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PRA PROJECT WORK PLAN FISCAL YEAR 2008

PERU POVERTY REDUCTION AND ALLEVIATION PROJECT

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

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EXECUTIVE SUMMARY

We are pleased to present the Annual Work Plan for Fiscal Year 2008 for the Peru Poverty Reduction and Alleviation Project (PRA). In Section I we provide an overview of the project by presenting the objectives and principles which guide program implementation. This section also contains a description of the most recent project extension which marks the initiation of the innovative “PRA Alliance” as well the project results framework, major results, impact to date, a brief financial summary, and our project staffing structure. Section II contains the project’s implementation roadmap for FY 2008. Part A. outlines technical activities - performance targets for FY 2008 and planned activities and results for the PRA Business Component, including a detailed plan of action from each of the project’s ten Economic Service Centers (ESCs), activities planned for alternative development regions, and proposed forestry certification activities (pending approval from USAID to make changes to the forestry component scope of work). In Part B. we present the activities planned in the project support areas of management and administration, monitoring and evaluation, and communications. Given that PRA is in its final year, Part C. contains the project’s close-out plan including three possible transition scenarios and the required actions for the technical and administrative close-out. Finally, Part D summarizes the FY 2008 work plan graphically with the presentation of a Gantt chart.

SECTION I. OVERVIEW OF PRA

A. PRA Objectives and Guiding Principles

The purpose of PRA project is to contribute to poverty reduction by generating sustainable income and employment and mobilizing private-sector investment in key economic corridors, defined as natural commercial networks linking rural areas with intermediate cities that exhibit high rates of poverty and the potential for economic growth.

PRA's business component promotes private and market-driven enterprise growth and development through its regional economic service centers (ESCs), which assist individual client firms to overcome specific obstacles to business expansion. The ESCs facilitate access to market information, provide technical and management assistance, organize supply, and act as aggressive brokers between foreign and domestic buyers and investors and local producers. PRA starts by identifying a specific demand, and then works backwards, through technical assistance and organization of supply, to meet that demand.

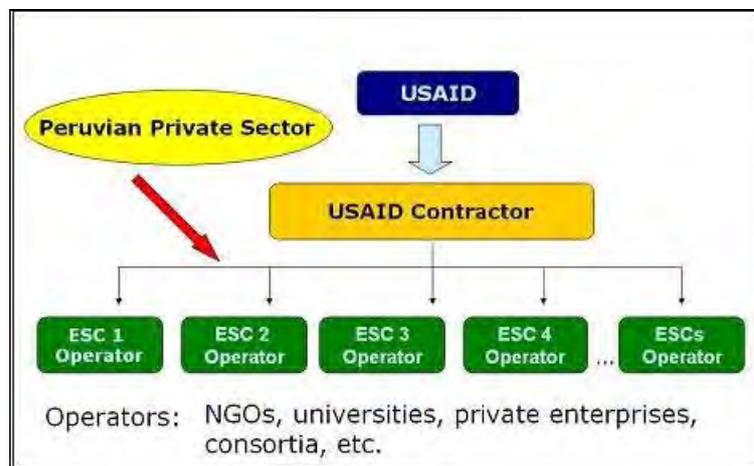
PRA's infrastructure component facilitates enterprise development, improves productivity and competitiveness, and spurs economic growth in key regions through the design and implementation of long-term public/private partnerships to finance, build, rehabilitate, operate, and maintain major infrastructure projects. This component culminated in FY 2007.

