



**USAID** | **FACILITANDO COMERCIO**  
DEL PUEBLO DE LOS ESTADOS  
UNIDOS DE AMERICA

# **Quarterly Progress Report**

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

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# **Quarterly Progress Report**

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

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## **DISCLAIMER**

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# Glossary

ADEX	Peruvian Exporters Association
	Agreement on Aspects regarding Commercial Intellectual Property Rights
ADPIC	
ADSL	Asymmetric Digital Subscriber Line
AEO	Authorized Economic Operator
AMCHAM	American Chamber of Commerce
AMPE	Peruvian Municipalities Association
APEGA	Peruvian Association of Gastronomy
APDAYC	Peruvian Association of Authors and Composers
BASC	Business Alliance to Promote Secure Commerce (Bolivia)
BID	Inter-American Development Bank
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
CAPLAB	Center of Services for Labor Training and Development
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
DIN	INDECOPI's Directorate of Inventions and New Technologies
DSD	INDECOPI's Directorate of Distinctive Signs
ETII Laboral	Judiciary's Technical Team for the Implementation of the Labor Procedural Law
FAN	Friends of Nature Foundation
FCC	Federal Communications Commission
FUNDES	Foundation for Sustainable Development
GOB	Government of Bolivia
GOC	Government of Colombia
GOE	Government of Ecuador
GOP	Government of Peru
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	
IFC	International Finance Corporation
ILO	International Labor Organization
INDECI	National Institute of Civil Defense

INDECOPI	National Institute for the Defense of Consumers and Intellectual Property
ISO	International Standards Organization
ISPS	International Ship and Port Facility Security Code
ITC	U.S International Trade Commission
LPL	Labor Procedural Law
MCIT	Ministry of Commerce, Industry and Tourism of Colombia
MEF	Ministry of Economy and Finance
MINCETUR	Ministry of Foreign Trade and Tourism
MINJUS	Ministry of Justice
MIS	Management Information System
MOL - MINTRA	Ministry of Labor
MOU	Memorandum of Understanding
MTC	Ministry of Transportation and Communications
MVNO	Mobile Virtual Network Operators
NB	Bolivian Regulation
NCC	National Competitiveness Council
NLC	National Labor Council
NLPL	New Labor Procedural Law
OGCTAI	Ministry of Labor's General Office of Technical Cooperation and International Affairs
ONGEI	Peruvian National Office of Electronic Government and Informatics
OPDAT	U.S. Office of Overseas Prosecutorial Development, Assistance and Training
OSIPTEL	Oversight Organism of Private Investment in Telecommunications
PCB	Productivity and Competitiveness Project in Bolivia
PCM	Presidency of the Ministers' Council
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
SIIT	Labor Inspections Informatics System
SME	Small and Medium Enterprise
TLT	Trademark Treaty
TOR	Terms of Reference
USG	United States Government
USPTO	U.S. Office of Patent and Trademark
VUCE / SW	Single Window of Foreign Trade
WIPO	World Intellectual Property Organization

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## I. Executive Summary

During the present quarter, USAID | Facilitando Comercio (the Project) has oriented its efforts toward accomplishing remaining activities stated under the Project's workplan for Peru. All originally intended activities for the Trade Facilitation Component have been completed and additional ones, included under the Partnership for Trade Facilitation (PTF) fund, are under way. Furthermore, a workplan to leverage additional resources from the Standard Alliance is being formulated, which will include activities to harmonize technical regulations, frequently used as technical barriers to trade, according to international standards.

Activities in Bolivia and Ecuador are also in their final stages of implementation, and are scheduled to conclude by June 2013. In Colombia, the Project is developing activities as planned.

The Project is currently developing a document to consolidate achievements obtained during its life span, which will be distributed among main counterparts and top public officials to disseminate its results. In addition, a closing ceremony and press conference are being arranged for early April.

In the following paragraphs a summary of the Project's progress over the last quarter is presented.

### Labor

During the present quarter, the Labor Component completed remaining activities with the Ministry of Labor (MOL) and Judiciary. For the MOL, the Project concluded reforming the Labor Inspections' Informatics System (LIIS), which will now provide more accurate information to improve planning and performing labor inspections. This undertaking stands as one of the most useful reforms made to the LIIS in recent years. In addition, the Project completed the design of a monthly newsletter with indicators of key services offered by the MOL. This tool will help top officials monitor and manage such services in a more efficient and timely manner.

With respect to the Judiciary, some changes in office during the period notwithstanding, activities were normally conducted as new appointed authorities were particularly interested in consolidating all products produced by USAID | Facilitando Comercio. Based on them, the Project also designed a roadmap to help plan new activities to improve the implementation of the new Labor Procedural Law.

### Intellectual Property

The Project developed four publications during this quarter: 1) The textbook: "Intellectual Property: Principles and Exercise", donated to the Judiciary as a reference text on IP law; 2) Copyrights Handbook for Governmental Offices; 3) Collective

Trademarks Management Manual; and 4) A set of fourteen guides related to Copyrights for Emerging Cultural Industries.

The Project's activity with the National University of Engineering to identify patentable material was extended to include 10 additional patent applications. The Project also concluded efforts to create and register the collective trademark *Frutos de la Tierra*, on behalf of the National Association of Ecological Producers, with trainings to farmers in Cusco, Huánuco and Huaraz.

Finally, the informatics system of the Distinctive Signs Directorate was fully implemented and the digitalization process is almost complete.

#### Trade Facilitation

Activities were focused on closing major long term tasks as well as undertaking activities within the framework of the Partnership for Trade Facilitation. The Project held training events to promote the benefits of advance rulings among entrepreneurs and public officials. In addition, the Anticipated Clearance website was launched in March to provide detailed information on how to use this tool and to enable users to trace their imports.

Additionally, we presented achievements to stakeholders and held discussions on sustainability of cooperation were also held with counterparts.

#### Administrative Simplification

During the present quarter USAID | Facilitando Comercio concluded assistance to simplify the operating license procedure in ten additional municipalities scheduled for 2013. The Project also monitored results in the first twenty municipalities assisted in 2011 and found that substantial decreases have been accomplished in terms of time, fees, and administrative steps required to grant the operating license. Similarly, 93% of the illegal requirements requested by municipalities prior to the reform have been effectively removed from the procedure. In addition, the number of licenses granted increased by 13.6% one year after the reform.

The Project also presented, along with German Technical Cooperation, a Costs Methodology Guide designed for public officials of national, regional and local governments. Seven thousand copies have been printed and distributed. Similarly, a Methodological Guide to implement continuous improvement teams in public institutions has been developed and will be printed and distributed by the Public Management Secretariat in the following months.

#### Medicines

The Project developed handbooks on evaluation for the sanitary registration of medical gases and diagnosis agents for the Directorate of Sanitary Authorizations and on inspection of drugstores and laboratories for the Directorate of Control and

Surveillance. The handbooks will be employed to train new officers throughout the country and to harmonize criteria in each regional directorate.

### Telecommunications

Final activities of the Component were reported in the past quarter.

### Bolivia

The Intellectual Property Component is concluding its activity to support MSMEs. Currently the Project is waiting for the National Service of Intellectual Property (SENAPI) to grant the last group of distinctive signs presented and published in the Official Gazette. In addition, an IP Manual is being developed to spread the importance of IP tools among Bolivian MSMEs.

The Trade Facilitation Component has completed the design of three guides: packaging and labeling, Hazard Analysis and Critical Control Points (HACCP) for specific industries and corporate social responsibility. In addition, it is concluding the certification process with its counterparts: FUNDES, the National Chamber of Industries, and FAN.

### Colombia

USAID | Facilitando Comercio concluded three of its IPR activities in the last quarter: Implementation of IP Treaties, Evaluation of Judges Training, and Training to Chambers of Commerce. This quarter the project completed the SIC patent application backlog activity (as summarized below) and initiated a new activity to help SIC build its internal capacity to resolve industrial property infringement cases. This new activity falls under USAID | Facilitando Comercio's efforts to assist the Government of Colombia in improving IPR enforcement, as required under Article 16:11 of the CTPA.

In addition, work with DIAN continued across the four areas of intervention: cargo release, express shipment release times, rules of origin, and advance rulings. This included technical assistance, trainings, and assistance with drafting and reviewing DIAN's revised customs code to ensure CTPA compliance.

Also, the project continued its work on the rules of origin manuals for the agribusiness and apparel/textile sector. Drafts were sent for comment to government authorities and the private sector and are expected to be finalized in the next quarter.

### Ecuador

The Project presented a Guide for the recognition and licensing of appellations of origin by the Ecuadorian Institute of Intellectual Property (IEPI) and performed a workshop for IEPI officials on the matter. In addition, the Project's consultant met with a local association of producers to discuss modifications and advances in the Cacao Arriba Technical Regulation.

USAID | Facilitando Comercio received the final report of BASC regarding our activity to promote BASC certification in MSMEs, which reports that five companies received support and become affiliated to BASC, of which two received the final certification.

## II. Introduction: Context

In early February 2013, President Barack Obama announced his plan to launch negotiations on a Transatlantic Trade and Investment Partnership with the European Union, which would provide an important boost to the U.S' competitiveness and growth. Specifically, the Agreement is intended to strengthen investment relationships between both counterparts, tackle non-tariff barriers that are currently hindering trade flow and promote the harmonization of regulations and standards. The topics addressed in this negotiation are similar to those of Peru's agreements with both parties, thus, showing that the GOP's trade policy is in line with the current international economic and commercial trends.

On March 1st, 2013, the Free Trade Agreement (FTA) signed by Peru and the European Union entered into force, facilitating the access to a market of 500 million high-income consumers for Peruvian exports. This FTA will also increase the demand for simpler and less burdensome customs procedures so as to capitalize Peru's competitive advantage in this sophisticated market.

