organizations that produce Cacao in Ecuador.
- Creating a Practical Guide with information about the use of appellation of origin Cacao Arriba targeted at small farmers.
- Designing a Communication Strategic Plan to promote the benefits of the appellation of origin Cacao Arriba
- Designing a Training Plan to educate farmers in 15 provinces of Ecuador on the requirements, procedures, and regulations of the appellation system.

Currently the TORs for the initial activities are being reviewed, and our consultant in appellations of origin will travel in mid-October to Ecuador to finalize the TORs with IG-DE members.

Promotion of secure commerce

The Project launched and signed a Memorandum of Understanding with the Business Alliance for Secure Commerce (BASC), which will support BASC Ecuador in the training and certification of 40 SMEs with annual sales between US\$ 100,000 and US\$ 1 million. A public event was held in Guayaquil and included the presence of several businessmen and the President of BASC world-wide. The first applications are being received, and several companies operating under the USAID PRODEL's bilateral project have already shown interest. Costs for companies will be \$900 for the first year, compared to \$2,100 normally, as long as they commit to cover 100% of the second year costs of BASC certification.

Other

The Project also sponsored an event organized by the AMCHAM in Quito on September 1st, 2011. The Seminar was called "Inteligencia Comercial Para Exportar Hacia el Mercado de Estados Unidos" (Commercial Intelligence for exporting to the US market) and delivered by an expert in the field. Forty-two persons mainly from small enterprises attended the conference.

VI. Communications

After one year of operation, the Project is today well known by many public and private sector actors from the full range of sectors in which the project operates. The Project has an updated webpage, and has developed working relations with media journalists related to the topics we address. The Project has also worked in supporting communications activities lead by counterparts, mainly focused on providing information about reforms (anticipated clearance) and to promote compliance with regulations (labor and IP rights).

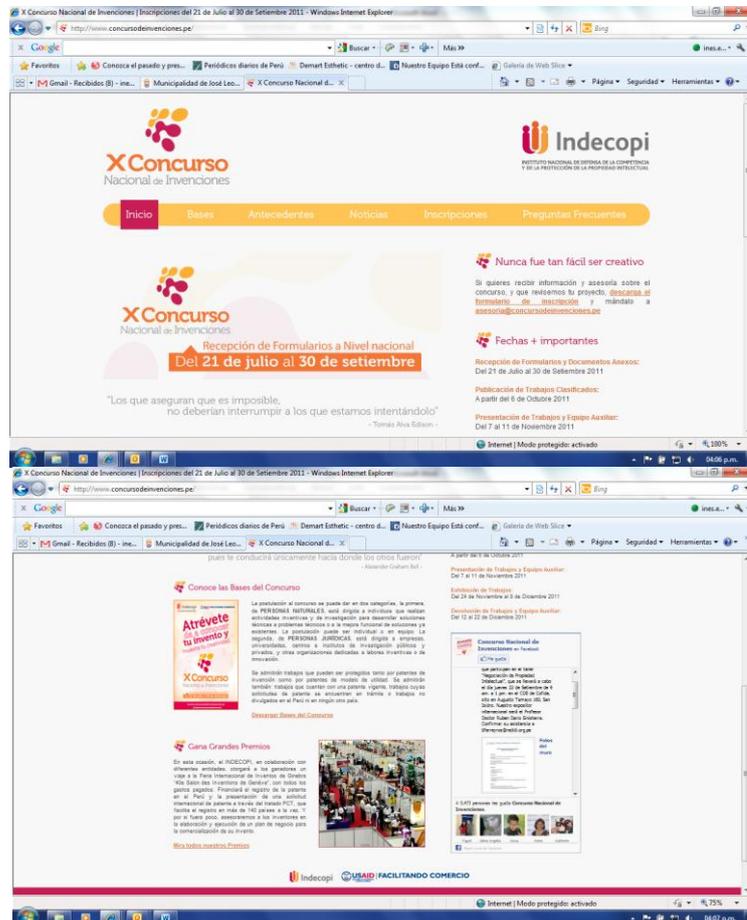
Emphasis has been placed on disseminating information on achievements and contributions from the activities performed in support of public entities, which are presented below:

- **Book “Appellations of Origin. Marvels of the Peruvian Spirit”:** The Project supported and monitored the elaboration of the book, provided contacts and locations for performing interviews as well as coordinated, alongside with INDECOPI, the launching event for the book. Likewise, in order to carry out the event the project performed the logistical monitoring, including budgets, designs, invitations, lists, dissemination in the media, etc. (Annex 4 presents a summary of the media coverage)





- Inventions Contest:** Participation in the organization and launching event for the contest, which included the design of a graphic line and brand identification. The Project also designed a website and a Facebook account to disseminate the Contest through social networks. The Project will monitor its advances until its conclusion in December, 2011. The Contest's webpage is <http://www.concursodeinvenciones.pe> (Annex 5 presents a summary of media coverage)





- **Website for Anticipated Clearance:** As a continuation of the strategy developed to promote the use of the Anticipated Clearance, the Project developed a graphic proposal, which has been recently approved by Customs and the National Competitiveness Council. Likewise, the Project has begun the development of a website to serve as a tool for providing useful information to stakeholders all around the country.



- **Animation of the Project's website and design of a Facebook account and a bulletin:** In order to increase the number of visitors and improve the access of information about its objectives, performance and results, the Project is currently improving its website as to make it more dynamic and easier to consult. In the same way, a Facebook account and a bulletin are being developed to inform counterparts of advances made periodically.



- **Other activities:** Support was provided for Components' activities that required dissemination efforts, such as:
 - Workshops regarding labor conciliation
 - Trainings for judges ([Annex 6](#))
 - Design of manuals and other graphic material for promoting the Framework Law of Operating License. ([Annex 7](#))
 - Rules of Origin manuals
 - Use of the graphic line in Bolivia
 - Dissemination proposal for the Book on Appellations of Origin through its publication in the media (El Comercio).
 - Trainings to teachers regarding intellectual property
 - IP seminars



- **Continuous activities:**
 - Advise, prevent or recommend specific activities to members of the Project in accordance with the current political situation or topics that are under public scrutiny.
 - Look after the Project's public image.
 - Design strategies for dissemination / positioning of Project Components.
 - Dissemination of general and specific activities.