The following operating principles underpin PRA's approach to poverty reduction and enterprise development:

- *Demand-driven.* Understanding demand and harnessing it to drive supply is the project's central operating principle. PRA attacks poverty through a demand-driven approach to economic growth. Production is focused on what can be sold, not on selling what has been produced. PRA defines demand not in the abstract but in the identification of specific buyers — private enterprises and entrepreneurs — with names, telephone numbers, and e-mail addresses. Demand is seen and articulated through the lens of specific private enterprises.
- *Private-sector led.* PRA clients are individual enterprises and entrepreneurs. Put another way, the focus of PRA is not on sectors, products, or groups of producers, but on specific business enterprises. PRA interventions are geared to enhance the ability of each supported enterprise to fully exploit its identified market potential in Peru's *sierra* and *selva* regions. These regions are characterized by the dearth of entrepreneurs and enterprises which exacerbates conditions of poverty.
- *Decentralized and outsourced implementation through regional economic corridors.* PRA's decentralized "corridor" approach is currently carried out in ten ESCs in the *sierra* and *selva* and northern border region of Piura and Jaén. These centers provide assist enterprises with identified markets to expand and improve their competitiveness. Guided by a detailed business plan the ESCs provide technical assistance to strengthen domestic and export market linkages

and value chains and eliminate specific bottlenecks that constrain enterprise growth. PRA's economic service centers, implemented by competitively selected, regional consortia of private sector enterprises, NGOs, and private universities, have been the key institutional facilitators linking enterprises with producers across numerous value chains. This "outsourced" arrangement has allowed for the expeditious and efficient implementation of the project, including a focus on meeting performance targets and the ability to replace both ESC subcontractors and personnel if performance targets are not achieved. The "outsourcing" model as presently practiced by PRA project, has strengthened local institutions and stands as a worthy example, with tested Peruvian-based results, and should be considered for replication both at the national and at the regional government level.

Exhibit 1. Outsourcing PRA Implementation to Private Sector



- *Intensified focus on and linkage with the DEVIDA/USAID alternative development program in 69 priority districts.* To counter the pervasive risk aversion that has impeded private investment and economic development in coca-growing areas, PRA has intensified its efforts since 2003 to bring businesses and entrepreneurs to these regions to build confidence that working and investing in the *sierra* and *selva* is not only possible but profitable. Each successful PRA business linkage has spurred future success. This confidence-building work with the business sector, coupled with PRA's ability to organize producers to meet the quantity and quality standards of a formal and demanding business partner, is what PRA's work is all about. We start with the enterprise and work backwards to bring in producers, thus connecting demand with supply. We subsequently work to build lasting commercial relationships between the private and subsistence sectors, with a particular emphasis on working with and integrating *ex-cocaleros* into sustainable, business-based markets.



- *Continuous performance monitoring.* Accurate and operational monitoring of results is a vital management tool for PRA. Project results are subject to continuous performance monitoring of incremental sales, employment generation, and investment and other complementary indicators. The thorough data collection, rigorous management, and in-depth analysis of PRA monitoring and evaluation team have been key factors affecting project continuity and performance.

B. PRA Alliance and Project Extension

In recognition of the unique capabilities of the PRA Project to stimulate economic growth in the interior of Peru and make trade opportunities more inclusive of the poor, USAID has negotiated the establishment of the PRA Alliance. Harnessing opportunities provided by the recent agreement between the GOP and the mining companies on voluntary contributions to support private-sector growth as well as the GOP's *Sierra Exportadora* initiative, USAID is leveraging significant resources by partnering with the GOP and Peruvian private sector. The private sector has also found an efficient partner with which to implement its corporate social responsibility programs. The alliance is an agreement between USAID, the Peruvian government, and mining companies to co-finance the extension and expansion of PRA's activities. Under the agreement, USAID will contribute resources to the first phase of PRA Alliance, from May 1, 2007, to September 30, 2008, through its current contract with Chemonics. The Alliance is expected to expand and to make major contributions to the sustainability of PRA activities, particularly in the *sierra* region.



(From left to right) Roque Benavides, Cía de Minas Buenaventura; James Curtis Struble, former U.S. Ambassador to Peru; and Gaston Benza, Sierra Exportadora, formalizing the PRA Alliance.

To launch phase one of PRA Alliance, USAID has secured financial commitments from the GOP and two private mining companies, *Compañía de Minas Buenaventura* and *Compañía Minera Antamina S.A* to finance activities in the *sierra* region. Chemonics will continue to provide the technical direction and administrative services in close coordination with USAID and Alliance partners. The implementation of these co-financing arrangements is guided by memorandums of understanding (MOUs) between USAID and each of the alliance partners.