In the same line, Trans-Pacific Partnership (TPP) negotiations, involving nine countries including Peru and United States, are moving forward. This multinational agreement is expected to broaden trade and investment benefits; it's being designed to complement bilateral agreements signed between members, such as the Peru Trade Promotion Agreement. The seventeenth round of negotiations will be hosted by Peru during mid-May 2013.

In Colombia, a final draft of the customs code was approved by a ministerial committee in early April. The code must then be presented to Congress for debate before it is sent to the President to be signed into law. Once the customs code becomes law, the project anticipates assisting DIAN with the drafting of relevant regulations.

### III. Results Reporting Table

The following tables present the results achieved to date in Peru and Colombia against Project indicators up to the second quarter of 2013.

#### Peru Indicators

Common Indicator	FY 2013				Comments
	Target FY 2013	Results Oct 2012 –March 2013			
		Men	Women	Total	
Number of participants in USG-supported trade and investment capacity building trainings.	3,770	2,836	1,685	4,521	There have been a total of 4,521 participants in the 56 events developed by USAID   Facilitando Comercio throughout the first half of FY 2013. Approximately 37% of the participants were female. The majority of participants were from the Administrative Simplification Component, which held a Virtual Diploma for 3,392 public officials from municipalities across the country.
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	10			<p>The Labor Component supported the implementation of the following:</p> <ul style="list-style-type: none"> <li>Judiciary’s Executive Council Resolution N° 195-2012-CE-PJ. Passes the Regulation to manage the Judiciary Dispatch.</li> <li>Judiciary’s Executive Council Resolution N° 196-2012-CE-PJ. Passes the new Manual of Organization and Functions.</li> </ul> <p>The Intellectual Component supported the Judiciary to introduce IP as a sub-specialty in Lima judiciary courts, which was ruled by the:</p> <ul style="list-style-type: none"> <li>Administrative Resolution N°. 206-2012-CE-PJ.</li> <li>Book “IP Principles and Practice”. Compilation of National, Andean and International IP regulation and practices to be used by Judges for ruling</li> </ul>

			<p>IP cases.</p> <ul style="list-style-type: none"> <li>• IP Mission of Peruvian officers to American Institutions such as the USPTO, USTR and USDC to establish networks and aid finalizing of PTPA obligations.</li> <li>• Manual for using and enforcing IP rights by Peruvian Public Institutions.</li> </ul> <p>The Trade Facilitation Component has supported the development of the following products in order to improve implementation of the Trade Promotion Agreement (TPA):</p> <ul style="list-style-type: none"> <li>• Customs' Superintendence Resolution 0061-2013-SUNAT/300000, that passes a general document to grant Authorized Economic Operator certifications.</li> <li>• Ministerial Resolution 843-2012/MINSA, that passes the simplification of 16 DIGESA procedures.</li> <li>• Linkage between PTPA provisions and Peruvian Regulations incorporated in the Ministry of Justice's System of Legal Information.</li> </ul> <p>The Project, through its Administrative Simplification Component concluded its term as:</p> <ul style="list-style-type: none"> <li>• Head of TRAMIFACIL's Commission of Institutional Reforms.</li> </ul>
<p>Number of U.S. supported training events held that related to improving the trade and investment environment.</p>	<p>143</p>	<p>56</p>	<p>The Labor Component performed <u>three</u> training event held for Labor Inspectors and Conciliators.</p> <p>The Intellectual Property Component <u>six</u> training events on Patents, Trademarks and Intellectual Property as a competitiveness tool.</p> <p><u>Three</u> training events were performed by the Trade Facilitation Component on Rules of Origin and on Advance Rulings.</p> <p><u>Forty</u> training events were held by the Administrative Simplification Component oriented to ten municipalities. In addition a <u>virtual diploma</u> and a <u>course on Costing and Administrative Simplification</u> methodologies were performed.</p> <p>The Medicines Component developed <u>one training</u> to DIGEMID officials on</p>

			Evaluation of new drugs. The Telecommunications Component performed an <u>unbundling workshop</u> to telecomm experts.
Reduction in the cost of trade of goods across borders as a result of U.S. assistance.	20 US\$	-15 US\$	The reduction is measured yearly as information is published by the Doing Business Report. Baseline extracted from the 2010 edition shows an average cost of 885 US\$ (875 US\$ for exporting and 895 US\$ for importing a container of goods). The 2011 Doing Business edition showed that the average cost reduced in 15 US\$, to 870 US\$ (860 US\$ for export and 880 US\$ to import). The 2012 edition has maintained these results. Information of Doing Business 2013 shows an increase in the average cost of US\$ 15, to 885 US\$, led by an increase of 30 US\$ in Customs Clearance and Technical Control of exports.
Reduction in the number of days required to trade across borders as a result of U.S. assistance.	3	Under collection	The Project is currently performing an assessment on the time required to import using the Anticipated Clearance procedure. Information about exports will be collected from the Doing Business Report.
Reduction in the number of procedures required to trade goods across borders as a result of U.S. assistance.	5	Under collection	The Project is currently collecting import information. Information about exports will be collected from the Doing Business Report.
Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.	0	0	The implementation of Authorized Economic Operator (AEO) was implemented during FY 2012. No additional harmonization was planned for FY 2013.
Number of legal obstacles to women's economic activities (due to legal discrimination) eliminated as a result of USG assistance.	1	1	An Inspection protocol was developed for the bakery sector, which is intensive in female labor, to contribute towards achieving equality of opportunities in the sector.
Number of institutions/organizations whose capacity/competency was strengthened as a result of USG assistance.	10	12	The Labor Component has improved capacities in the <u>Ministry of Labor</u> and the <u>Judiciary</u> . The Intellectual Property Component has worked in the same way with

			<p><u>INDECOPI</u>, the Marketing Center of Technological Innovation (<u>CITEmarketing</u>) and the National Association of Ecological Producers (<u>ANPE</u>).</p> <p>The Trade Facilitation Component is performing capacity strengthening for institutions involved with the Single Window for Foreign Trade (VUCE). In addition to the support to <u>MINCETUR</u>, 2 VUCE institutions have already been assisted: <u>DIGESA</u> (General Direction of Health and Environment) and <u>DIGEMID</u> (General Direction of Drugs, Supplies and Medicines). Likewise, trainings regarding VUCE have been focused on <u>Customs</u>, <u>National Service of Agricultural Health</u>, <u>Fishing Technological Institute</u> and the <u>National Ports Authority</u>.</p> <p>The Medicines Component also supported DIGEMID.</p>
Number of municipalities receiving U.S. assistance with regulatory/administrative simplification.	30	10	The Project has supported 10 municipalities through March 2013: Paramonga, Casa Grande, Carmen Alto, Laredo, Tumán, San Juan Bautista, Ica, Parcona, Huaura, and Moche.

### Colombia Indicators

Indicators	FY 2013				Comments
	Target FY 2013	Results Oct 2012 –March 2013			
		Total	Men	Women	
Number of participants in USG supported trade and investment capacity building trainings.	285	334	139	195	-Rules of Origin (ROO) training for private sector – textiles in the cities of Medellin, Barranquilla, Cali, and Bogota. (M:92, F:127) TF: General Rules of Origin training for Customs Officials (M23: F41) TF: Advance Rulings/Tariff Classification training for Customs Officials (M18, F15) ROO verifications training for Colombia’s customs authority and MCIT. (M6;F12)
Number of participants in trade and investment environment trainings.	235	31	23	8	IPR Chamber of Commerce Training

Number of legal, regulatory, or institutional actions taken to improve implementation or compliance with international trade and investment agreements as a result of USG assistance.	3	-	None as of date
Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance.	3	3	Chamber of Commerce Direction of National Taxes and Customs (DIAN) Ministry of Commerce, Industry and Tourism (MCIT)

## IV. Technical Implementation - Peru Component

### Component 1: Labor

#### Activity 1.1 Build Capacity to Conduct Inspections (Mandatory)

The Project concluded the activity by handing out certificates to the last group of inspectors trained, comprised of 79 labor inspectors in charge of overseeing safety and health at work conditions in the electricity, oiling and mining sectors. The certificates were handed only to participants who met attendance and evaluation criteria set jointly by the Project and the MOL.

#### Activity 1.2: Optimize Inspection System Procedures (Mandatory)

After more than one year of continued work, the Project concluded its intervention to improve the LIIS. The MOL validated the final output and consultants in charge of the task agreed to solve any shortcomings that could arise from the intervention. This successful outcome is the joint result of hard work by Project consultants and also by the areas responsible for the system, which have provided its human resources to discuss and validate such intervention.

Five interventions were performed to the LIIS, which have incorporated significant enhancements to the system's usability, processing of available information, and productivity (as a consequence of enhanced distribution of files to inspectors).

- *Intervention N°1: Templates and List of Inspection Topics.* Nine new templates were completed to standardize the information leveraged from inspections. The List of Inspection Topics was updated in accordance with such changes.
- *Intervention N°2: Reports.* Eleven products were developed and approved by the MOL.
- *Intervention N°3: SIIT improvements.* A total of 35 improvements were introduced to the LIIS in joint work with the General Direction of Labor Inspections.
- *Intervention N°4: Distribution and algorithm.* The new design of the algorithm used to distribute inspection files was completed and validated by a statistics expert.
- *Intervention N°5: Digital Signature.* Seven products were completed to incorporate the Digital Signature on the system.

All these interventions have been incorporated to the LIIS and now the MOL will be responsible for taking full advantage of the reforms and also implement them across the country, which is expected to be carried out throughout 2013.

#### Activity 1.3: Build Capacity for Conciliation

After improving the contents of the Labor Economic Report (LER), a set of administrative adjustments were proposed to improve the LER service and introduce organizational adjustments in the MOL's Direction of Labor Policy and Regulation, which is in charge of developing the Report.

The following results were obtained:

- *Identification of steps taken to process and elaborate the LER, as well as its concordance with current regulation.* In order to identify such steps, the analysis covered from the file's reception to its conclusion.
- *Identification of critical points within the process.* Bottlenecks or useless steps that hinder the efficiency of the service were identified.
- *Approved proposal to improve the process and elaboration of LER.* The proposal considers different scenarios in terms of regulatory changes, human resources, equipment required, and budget restraints. It also incorporates the Administrative Simplification Regulation issued by the Presidency of the Ministers Council.
- *Approved proposal to modify the Regulation of Organization and Functions (ROF) and Draft Manual of Processes to design the LER.* Also, recommendations have been provided to optimize the process, which recommend decentralized operations.

All the proposals and improvements have been approved by the Direction of Labor Policy and Regulation (General Direction of Labor) and will be gradually implemented during the second half of 2013.

#### Activity 1.4: Support Implementation of Labor Procedural Law (LPL)

As result of changes in office during the present quarter, the Project agreed with newly appointed authorities to evaluate and consolidate all products developed with the Project's support and, from this, develop a roadmap to implement the new Labor Procedural Law (LPL) in courts where it has not been implemented yet. In addition, recommendations were made to improve its implementation on judiciary districts where the LPL is currently in force.

On this particular matter, the Judiciary has decided that during 2013 it will first work on improving the performance of the LPL in 15 judiciary districts where the LPL has already been implemented and then continue with the implementation in the remaining districts (16). Thereby, the Judiciary considers of great value the assistance provided by USAID | Facilitando Comercio. [The following letter](#) expresses their gratitude on the assistance provided throughout the Project's lifetime.

The final report consolidating all products developed includes the following topics:

- Evaluation and consolidation of conclusions and recommendations presented by all consultancies developed with the technical support of USAID | Facilitando Comercio.

- Roadmap to improve the implementation of the LPL on both courts where it has and has not been implemented.
- Specific recommendations to manage workloads under the LPL, strategies to improve the conclusion of processes under the previous labor law, implementation of the new judiciary dispatch and implementation of the pilot monitoring program for the new LPL developed by the Judiciary's Office of Performance Measurement.

**Activity 1.5: Implement MOL's integrated Information System (Mandatory)**

USAID | Facilitando Comercio concluded the assistance to identify short term management indicators that will enable a better overview of MOL processes. To that end, several sources of information were put together to design an accurate set of indicators of the labor market. These sources range from administrative records gathered within the MOL to electronic payroll data, which is the most precise and detailed information about the Peruvian labor market. The indicators will be presented as a monthly newsletter and will be distributed among the MOL's top officials.

The Vice Ministry of Labor will be in charge of updating the indicators on a monthly basis. It will also be in charge of incorporating new indicators as the MOL information systems provide additional information. The following table shows the overall structure of the newsletter:

***Newsletter of Labor Indicators. Vice Ministry of Labor***

Direction	Areas of Intervention	Indicator	Unit of Measure	2012		
				APRIL	MAY	JUNE
General Direction of Labor	Collective Bargaining	Number of complaints presented	Complaints	-	36	29
		Number of consultations	Consultations	17,764	18,125	13,931
	Defense and Legal Assistance to workers	Number of administrative conciliation files	Files	732	858	691
		Number of Social benefits settlements	Settlements	1607	1910	1670
		Number of free legal counseling cases	Cases	1286	2076	2639
General Direction of Labor Inspection	Inspections	Number of acts of infringement generated	Acts of Infringement	324	180	166
		Number of inspected enterprises	Enterprises	2,151	3,299	2,924

		Number of enterprises inspected ex officio, who were visited in the past two years	Enterprises	126	155	93
<b>General Direction of Fundamental Rights, Safety and Health at work</b>	<b>Safety and Health at Work</b>	Number of labor accident notifications	Notifications	1,458	1,645	1,072
		Number of labor fatal accident notifications	Notifications	23	6	6
		Number of dangerous incident notifications	Notifications	41	77	66
		Number of occupational disease notifications	Notifications	5	11	10

Source and elaboration: USAID | Facilitando Comercio

## Component 2: Intellectual Property

### Activity 2.2: Information Management System Improvement

#### *Digitalization of the Certificates of Registration and Entries of the Distinctive Signs Directorate (DSD)*

Polysistemas S.A.C. (Project's contractor) ended the digitalization of 1,720,000 images regarding certificates of registration and entries of the DSD.

The images have been integrated to their informatics systems and to the module of display, search and printing of electronic certificates of registration and entries, implemented with the Project's support.



One of the scanners used by Polysistemas to perform the service



Personnel of INDECOPI checking the quality of certificates post digitalization

### Activity 2.4: Strengthen Capacity for Intellectual Property Rights Enforcement

#### *Adapting the book "Intellectual Property: Principles and Practice" written by Judy Goans to Peruvian Law*

As previously reported, USAID | Facilitando Comercio adapted the book "Intellectual Property: Principles and Practice" to Peruvian (and Andean) law, including some Peruvian examples and references.



**Cover of the IP Book**

One thousand copies of the book were printed and donated to the Judiciary in a public ceremony held during Intellectual Property Week celebrations. The event was attended by the Director of USAID Peru, Deborah Kennedy-Iraheta; Judiciary's President, Enrique Mendoza and the Project's Chief of Party, Elena Conterno.

**Activity 2.5: Promote the use of Intellectual Property as a Tool of Competitiveness**

**a. XI National Inventions Contest**

As previously reported, winners of the XI National Inventions Contest were awarded by the Project with full financing to attend the International Inventions Fair of Geneva in Switzerland, to present and exhibit their inventions.



**Jose Ramón Ostaicochea, Winner category Utility Model "Security system with adjustable height for pedestrian doors"**

**Silvana Luzmila Flores Chavez, Winner category Patent of Invention ""Comprehensive remediation treatment for mining-metallurgical effluents through the process of obtaining dolomite as a remedy agent".**

The Project is pleased to report that both winners were awarded with prizes at the International Inventions Fair of Geneva. Ms. Silvana Flores and Oscar Eusebio

were awarded with the silver medal and Mr. Jose Ostacochea was awarded a bronze medal.

b. *Identification and Registration of Patents and Utility Model of the National University of Engineering (UNI) - Parts I & II*

As previously reported, USAID | Facilitando Comercio developed an initiative to provide information and promote the registration of intellectual property rights at the National University of Engineering. The main task was to identify and protect patentable scientific and technological developments as patents of invention and / or utility model.

The activity ended in January 2013 with 10 patent applications filed before INDECOPI.

Due to its success, the UNI requested a second phase, taking advantage of the information collected by the consultant that was not included in the first phase (due to some pending corrections or relevance) and of the interest generated amongst the researchers of the university. The second phase was developed and 10 new patent applications were obtained on behalf of the UNI.

c. *Management Handbook for Collective Trademarks*

As previously reported, the Project teamed up with Mercadeando S.A. (Citemarketing), an organization that is part of the CITE (Technology Innovation Centers) Network of the Ministry of Production in order to develop a Management Handbook for Collective Trademarks.

During this quarter, the Project developed a diagnosis on the current situation of collective trademarks in Peru and presented it before a group of Peruvian experts to receive their feedback on this subject. This was the base material to develop the handbook, which was concluded during this quarter. The handbook was donated to the CITE and will be used on trainings with small producers.

d. *Collective trademark "Frutos de la Tierra"*

As previously reported, USAID | Facilitando Comercio has been supporting the National Association of Ecological Products (ANPE) to develop their collective trademark *Frutos de la Tierra*, along with the National Agricultural University (UNALM) through its AGROECO program.

The registration of *Frutos de la Tierra* as a regular mark was granted to ANPE during this quarter. The Project recommended such registration in order to reserve the trademark. Now, collective trademark FRUTOS DE LA TIERRA has been presented before INDECOPI in classes 29, 30, 31, 32 and 33.

Activity 2.6: Raise Awareness of the Importance and Benefits of Intellectual Property

a. *Copyright Handbook for Public Institutions*

In order to provide a useful tool for government agencies to benefit from copyrights and ensure compliance with its obligations to the authors and rights holders, the Project supported the Copyright Directorate's initiative to develop a Copyright Handbook for Public Institutions.

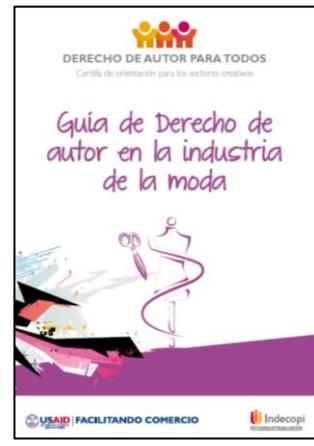
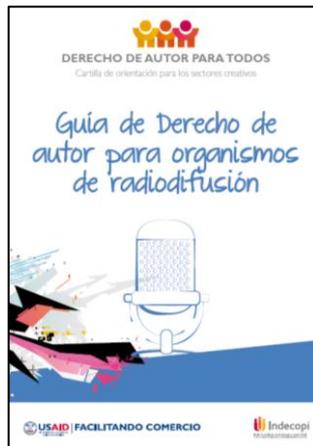
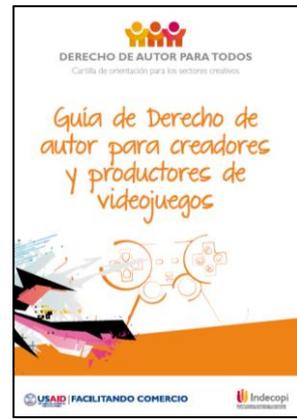
The handbook includes information regarding the applicable laws, use of software in public administration, public communication of phonographic works, use of copyrighted works on the internet, intranet and social networks, etc.