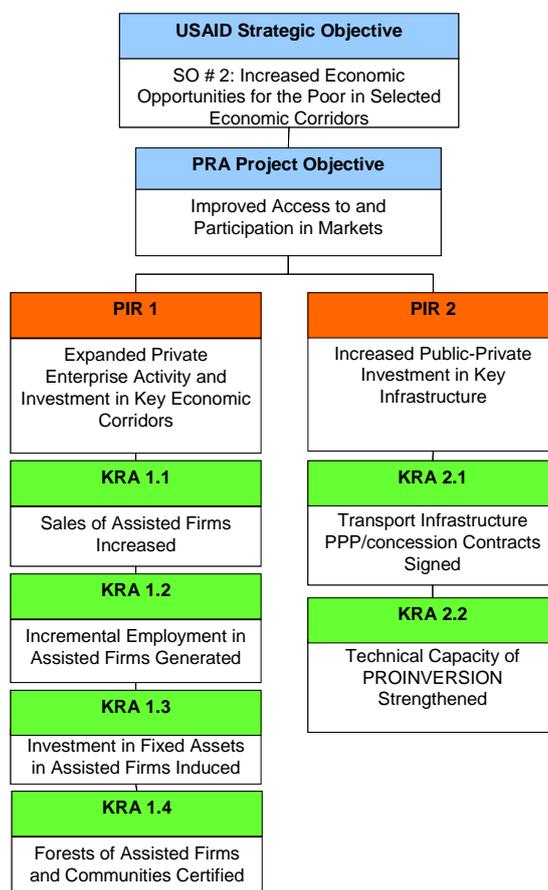
Modification 30 to USAID's contract with Chemonics to implement the PRA project was signed in August 2007, which formalized the project extension and arrangement to co-finance various ESCs through the Alliance partners. At this time it was planned to open two new centers in the Arequipa and Apurimac corridors, however due to lack of concrete partners in these areas this was not brought to fruition.

The PRA team continues to assist USAID in identifying new institutions interested in joining forces to continue PRA's work. Some possible allies include *Compañía Minera Yanacocha*, *Minera Barrick*, *DOE RUN*, *Xtrata (Las Bambas)*, *Minera Majaz (Río Blanco)*, *Phelp Dodge (Cerro Verde)*, the Ministry of Agriculture, and Regional Governments (RG), for instance RG of Lima-Provinces. ESC staff are also working to integrate the regional and local governments from their corridors into PRA's activities.

C. Results Framework

Within the framework of results detailed in the USAID/Peru Country Strategic Plan 2002-2007, PRA has developed the project's Results Framework (RF) that has guided its implementation. The RF for PRA is shown below.

Exhibit 2: Project Results Framework



D. Results and Impact Highlights

Bringing together public and private sector entities to implement PRA approach. In recognition of PRA's operational approach and unparalleled results, USAID, together with the Government of Peru's *Sierra Exportadora*, and two major mining companies operating in Peru (Cia de Minas Buenaventura and Cia Minera Antamina), have formed *PRA Alliance* to jointly finance the extension and expansion of PRA activity in fiscal year 2008. While this is a relatively new development, it is proving highly successful and efficient for each partner to channel their funding through PRA project to meet their individual goals of reducing poverty in their specific areas of priority. This alliance provides exciting prospects for the sustainability of PRA activities.

Promoting sustainable economic growth. To date (as of September 2007) the ESC component has helped generate over \$211 million in new sales, create more than 13 million person days of labor (equivalent to 65,765 full-time jobs, 37% of which are occupied by women), and introduce more than \$16 million in private investment (fixed assets). In 2007, PRA assisted over 204 private businesses (main sectors include rice,

trout, palm oil, flowers, coffee, *tara* (a natural tanning agent), fruits, etc.) in linking approximately 1,500 micro-enterprises and 37,824 small producers (approximately 99,000 over the life of the project) to the value chain bringing the benefits of market access and technology transfer to the interior of Peru.

To date 45% of PRA sales have been destined for exportation primarily to the U.S.A. (38% of total PRA exports) and E.U. (37% of total PRA exports) and 47% of the employment generated was due to export sales. Major exports products are trout, coffee, *tara*, artichokes, beans, flowers and wood. In 2007, 21,000 small producers were linked to export business promoted by PRA. In light of the recently signed free trade agreement between the U.S.A. and Peru, the ESC's provide a proven vehicle for increased trade to contribute to poverty reduction.

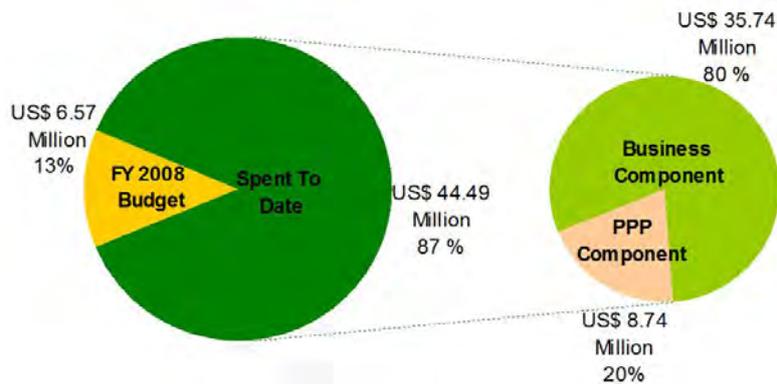
Furthermore, the market linkages established through the ESC's in alternative development areas have contributed significantly to USAID's goal of creating licit economic opportunities in coca growing regions of Peru. Cumulative sales in the seven alternative development regions prioritized by USAID have reached US\$111 million (53% of PRA's total sales). 32% of the sales from alternative development regions come from the 69 districts prioritized by USAID. Also, in sixteen months, PRA's forestry team provided technical assistance to clients in the forestry sector, contributing to the certification of 175,810 hectares of Peruvian forests, partially managed by native communities. This activity contributes to the preservation of Peru's natural resources, improves the competitiveness of its forestry sector, and helps enterprises comply with environmental regulations outlined in the recent free trade agreement.

Leveraging private and public sector funds to develop key infrastructure. To date USAID's support to the GOP has resulted in a significant increase in the supply of basic infrastructure services to facilitate enterprise development, improve productivity and competitiveness, and spur economic growth throughout Peru. Specific results include the Amazon North Highway concession (a 25-year, \$220 million project to finance, construct, rehabilitate, operate and maintain 964 km. of national highway), the South Terminal concession of the Port of Callao (a 30-year, \$360 million project to build, operate and maintain a new container terminal with capacity to handle 600,000 TEU (twenty-foot equivalent units) per year), and the Rural Electrification Program (a \$12 million program consists of four rural electrification projects, including transmission and electricity distribution in alternative development areas.) These pioneering PPP transactions will mobilize more than \$500 million from the Peruvian private capital markets over the next four years. The Peruvian Government, by turning to the private capital market for the required investment financing, will lessen the pressure on the GOP's fiscal budget, freeing scarce tax income to be focused on other public sector priorities such as education and health while still ensuring sustainable investments in infrastructure construction and maintenance.

E. PRA Financial Summary

The graphic on the following page summarizes the status of PRA's operating budget. For FY 2008 PRA will manage a budget of US\$ 6.57 million.