One thousand copies were printed and donated to INDECOPI in order to be distributed among public institutions.

b. *Copyright guides for emerging cultural industries*

Fourteen guides have been printed and distributed amongst cultural industries included in this Project, namely: music, software, literature, book editing, cinema, plays, musical plays, visual arts, video games, broadcasting, crafts, fashion, choreography, and architecture.





## Component 3: Trade Facilitation

### Activity 3.1: TCBaseline Results Implementation: Improve Anticipated Clearance Procedure

#### *a. Anticipated Clearance Procedure (ACP)*

As mentioned in the previous report, international consultants Robert Keller and Gerardo Ayzanoa led a team to perform the follow-up report regarding the Anticipated Clearance Procedure. Even though U.S. consultants completed the field work in December 2012, some information was to be produced and delivered by Customs over the next weeks. In March, Customs authorities asked the Project to look more deeply into comparative clearance times in both terminals in Callao. Currently, a consultant is carrying out the task and the measurement report is expected to be finished on the first week of May. The full report will be delivered to Customs upon the completion of the measurement.

#### *b. Develop Dissemination Strategy: Anticipated Clearance Procedure Web Page*

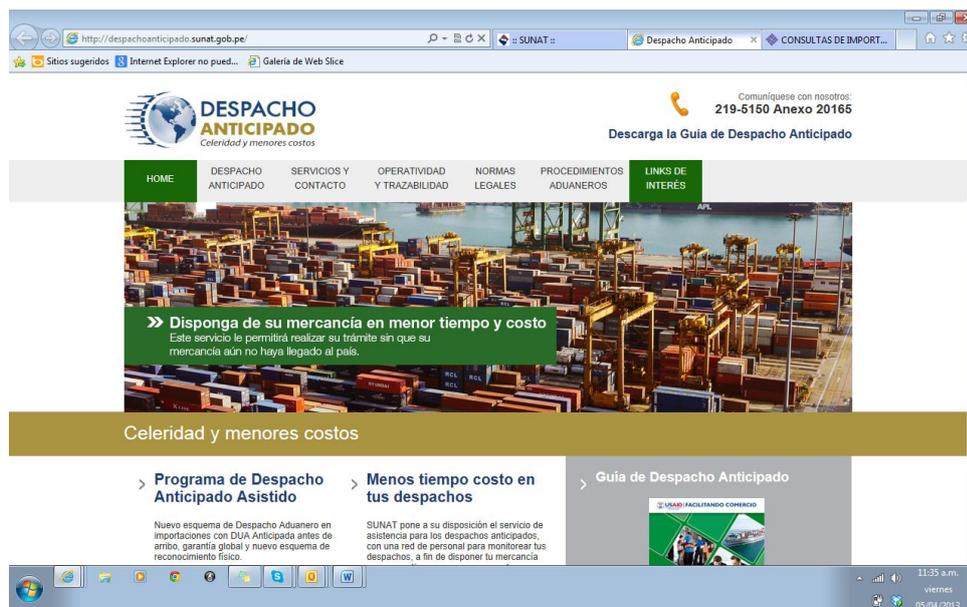
Customs made some adjustments in the content and structure of the website and this was finally released on March.

Primary objectives of this tool are to supply information about features, benefits, and processes of the Anticipated Clearance Procedure as well as allowing users to trace their imports. It also provides information regarding the legal framework including customs operational regulations.

The website is structured as follows:

- General framework
- Operations and traceability
- Legal framework, containing regulations and customs procedures
- Services related to user assistance and contact information

This tool is expected to promote and facilitate the use of this procedure.



**Website screenshot**

### Activity 3.2: Simplify Foreign Trade Procedures and Single Window Project (VUCE)

#### *a. Controlled merchandise module*

##### ➤ Regulatory costs' study

A study of regulatory costs in DIGESA's Registry for Food and Drinks and ITP's hydro biologic export certificate is in progress. This activity experienced some delays due to difficulties in arranging meetings and collecting sensitive information from companies, however field work is almost complete and the data analysis is expected to commence soon for the completion of the activity.

##### ➤ General Direction of Health and Environment (DIGESA)

This regulatory body showed significant improvements towards simplification and optimization of trade-related procedures. One important initiative pursued this year was to propose the elimination of food plants certificates which duplicated another similar certificate increasing costs unnecessarily. The measure is currently being discussed in the Ministry of Health and it should be issued next quarter.

Additionally, early this year DIGESA asked that the Project arrange a one-week visit to its Colombian equivalent INVIMA, to gain knowledge on the best regulatory practices achieved by the latter. As a result, Official Milagros Bailetti (Ms.) stayed in Bogotá from March 17th to 21st to discuss topics such as: Institutional organization, food and drinks safety, certification of laboratories, Single Window contribution and interoperability of sanitary documents from both countries.

Finally, along with the private sector gathered by the American Chamber of Commerce (AMCHAM), a workshop was held on March 6th to discuss the

latest criteria from DIGESA to assess food safety certificates. This meeting was highly appreciated by companies who requested additional details regarding the filing of products registry and the meaning of “group” of products.

➤ General Direction of Medicine and Drugs (DIGEMID)

After a few meetings with the private sector and the entity, the Project produced an analysis on frequent observations raised by DIGEMID related to cosmetics and sanitary products. The reports highlighted the fact that several observations related to sanitary certificates were groundless or weak and a deeper assessment was necessary.

➤ Technological Fishing Institute (ITP)

As requested by ITP’s General Director, on January 15<sup>th</sup> the Project presented the results of the consultancy on implementation of improvements in processes management and TICs. It validated the developments achieved so far and established medium and long term targets regarding proceedings simplification. The entity’s top officials took part in the meeting where they expressed appreciation for the report’s quality and value.

b. *Rules of Origin (RoO) module*

The Project’s team of consultants has completed the platform and the modules have been tested. A regulatory statute is pending approval. The due date for start-up operations remains the first semester of 2013.

Related to this activity, a workshop on rules of origin for textile and clothing products in the PTPA was addressed in February 5<sup>th</sup> in the clothing-district Gamarra. The workshop took a practical approach and covered topics such as Origin Qualification Criteria, Accumulation, Specific Rules of Origin, Verification and Advance Rulings in Origin.

Partnership for Trade Facilitation: Advance Rulings and others

a. *Advance Rulings*

According to the baseline report elaborated in October 2012, further training was necessary for both officials and the private sector on the advantages of the advance rulings. Thus, the Project along with Customs authority made arrangements to carry out workshops for Customs officials and the private sector. The workshop’s objective was to increase customs officials’ knowledge as to best practices for Advance Rulings, focusing on filing requests and valuation. The latter turned out to be a sensitive issue due to recent Customs decisions which raised concerns among major importers.

Workshops for customs officials, held in Customs’ headquarters on March 19<sup>th</sup>-20<sup>th</sup>, gathered more than 30 participants showing their interest in the field. A workshop for the private sector organized along with AMCHAM gathered more than 40 participants among trade consultants, lawyers, and logistic operators. Both

workshops addressed similar topics so this gave us the opportunity to contrast companies and customs' positions.

The consultant provided follow-on recommendations to improve the advance ruling system which has been delivered to customs for their consideration.



***US Expert Mr. Bryce Blegen presenting workshop in Advance Ruling and Valuation AMCHAM, March 21th 2013***

*b. Costs transparency website*

The first stage for developing the transparency website is intended to establish the scope of the obligation by specifying seaport logistics operators and services to be included. As a result, consultants are currently working on this task and they are being closely overseen by points of contact from MINCETUR and MTC. A partial report has recently been approved and it has identified, classified, and described those services supplied by port operators in exports, imports, transshipment, and cabotage. At the same time, the report classifies logistic operators according to the service supply mode and their position in the port services chain. The final report is to be delivered in May.

*c. Risk management and joint inspections*

The Project carried out a preliminary exploration of joint inspections in Customs check points. It was noticed that further analysis was required in the case of certain restricted merchandise such as food, drinks and medicines. Based on the importance of the economic sector and market potential, two consultancies were entrusted to assess policies on risk management and ex post control in DIGESA and DIGEMID. Experts were asked to establish a baseline and to describe those necessary conditions to apply risk management criteria such as institutional

organization of the entity, legal framework, data availability, human resources, and coordination with customs, among others.

*d. Importa Fácil*

Customs' simplified clearance procedure has been in place for specific imports below FOB \$2,000. However, logistics and burdensome requirements limit a broader use from MSMEs.

SUNAT along with Serpost (Peruvian postal operator) and in coordination with NCC, have promoted an improved system by devising the so called Importa Fácil (easy import). SUNAT's Importa Fácil model streamlines the clearance process, however it needs further inputs and analysis to adjust that model according to users' real necessities.

The Project is performing a study to analyze problems and bottlenecks experienced by MSMEs when using the simplified clearance procedure as well as to assess the consistency of the proposed model based on MSMEs' perception. Conclusions and recommendations will contribute to designing a cost/time-saving instrument. The final report is to be delivered in May.

## **Component 4: Administrative Simplification**

### *TRAMIFACIL Webpage*

The TRAMIFACIL webpage is constantly updated with new Administrative Simplification material, such as the three versions of the Cost Guides recently developed by USAID | Facilitando Comercio, a 2013 Incentives Plan brochure, newly-issued regulations (Supreme Decree N°006-2013), a list of results of the Virtual Diploma, and other relevant documents. The Project coordinated with the Public Management Secretariat (PMS) to ensure that this institution will be in charge of updating the webpage after the Project's conclusion. Since the webpage's reform (22 months ago), more than 90,000 visits were received, resulting in more than 4,000 visits per month.