Exhibit 3: Status of PRA Operating Budget

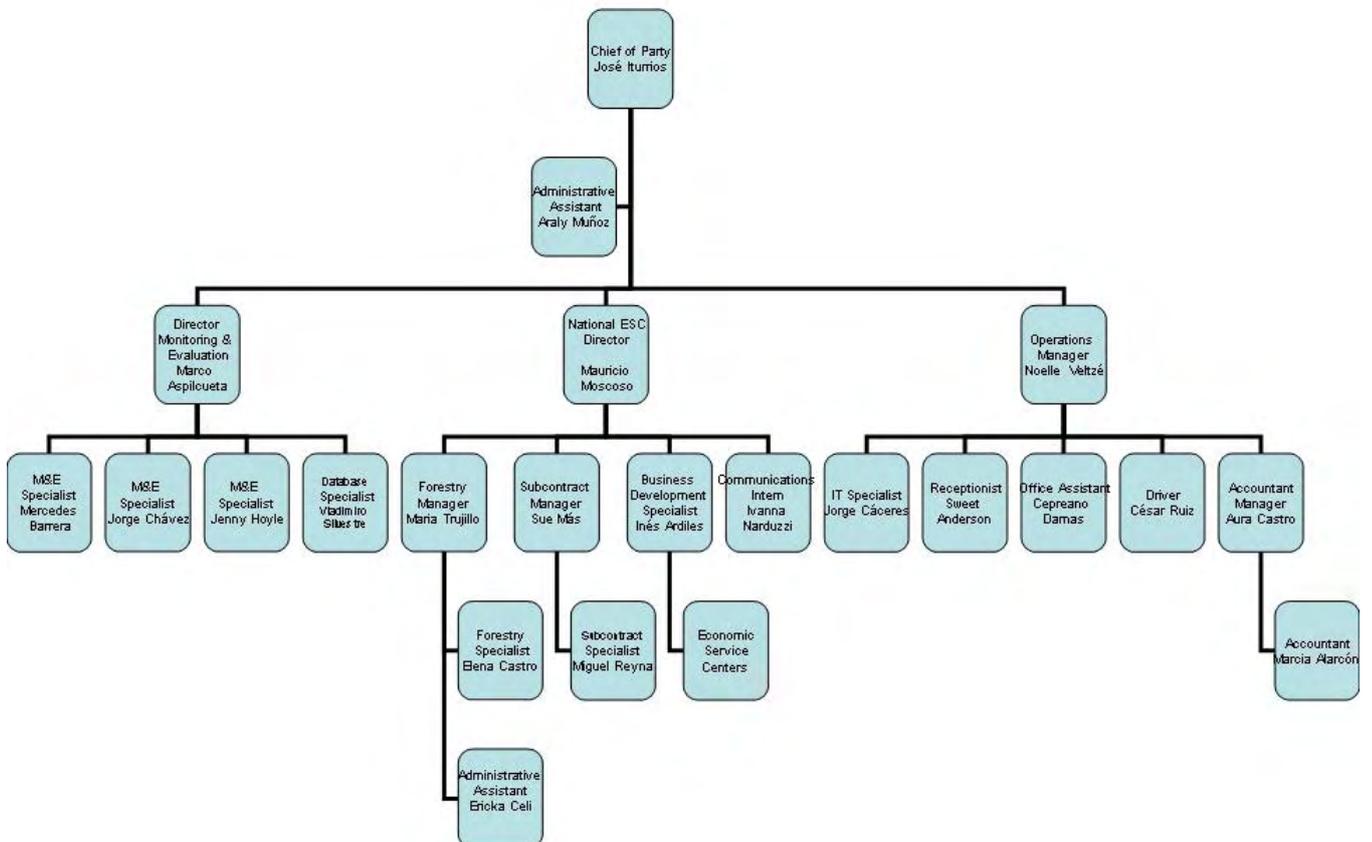


F. PRA Staffing Structure

Exhibit 4 below shows the PRA Project’s organizational and staffing structure for its final year of operations. Major changes in staffing include the replacement of operations manager, Mr. Jerome Gutzwiller, with Ms. Noelle Veltzé; the addition of an M&E specialist, Ms. Jenny Hoyle; and the reduction of business development specialist, Mr. Carlos Pinzas.