### *Activity 4.1 Promote Administrative Simplification*

*a. Virtual diploma in administrative simplification*

The PMS submitted letters to mayors of municipalities to inform about officials who had taken the Diploma, reporting grades and expressing the corresponding compliments to all who passed it, especially to the top 10 students. Similarly, the list of grades was uploaded to the TRAMIFACIL webpage.

The PMS has incorporated into its budget an item to finance Virtual Diplomas, which will provide sustainability to this training initiative.

b. *Integration of the Costs Methodology to the Informatics Application*

The Project, along the German Technical Cooperation, printed a total of 7,000 copies of the guide in its three versions:

Version	N° of Copies
<b>National Government</b>	1,000
<b>Regional Government</b>	1,000
<b>Local Government</b>	5,000
<b>TOTAL</b>	<b>7,000</b>

Source: USAID | Facilitando Comercio

The material was presented in a public ceremony held on March 21st in the San Agustín Hotel, which was attended by Mr. Juan Jiménez Mayor, Prime Minister, Mr. Ted Gehr, Deputy Director of USAID, and Mr. Hartmut Paulsen, Director of Good Government and State Reform of the German Cooperation, Mrs. Mariana Llona, Public Management Secretary, and Mrs. Elena Conterno, Project’s Chief of Party. The event was also attended by officials of the three levels of government as well as specialized press.



**Members of the Table of Honor**

c. *Design of methodological guide to implement Continuous Improvement teams in public institutions*

This document was elaborated to provide guidance to public institutions of all three levels of government in the implementation of Continuous Improvement teams. This tool is most valuable as it complements the Administrative Simplification methodology developed and disseminated by the PMS. The document was written in a user-friendly language to facilitate its reading. It is divided into three chapters:

## **Chapter 1:** Meaning of Continuous Improvement

## **Chapter 2:** Stages of implementation for Continuous Improvement teams in public institutions

### 2.1 Implementation

- 2.1.1 Create a top management committee and define the team's organic structure
- 2.1.2 Define functions, requirements and competencies of each position
- 2.1.3 Define matrix of technological and logistic requirements
- 2.1.4 Evaluate candidates for each position
- 2.1.5 Initial meeting to identify the main and alternative teams
- 2.1.6 Formalize and present the Continuous Improvement team

### 2.2 Operation

- 2.2.1 Held meetings to review and implement the Administrative Simplification methodology to improve processes
- 2.2.2 Meeting N°1: Identify the process to be improved
- 2.2.3 Meeting N°2: Perform diagnostic of such process
- 2.2.4 Meeting N°3: Redesign the process
- 2.2.5 Meeting N°4: Implement the reform
- 2.2.6 Meeting N°5: Evaluate and monitor results

### 2.3 Monitoring and Evaluation

- 2.3.1 Define targets and result indicators
- 2.3.2 Monitor advances
- 2.3.3 Manage introduced changes as a sustainability mechanism

## **Chapter 3:** Recommendations to successfully implement Continuous Management teams

The Guide also presents lessons learned in institutions which have already implemented such teams (less than 20 in the country), describing each particular context, stakeholders involved, methodology used, stages of implementation and sustainability elements. The Guide has been completed and will be published and printed by the PMS in May. Workshops to present the guide to public officials will be performed by PMS during 2013.

### Activity 4.2 Technical Assistance to Municipalities for Optimizing Operating License Procedures

The Project concluded providing assistance to ten municipalities scheduled for 2013. All of them signed the *Ordenanza*<sup>1</sup> required to institutionalize the reform.



**District Municipality of Parcona**



**Provincial Municipality of Ica**

The following chart presents results obtained for each of the ten municipalities.

***Comparison between Municipal Performance before and after the Reform in the EX POST procedure<sup>2</sup>***

N°	Municipality	Time (hours)		Areas Involved		Steps		Cost (S/.)	
		Current	Proposal	Current	Proposal	Current	Proposal	Current	Proposal
1	Paramonga	71.50	11	7	5	46	22	357.41	144.62
2	Casa Grande	126	3	9	3	74	18	146.30	55.18
3	Carmen Alto	74	6	4	3	42	18	75-745	65.72
4	Laredo	122	3	9	4	46	12	75.40	53.94
5	Tumán	173.32	2.42	7	3	98	29	243.20	57.6
6	San Juan Bautista	82	7	6	4	73	26	127-1095	92.10
7	Ica	212	76	10	5	106	38	200.80	84.62
8	Parcona	139	42	7	5	72	35	230	66.40
9	Huaura	37	1	6	4	28	13	297.21	85.90
10	Moche	8	4.5	5	3	13	13	132.70	113.10

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

***Comparison between Municipal Performance before and after the Reform in the EX ANTE procedure<sup>3</sup>***

<sup>1</sup> Official document to pass changes in municipal regulations and procedures.

<sup>2</sup> In the EX POST procedure the inspection is performed after issuing the operating license. Only businesses up to 100m<sup>2</sup> are able to apply to this procedure.

<sup>3</sup> In the EX ANTE procedure the inspection is performed as part of the operating license procedure. Only Businesses from 101m<sup>2</sup> to 500m<sup>2</sup> are able to apply to this procedure.

N°	Municipality	Time (hours)		Areas Involved		Steps		Cost (S/.)	
		Current	Proposal	Current	Proposal	Current	Proposal	Current	Proposal
1	Paramonga	71.5	20.83	7	6	46	27	1,371	355.94
2	Casa Grande	209.45	53.03	10	4	86	27	227.40	161.49
3	Carmen Alto	304	54.77	7	4	78	28	435-1115	202.86
4	Laredo	122	37.17	9	5	46	22	75	175.43
5	Tumán	200.95	4.95	8	4	116	38	547.60	161.5
6	San Juan Bautista	106	54.18	6	5	73	35	127-1095	267.5
7	Ica	365	106.13	12	6	145	64	358	246.51
8	Parcona	329	95.38	8	6	125	49	430	188.9
9	Huaura	69	11.58	7	5	32	20	479	293.9
10	Moche	80	8	5	4	18	18	180.50	249.1

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

During the present quarter, USAID | Facilitando Comercio also monitored results in the first twenty municipalities assisted in 2011 in order to appraise the reform's sustainability and its results in terms of promoting formality. The task took place in four departments (Piura, Cajamarca, La Libertad and Arequipa) and used the "mystery shopper" methodology to collect information, along with the review of files and surveys to users. The following chart summarizes the increase in number of licenses granted during the past six years, as a proxy to the promotion of formality:

#### Licenses granted (2007 – 2012)

Municipality	2007	2008	2009	2010	2011	2012
1 Alto Selva Alegre	94	163	148	144	308	372
2 Cayma	151	303	250	236	395	494
3 Miraflores	315	302	392	304	417	266
4 Socabaya	32	117	242	275	304	408
5 Jacobo Hunter	243	208	254	270	190	184
6 José Luis Bustamante y Rivero	350	380	115	430	310	317
7 Mariano Melgar	147	179	178	119	176	185
8 Yanahuara	218	224	275	225	240	280
9 Jaén	217	237	227	220	235	285
10 Baños del Inca	36	50	36	45	55	65
11 Víctor Larco Herrera	109	343	341	284	328	417
12 Florencia de Mora	74	108	50	35	47	137
13 Chao	35	117	36	37	55	82
14 Castilla	210	252	275	421	497	408
15 Catacaos	60	219	97	164	195	83
16 Morropón-Chulucanas	66	97	102	112	161	204
17 Piura	1,237	1,131	974	762	878	1,130
18 Sullana	240	271	233	251	380	469
19 Talara	397	276	268	210	290	365

<b>20</b>	Tambogrande	17	18	21	46	59	117
	<b>Total</b>	3,656	4,110	3,482	3,631	4,096	4,728
	<b>Percentage change</b>	-	<b>17.6%</b>	<b>-9.6%</b>	<b>1.7%</b>	<b>20.3%</b>	<b>13.6%</b>

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

On average, the increase in licenses granted since the reform (2012 vs. 2011) has reached 13.6%. Despite being a positive result, the Project has identified that most of the municipalities have not implemented dissemination campaigns to inform citizens and enterprises about the reform. In that sense, the monitoring visits have also served for stressing the importance of dissemination efforts and providing tips for this purpose.

In terms of time required to obtain the license, the Project has identified significant achievements as results in the monitoring stage are close to the proposed reduction. On average, municipalities have achieved a reduction of 75% in time needed to grant the license against baseline data. The average reduction proposal was of 92%.