Exhibit 4. PRA Project Organizational Chart for FY2007

PRA Team Staffing Structure



A1. Progress against Contractual Targets and FY 2008 Performance Targets

PRA results in each economic corridor are measured and reported each quarter, semester and year through three business related performance indicators: (i) net incremental sales generated by PRA-supported businesses; (ii) net incremental employment generated; and (iii) incremental fixed asset investment induced by PRA. Modification 30 to the PRA contract established the following performance targets to September 30, 2008 for the PRA Business Component:

- \$214,627,524 to \$238,341,694 in incremental sales*
- 68,093 – 75,604 additional jobs*
- \$15,229,791 to \$16,905,324 in new investments*

* The targets for the Arequipa and Apurimac ESCs which were included in the total targets in Modification 30 to the PRA contract were removed since these centers did not open.

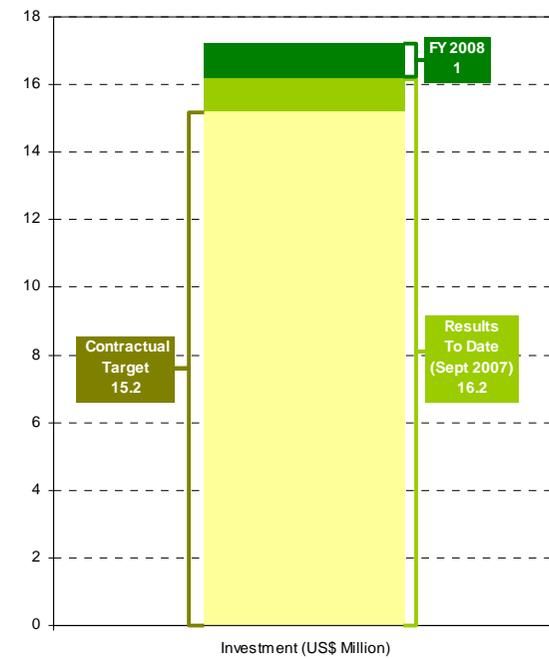
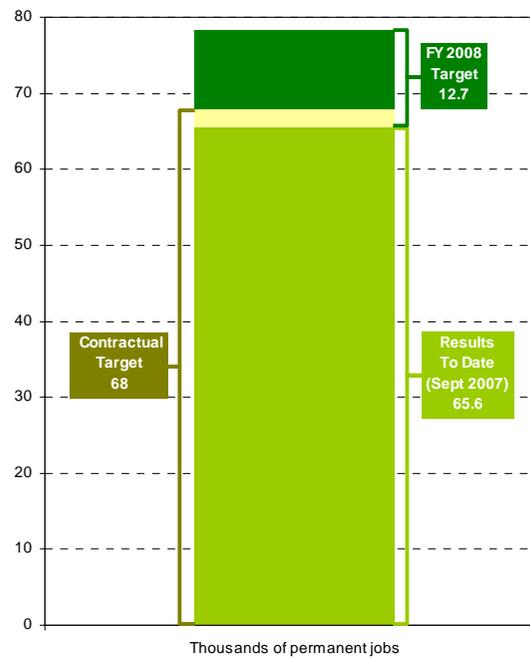
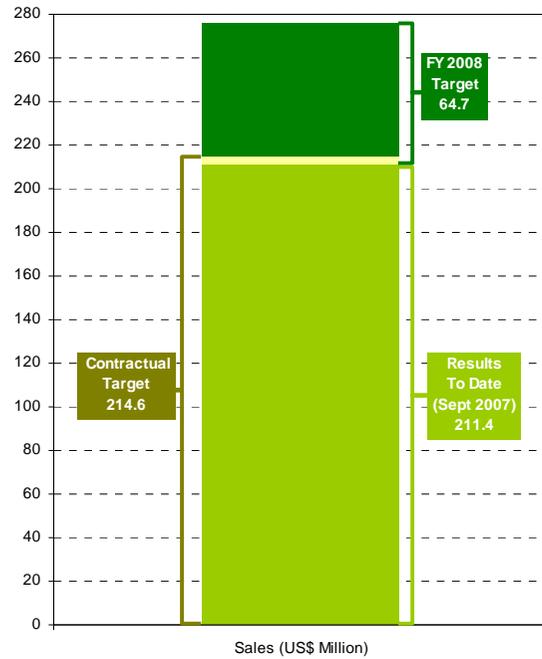
PRA business results are on track to exceed these contractual targets. In the case of the investment indicator, the minimum target has already been exceeded. The exhibits below and on the following page detail PRA’s progress against contractual targets and the targets set for its last year of implementation.