### ***Time (hours) to grant an operating license***

	Municipality	Ex Post			Ex Ante			More than 500 m2		
		Baseline	Prop.	Monit.	Baseline	Prop.	Monit.	Baseline	Prop.	Monit.
<b>1</b>	Alto Selva Alegre	12.00	1.00	8.00	25.00	4.00	12.00	12.00	1.00	8.00
<b>2</b>	Cayma	20.58	0.50	9.00	32.25	2.50	11.00	27.04	0.50	10.00
<b>3</b>	Miraflores	22.08	0.44	3.00	49.17	3.78	12.00	6.63	0.44	1.00
<b>4</b>	Socabaya	7.00	1.00	3.00	21.00	4.00	7.00	7.00	1.00	4.00
<b>5</b>	Jacobo Hunter	5.50	1.50	1.83	20.50	3.50	3.00	10.80	1.50	1.83
<b>6</b>	José Luis Bustamante y Rivero	13.50	0.24	5.84	20.00	6.00	7.08	13.50	0.24	5.84
<b>7</b>	Mariano Melgar	7.73	0.10	4.66	11.09	4.15	6.00	7.73	0.10	4.66
<b>8</b>	Yanahuara	9.00	0.50	6.00	17.00	3.00	8.00	18.00	2.00	6.00
<b>9</b>	Jaén	5.60	0.16	0.08	8.70	3.50	6.50	5.60	0.16	0.08
<b>10</b>	Baños del Inca	6.00	0.30	0.30	14.00	0.70	0.70	6.00	0.30	0.30
<b>11</b>	Víctor Larco Herrera	0.58	0.17	0.33	17.97	2.69	4.13	0.58	0.17	0.33
<b>12</b>	Florencia de Mora	9.51	0.31	1.08	9.51	1.08	3.75	9.51	0.31	1.08
<b>13</b>	Chao	36.33	0.72	1.08	36.33	4.38	4.38	36.33	0.72	1.08
<b>14</b>	Castilla	5.50	0.38	0.38	9.50	1.00	1.25	5.50	0.38	0.38
<b>15</b>	Catacaos	3.00	0.37	0.37	8.00	1.00	1.31	3.00	0.37	0.37
<b>16</b>	Morropón-Chulucanas	3.50	0.24	2.50	13.40	3.55	7.00	3.50	0.24	2.50
<b>17</b>	Piura	0.19	0.10	0.80	8.48	5.15	7.70	0.19	0.10	0.08
<b>18</b>	Sullana	20.00	0.55	2.92	30.00	5.00	7.00	20.00	0.55	2.92
<b>19</b>	Talara	31.00	0.32	0.32	38.00	0.90	0.90	31.00	0.32	0.32
<b>20</b>	Tambogrande	8.89	0.14	0.06	8.88	0.67	5.00	8.89	0.14	0.06
	<b>AVERAGE</b>	<b>11.47</b>	<b>0.45</b>	<b>2.58</b>	<b>19.94</b>	<b>3.03</b>	<b>5.79</b>	<b>11.64</b>	<b>0.53</b>	<b>2.54</b>

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

In terms of reducing administrative steps to carry out the operating license procedure the Project outlines that monitoring results shows an almost perfect implementation of the reform. On average, 100% of the proposed reduction has been complied in each municipality.

### **Administrative steps required to grant an operating license**

	Municipality	Ex Post			Ex Ante			More than 500 m2		
		Baseline	Prop.	Monit.	Baseline	Prop.	Monit.	Baseline	Prop.	Monit.
1	Alto Selva Alegre	80	28	33	93	33	38	80	28	33
2	Cayma	34	10	12	51	22	24	34	10	12
3	Miraflores	24	9	11	35	13	15	24	9	11
4	Socabaya	54	23	23	71	28	28	54	23	23
5	Jacobo Hunter	19	1	11	29	19	19	40	11	11
6	José Luis Bustamante y Rivero	19	11	11	27	18	18	35	11	11
7	Mariano Melgar	35	17	17	35	27	27	35	17	17
8	Yanahuara	24	7	7	28	14	14	24	7	7
9	Jaén	21	14	14	27	23	23	21	14	14
10	Baños del Inca	69	30	30	125	54	54	69	30	30
11	Víctor Larco Herrera	49	14	14	82	25	23	49	14	14
12	Florencia de Mora	36	19	17	36	29	24	36	19	17
13	Chao	58	17	15	58	30	27	58	17	15
14	Castilla	53	27	27	81	50	50	53	27	27
15	Catacaos	82	34	34	124	60	60	82	34	34
16	Morropón-Chulucanas	32	21	26	48	29	35	32	21	26
17	Piura	22	14	13	42	35	30	22	14	13
18	Sullana	69	35	25	126	60	66	69	35	25
19	Talara	170	33	33	210	53	53	170	33	33
20	Tambogrande	53	19	18	53	30	24	53	19	18
	<b>AVERAGE</b>	<b>50.15</b>	<b>19.15</b>	<b>19.55</b>	<b>69.05</b>	<b>32.60</b>	<b>32.60</b>	<b>52</b>	<b>19.65</b>	<b>19.55</b>

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

In the case of illegal requirements requested by the municipality, a significant reduction of them has been identified. On average, 93% of them have been eliminated.

### **Illegal requirements within the procedure**

Municipality	Ex post		Ex ante		More than 500m2	
	Baseline	Monitoring	Baseline	Monitoring	Baseline	Monitoring
Alto Selva Alegre	13	2	15	2	9	1
Cayma	11	2	13	3	11	2

Miraflores	11	2	13	3	11	2
Socabaya	10	2	12	2	8	1
Jacobo Hunter	7	1	7	2	7	1
José Luis Bustamante y Rivero	4	0	6	0	4	0
Mariano Melgar	11	0	11	0	11	0
Yanahuara	11	0	11	0	11	0
Jaén	7	2	7	2	7	2
Baños del Inca	12	0	12	0	12	0
Víctor Larco Herrera	5	0	5	0	5	0
Florencia de Mora	12	0	12	0	12	0
Chao	12	0	12	0	12	0
Castilla	9	0	9	0	9	0
Catacaos	13	0	13	0	13	0
Morropón-Chulucanas	11	1	11	1	11	1
Piura	7	0	10	0	7	0
Sullana	8	0	8	1	8	0
Talara	13	0	13	0	13	0
Tambogrande	8	1	8	1	8	1
<b>AVERAGE</b>	<b>9.8</b>	<b>0.7</b>	<b>10.4</b>	<b>0.9</b>	<b>9.5</b>	<b>0.6</b>

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

In terms of the fee charged to entrepreneurs, an average reduction of 38% was achieved in comparison with baseline data. Results of the monitoring process have shown that some municipalities haven't complied with the reduction, and even, have increased its fees. The Project has proposed to the Ministry of Economy's Program of Municipal Incentives to incorporate fee reductions in the set of incentives to be released in September 2013.

### Cost (fee) to grant an operating license

	Municipality	Ex Post			Ex Ante			More than 500 m2		
		Baseline	Prop.	Monit.	Baseline	Prop.	Monit.	Baseline	Prop.	Monit.
1	Alto Selva Alegre	143.20	80.00	100.00	422.00	211.70	275.00	372.00	46.00	372.00
2	Cayma	290.00	94.57	169.00	405.00	259.99	255.00	365.00	51.00	169.00
3	Miraflores	313.00	65.80	312.90	459.00	114.77	415.95	270.00	23.00	270.30
4	Socabaya	144.00	88.91	143.10	459.00	114.77	177.30	104.00	46.00	105.30
5	Jacobo Hunter	247.00	89.00	247.20	352.00	197.20	352.00	372.00	46.00	372.00
6	José Luis Bustamante y Rivero	146.00	74.10	194.20	283.00	199.34	295.00	100.08	53.06	194.20
7	Mariano Melgar	100.00	53.06	100.00	260.16	181.20	200.00	100.08	53.06	300.00
8	Yanahuara	257.00	69.45	258.00	405.00	185.70	362.00	212.00	26.45	357.00
9	Jaén	180.00	84.06	84.06	288.00	217.52	217.52	180.00	40.87	40.87
10	Baños del Inca	223.20	60.31	60.31	435.60	180.55	180.55	576.00	17.11	17.11
11	Víctor Larco Herrera	61.51	64.49	64.80	347.86	223.89	228.14	61.51	21.29	21.27
12	Florencia de Mora	100.00	58.60	58.60	200.00	186.37	186.37	100.00	15.40	15.40
13	Chao	96.00	56.42	56.42	416.92	198.57	198.57	416.92	13.22	13.22
14	Castilla	173.61	72.23	72.23	369.00	203.11	203.11	149.76	29.03	29.03
15	Catacaos	180.00	74.02	74.02	278.00	206.46	206.46	358.20	30.82	30.82
16	Morropón-Chulucanas	102.00	73.91	74.90	327.00	199.45	202.02	102.00	30.71	30.71
17	Piura	280.00	65.82	65.82	298.00	216.29	216.29	298.00	22.62	22.62
18	Sullana	89.95	83.23	84.31	235.95	260.02	260.02	235.95	40.30	41.31
19	Talara	251.60	79.45	79.45	299.20	232.03	232.03	170.00	36.25	36.25
20	Tambogrande	268.00	54.60	54.50	268.00	175.12	175.00	268.00	54.60	54.60
	<b>AVERAGE</b>	<b>182.30</b>	<b>72.10</b>	<b>117.69</b>	<b>340.43</b>	<b>198.20</b>	<b>241.92</b>	<b>240.58</b>	<b>34.84</b>	<b>124.65</b>

Source: Fahsbender Consulting

Elaboration: USAID | Facilitando Comercio

## **Component 5: Medicines**

### Activity 5.1: Strengthen DIGEMID's capacity to evaluate new drug applications

*Manual of Best Practices for the Assessment of Medical Gases for the Sanitary Registry; and, Manual of Best Practices for the Assessment of Diagnostic agents for the Sanitary Registry.*

Due to changes in the legislation of pharmaceuticals, new principles, rules, procedures, criteria and requirements were established to authorize sanitary registrations. These changes were introduced to guarantee the quality, safety and efficacy of such products. In that sense, in order to train DIGEMID's staff in its use, the Project decided to provide DIGEMID its cooperation to elaborate two manuals: on i) Best practices for the assessment of medical gases for the sanitary registry, and ii) Best practices for the assessment of diagnostic agents for the sanitary registry.

The elaboration of these texts has concluded and DIGEMID has committed to publish them before the end of 2013.

### Activity 5.3: Raise awareness of counterfeit drugs and regulations of pharmaceuticals

*Manual for Inspectors of Pharmaceutical Establishments, Drugstores and Pharmaceutical Laboratories.*

As explained lines above, due to changes in legislation on pharmaceuticals, new principles, rules, procedures, criteria and requirements were set. Some of them emphasized the need of increasing the surveillance activities on pharmacies and on the pharmaceutical industry in general (that is to say, in the manufacture, storage, distribution and commercialization of products)

For all of the above mentioned, the Project decided to provide the Directorate of Control and Health Surveillance of DIGEMID a Manual for Inspectors of Pharmaceutical Establishments, Drugstores and Pharmaceutical Laboratories in order to standardize inspections and surveillance actions.

The elaboration of texts has concluded and DIGEMID has committed to publish it before the end of 2013.

## **V. Technical Implementation - Regional Component**

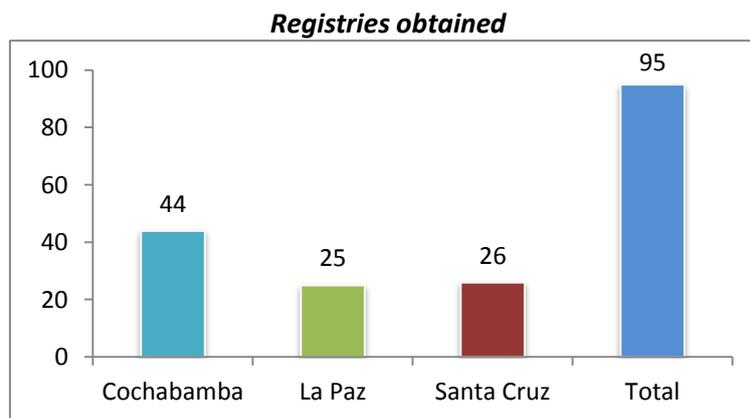
## Bolivia

### Component 2: Intellectual Property

#### Activity 2.1: Promote the use of Intellectual Property as a competitive tool

Through this activity with FUNDES, the program supports MSMEs to use IP as a competitive tool. This activity is very important for the enterprises that wish to protect their products, logos and names, and it also allows them to have an additional tool to be able to export, since many wish to do so. The activity also contemplates the elaboration of a Manual of Intellectual Property, which has been completed and will be printed by late April.

Thirty seven (37) enterprises are participating in the activity (15 in Cochabamba, 12 in Santa Cruz and 10 in La Paz). Currently, the Project has managed to publish 126 distinctive signs in the Official Gazette, which is the last part of SENAPI's process, and if there is no objection by a third party then SENAPI grants the registration. Currently 95 registries have been obtained and 10 registries are under objection.



Source: FUNDES

### Component 3: Trade Facilitation

#### Activity 3.1: Certification of products and processes.

This activity supports MSMEs in obtaining ISO 9001, NB12009, HACCP, and FCC certifications, financing up to 50% of the respective certification. It is done with the National Chamber of Industries (NCI) through its departmental offices throughout the country.

In this period, the NCI started the audit process to the participating enterprises.

In the case of the sub-activity with FUNDES, the certification of ISO 22000, in February, the course to form internal auditors was performed. It was conducted by ICONTEC and held in three cities (La Paz, Cochabamba and Santa Cruz).



**The course in La paz**

The first stage of audits were held in March in the three Departments (La Paz, Cochabamba and Santa Cruz). The audits highlighted the progress made by the enterprises and gave suggestions to be considered before the second stage.

**Activity 3.2: Promote good Bio-Trade practices**

This activity is carried out with the National Chamber of BioTrade Bolivia (BIONATIVA) and the Friends of Nature Foundation (FAN), supporting their affiliates to become members of the Union for Ethical BIOTRADE (UEBT).

During the period, it initiated the preparation of work plans, based on the respective audit reports. Also, FAN made efforts to incorporate new enterprises to the activity.

These work plans must be approved by the UEBT, so the enterprises can become official members.

**Activity 3.4: Institutional strengthening for technical assistance in trade facilitation.**

This is an activity to support the Chamber of Exporters of Cochabamba (especially its Support Center for SMEs in the area of technical assistance for trade facilitation) that includes the following activities:

- Design of a Procedures Simplification Study
- Guide in Package, Packaging, Labeling and Marking.
- Guides for HACCP, Organic and CSR.

In the analyzed period, the Terms of Reference for the Simplification Study were approved and the respective consultant was contracted (Dr. Natalia Claire).

The final version of the Guide for Package, Packaging, Labeling and Marking, was approved for printing.

The elaboration of the Guide for CSR was concluded, as was the review made by USAID | Facilitando Comercio, and now the Departmental Chamber of Exporters of Cochabamba is making the adjustments.

The HACCP guides are being printed.

## Colombia

### Component 2: Intellectual Property

#### Activity 2.122 Train public prosecutors on IP enforcement

In the last quarter, the Project submitted a compilation of relevant and updated IP norms to the public prosecutor's office for its inclusion in attorney trainings. Since then, the training school has changed leadership and subsequently Project advancements to develop specific trainings stalled. In response to this and due to time restrictions, the Project has offered to share the virtual training course it is developing for the national police (see activity 2.124) with the public prosecutor's training school.

While the main audience of the virtual course is the police, the material covers the full enforcement chain and would only need minor adaptations to be fully applicable to the public prosecutors. Additionally, much of the material has been developed with inputs from the Unidad Nacional de Propiedad Intelectual (UNPI) – a specialized division of the sectional court with public prosecutors handling IP infringement cases. Once completed, the course will be disseminated through the public prosecutor's training school and also shared with the national school for judges.

#### Activity 2.124: Train national police on IP enforcement

USAID | Facilitando Comercio has dedicated the quarter to updating Colombia's Antipiracy Campaign's copyrights enforcement guide and developing new material focused on online piracy to build the basis for a virtual training course. This has included meeting with government authorities – judges, public prosecutors, national police and Colombia's National Copyrights Office - to capture detailed processes and to validate information. In March a final draft of the written material was sent to those entities and private sector associations for review and comment. During the upcoming months, the material will be finalized and the design of the course will be initiated. Additionally, the material will be used for pilot trainings for the police across three Colombia cities between April –June 2013.

#### Activity 2.125: Train SIC administrative judicial unit

In August of 2012, the Superintendence of Industry and Commerce (SIC) was granted expanded legal responsibility, allowing its administrative judicial office to resolve industrial property disputes that were previously required to be taken to civil court. This new authority (under Colombian Law 1564, which establishes the General Code for Case Proceedings) allows for the country to have a more specialized group of judges focusing on the protection of industrial property rights. Upon SIC's request, USAID | Facilitando Comercio is developing training material for their administrative judges focused on determining infringement, evidentiary issues, methods to quantify damages, and other remedies that will allow Colombia to improve its enforcement of industrial property rights.

The material will be finished in the following quarter and trainings that incorporate actual and hypothetical cases and mock deliberations will be conducted in early July.

Activity 2.22: Foster respect for intellectual property in schools

The Project continued reaching out to public schools in the Cundinamarca district with the goal of educating an additional 2,500 students on copyrights and information communication technology (ICT). School seminars have been scheduled for April – July with public schools and with Maloka Science Museum as part of their initiative to educate professors from public schools. Additionally, the ICT-IP publication has been incorporated into the Ministry of Education’s national Basic Skills Development Campaign for public school teachers. The publication was sent to 500 teachers and is being disseminated through CD copies by the Ministry.

Activity 2.23: Assist SIC reduce its backlogs to improve its internal capacity

USAID | Facilitando Comercio has been assisting SIC with its reduction of patent application backlogs over the last year. In March, the Project concluded its assistance with a total of 695 patent applications reviewed. To help keep the backlog to a minimum, SIC has contracted four of the Project’s consultants to be full-time patent examiners, which will help SIC manage its increasing inflow of applications. SIC’s current application and backlog stats are pending and will be reported in the annual report.

## **Component 3: Trade Facilitation**

3.111 Conduct TCBaseline diagnostic and related assessments

DIAN requested a second time-release study be carried out at an additional port of entry to evaluate clearance times and processes. Eldorado Airport in Bogota was chosen for its high volume of cargo imports. The Project initiated this study using the TCBaseline methodology that was applied at the Port of Buenaventura and is complimenting it with process mapping, which captures the interplay between customs and importers, customs brokers and port operators. This study will allow DIAN to compare practices between two major port of entries to determine what effective processes can be applied across Colombia’s other ports and what time-release indicators should be standardized so that DIAN can generate their own time-release studies.

As a result of the field work, the Project is currently evaluating the coordination within DIAN between a mandatory pre-inspection process and the inspection; and 2) the reasons behind the private sector’s minimal use of the anticipated declaration mechanism; two factors that could be contributing to release times. The full study, quantitative and qualitative analysis, with recommendations to improve DIAN’s clearance process is expected to be completed in May.

Activity 3.112: Train DIAN examiners

The TC Baseline conducted at the Port of Buenaventura recommended training for all DIAN inspectors working Buenaventura through the use of DIAN's training school's e-learning platform and an on-the-job field training program based on the US Customs Border Protection (CBP) methodology. In 2012, DIAN initiated their e-learning training program for three selected ports: Buenaventura, Bogotá and Cartagena. It was agreed with DIAN, that USAID | Facilitando Comercio would then develop and pilot the on-the-job training program with the inspectors that concluded the e-learning courses. As of March, only one of the 21 inspectors going through the e-learning program remained in his position as inspector. Due to the unforeseen job rotations within DIAN and the delay in having inspectors participate in the e-learning program, it was decided that the on-the-job training program would have to be delayed until July 2013. Due to the Project's period of performance, it was decided that this activity would be suspended.

*Activity 3.1.2: Assist DIAN with a 6 hour time-release of express shipments of goods.*

In February the Project started the first implementation phase of the action plan, which was a result of the diagnostic at Bogotá's Airport carried out in 2012. This phase will entail the development of a new operational model for the express shipments clearance procedure, which includes process reengineering and modifications to DIAN's IT systems with the objective of reducing clearance times from an average of 40 hours to six hours, as it is stipulated in the CTPA.

USAID | Facilitando Comercio has incorporated international standards for the transfer of information between the private sector and DIAN, and is proposing a simplified and automated process for correcting inconsistencies between declarations and arrival of express shipments. These proposals have been designed with inputs from both the private sector and DIAN and will be presented to DIAN for approval in April.

Additionally, the Project providing revisions to the customs code that incorporated best practices and ensured compliance with the CTPA.

*Activity 3.13: Train DIAN on Origin Verification*

Article 4.18 of the CTPA establishes the process for verifying the compliance of imported goods with the rules of origin preferences established in the agreement. In 2012, verification responsibilities were transferred from the Minister of Trade, Industry and Tourism (MCIT) to DIAN, and subsequently in February DIAN with the guidance from the Project, decided which unit within the organization would be assigned this new task.

Upon responsibilities being assigned to DIAN's technical rules of origin division, USAID | Facilitando Comercio conducted a training workshop on origin verification best practices for 16 DIAN officials and two advisors from MCIT. The three-day training was conducted by a CBP official and a former member of Peru's origin verification team. The training included: 1) U.S best practices on rules and regulations, risk assessment, and verification audits for the textile and apparel sector; 2) U.S regulatory framework,

CBP management indicators, and organizational structure, internal manuals and questionnaires; and 3) Peruvian verification best practices and lessons learned from the implementation of the ROO chapter under the US-Peru Trade Promotion Agreement.

USAID | Facilitando Comercio also provided revisions to the customs code to include the documents DIAN will require when an imported good was in transit and under control of a third-party customs authority; and provisions on penalties to exporters or producers when they provide false origin certifications.

#### Activity 3.14: Promote the implementation of Advance Rulings

The CTPA establishes that Colombia issue advance rulings prior to imported goods entering the country at the request of the exporter, importer or producer. During the report period, the Project assisted DIAN in the development of: application forms and formats, internal procedures, and ruling letters.

In addition DIAN has requested the Project to analyze issues related to the non-limited validity period in the current tariff classification concepts DIAN emits, in order to help them to take a final decision about advance rulings.

USAID | Facilitando Comercio reviewed drafts of the customs code and advised on the implementation of an appeal mechanism that allows for an administrative review independent from office that issued the ruling, as it is mandated in the CTPA. The Project also analyzed the validity period of advance rulings by comparing other country practices and advised DIAN to implement a five year term to better allow DIAN to manage the applicability of rulings given their limited automated systems.

#### Activity 3.21: Promote use of ROO in collaboration with Proexport

The Project finished drafts for the two rules of origin manuals for Colombia's agribusiness and textiles sectors, building on those developed for Peru's private sector. The manuals include Colombian examples of products analyzed in the workshops and plant visits held last year. Drafts of the manuals were sent to DIAN, MCIT, and the private sector associations for comments.

Upon request from the private sector, USAID | Facilitando Comercio developed proposals for two different voluntary origin certificate formats for imports and exports. DIAN is currently reviewing the formats and final versions will be included in the manuals.

## **Ecuador**

### Intellectual Property

As informed in the past quarterly report, the Project reshaped activities regarding Cacao Arriba as result of regulatory changes within IEPI. Therefore, during the present

quarter a Peruvian consultant visited Ecuador to present a manual to establish requirements and procedures to allow producers to access the authorization of use of the Cacao Arriba Appellation of Origin (CAAO). This manual was presented to IEPI officials and local producers.

In addition, the consultant visited local associations of producers to discuss about the implementation of the CAAO and its technical regulation, which is currently under design. The following recommendations were provided:

- Producers should keep monitoring and promoting changes to the technical regulation of Ecuadorian Cacao so as to develop separate regulations for Cacao Arriba and Cacao CCN 51.
- Associations of Cacao Arriba producers, such as Unocace and Marplantis, should be called to take part in the table in charge of developing the technical regulation.
- It is important to gather the opinion of Cacao Arriba’s top buyers in Europe to recognize their physicochemical tests used to assess purity and replicate them previous to export.
- The Regulation of Use of CAAO is a basic requirement to enable its use by local producers. Also, such instrument must set tracking and control systems for its commercialization in Ecuador and for export.

#### Trade Facilitation

In the case of BASC certification, USAID | Facilitando Comercio received the final report of BASC, which reports that five MSMEs were affiliated to BASC and two of them received the final certification, with support from the Project. The following chart summarizes the activity results:

Enterprise	Course: Internal Auditors	Course: Risk Assessment	Manual	Affiliation	Certification
<b>Mariscalá</b>	x	x	x	x	x
<b>Serpotransa</b>	x	x	x	x	x
<b>Grovice</b>	x		x	x	
<b>Transporte Linetran S.A.</b>	x	x	x	x	
<b>Transasia Pacific S.A.</b>	x			x	
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>2</b>

Source: BASC Ecuador

## VI. Communications

USAID | Facilitando Comercio has continued to perform activities oriented to disseminate its results and promote its support towards boosting competitiveness. One of the key tools used for this purpose is the bimonthly newsletter, which contains a summary of all the Project's activities and is delivered to stakeholders and general public. The Project has also emphasized the use of its webpage to spread news about component activities; likewise, the presence of Project activities in different types of media such as newspaper, television, and the internet has remained substantial.

Similarly, it has continued to coordinate with agencies and strategic partners that work jointly with the Project so as to promote the dissemination of results from within its communications areas. In each particular case, the Project developed specific strategies to better achieve dissemination of activities.

- **Press conference to announce the conclusion of USAID | Facilitando Comercio.** This activity was held in MINCETUR offices and counted with the presence and remarks of Mrs. Deborah Kennedy-Iraheta, Director of USAID Perú; Mr. Carlos Posada, Viceminister of Foreign Commerce; Mrs. Elena Conterno, Chief of Party of USAID | Facilitando Comercio; and Mr. Hebert Tassano, Director of INDECOPI. The Project's Chief of Party presented all the improvements and goals achieved during the past three years. ([Summary of News 1](#))



*Table of honor and members of USAID | Facilitando Comercio*



- Winners of the Contest “Gamarra Produce” trained on Rules of Origin by USAID | Facilitando Comercio.** The main focus was oriented to acknowledge and promote innovation and talent by local designers of the garment cluster “Gamarra”. Twenty finalists were trained on Rules of Origin, which is an important tool to access the U.S. market. The activity was jointly developed with the Ministry of Production. ([Summary of News 2](#))



- Peruvian experience in the International Program of Genetic Resources and Intellectual Property Rights.** The Project, along INDECOPI’s Direction of Inventions and New Technologies, organized a workshop to share the Peruvian experience obtained in the International Program of Genetic Resources and Intellectual Property Rights held in Sweden. The objective was to disseminate the experience to officials and investigators that work on traditional knowledge, biologic diversity and technological research.





- **Presentation of Administrative Simplification and Costing Guide.** Activity developed jointly with the Public Management Secretariat to launch and disseminate the Guide on its three versions (for national, regional and local governments). A press conference was organized to present them to public officials and the media.

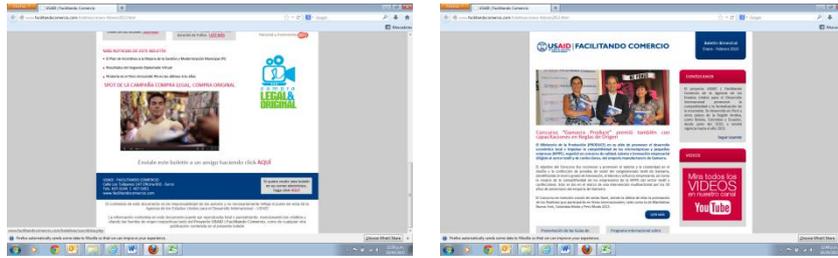




- Support dissemination of publications and coverage of the National Inventions Contest.** During the present quarter several publications and documents were released to the public, among those are: 14 copyright guides for innovation-intensive sectors, IP Manual for Judges, USAID | Facilitando Comercio's 76 improvements on competitiveness and formalization. In addition coverage of the National Inventions Contest was gathered during the present quarter. ([Summary of News 3](#))



- Update the website and bimonthly newsletter.** Both products are updated with news, publications, photos, videos and more. With regard to the web, a special emphasis has been placed into the video channel. In the case of the newsletter, the material presented covers the latest activities developed by Project Components during the last two months.



**Statistics:** Since January 1st the Project's webpage received 1,981 visits by 1,591 new visitors. Approximately 80% of them are from Peru while 6% are from Colombia, 2.7% from the United States, 2.3% from Mexico and 9% from other destinations. In addition, 66.23% visitors connected via Google, 20% typed the web's address, 4.19% from Adex's webpage and 2.57% from Sierra Exportadora's. The top two topics visited were the Second Virtual Diploma on Administrative Simplification and Publications, each received approximately 20% of the visits.

In turn, the National Inventions contest's webpage received 3,009 visits; almost 90% of them were new visitors, while the Facebook profile reached 27,393 fans. Regarding the COMPRA LEGAL, COMPRA ORIGINAL webpage, it received 1,049 visits, mostly from Peru (83%) and its Facebook profile reached 6,261 fans.