Exhibit 6. Progress against Contractual Targets and FY 2008 Business Component Targets

Business Component Indicator	Contractual Targets	Results Achieved Through September 2007	Amount Remaining to Meet Contractual Targets (Minimum)	FY 2008 Targets
Amount of new sales generated	\$214.6 to \$238.3 million*	\$211.4 million	\$3.1 million	\$64.7 million
Number of new permanent jobs created	68 to 75.6 thousand*	65.6 thousand	2.4 thousand	12.7 thousand
Amount of new investments induced	\$15.2 to \$16.9 million*	\$16.2 million	Minimum amount is already met	\$1 million

* The targets for the Arequipa and Apurimac ESCs which were included in the total targets in Modification 30 to the PRA contract were removed since these centers did not open.

Exhibit 7. Graphic Representation of Progress against Contractual Targets and FY 2008 Business Component Targets



For FY 2008, in the majority of ESCs we have maintained targets at the level of results from FY 2007. This takes into account the fact that the project is in its final year and ESC staff will be focused on guaranteeing the sustainability of the businesses rather than identifying new businesses and generating new sales.

Exceptions to this are the ESCs of Ancash, Huancavelica, and Tarapoto where their targets for FY 2008 are greater than their FY 2007 results. The ESC in Ancash began operating in May 2007 and its current business portfolio projects significant results in 2008. The Tarapoto ESC expects to surpass its results from FY 2007 due to a change in leadership and strengthening of the local team. The Huancavelica ESC has a target similar to the FY 2007 target which was not met due mainly to climatic factors. This was detailed in the annual report and is not expected to repeat this year.

Exhibit 8. FY 2008 ESC Targets

Corridor	Net Sales US\$	Net Labor Days	Investment US\$
ANCASH	1,158,374	199,383	150,000
AYACUCHO	5,165,580	319,483	70,000
CUSCO	8,872,222	252,869	200,000
HUANCAYO	12,044,049	269,362	150,000
HUANUCO	1,614,525	60,139	0
JAEN	7,232,398	333,619	80,000
PIURA	7,169,985	245,516	250,000
PUCALLPA	8,533,471	310,489	100,000
TARAPOTO	2,300,000	220,505	30,000
CAJAMARCA	2,952,590	70,442	0
HUAYLAS	5,367,112	90,667	0
PUNO	1,318,405	115,277	0
HUANCAVELICA	1,042,535	67,636	0
GRAND TOTAL	64,771,246	2,555,387	1,030,000

Targets According to Funding Source

Border

Exhibit 9. FY 2008 Targets for ESCs Financed by Peru-Ecuador Border Funds

Corridor	Net Sales US\$	Net Labor Days	Investment US\$
JAEN	7,232,398	333,619	80,000
PIURA	7,169,985	245,516	250,000
GRAND TOTAL	14,402,383	579,135	330,000

Alternative Development

Exhibit 10. FY 2008 Targets for ESCs Financed by Alternative Development Funds

Corridor	Net Sales US\$	Net Labor Days	Investment US\$
AYACUCHO	5,165,580	319,483	70,000
HUANUCO	1,614,525	60,139	0
PUCALLPA	8,533,471	310,489	100,000
TARAPOTO	2,300,000	220,505	30,000
GRAND TOTAL	17,613,576	910,616	200,000

Development Assistance

Exhibit 11. FY 2008 Targets for ESCs Financed by Development Assistance Funds

Corridor	Net Sales US\$	Net Labor Days	Investment US\$
CUSCO	8,872,222	252,869	200,000
HUANCAYO	12,044,049	269,362	150,000
GRAND TOTAL	20,916,271	522,231	350,000

A2. Economic Service Center Work Plans

This sections details the main businesses that each ESC will promoted this year. As previously mentioned a strong emphasis will be placed on graduating as many clients as possible prior to the end of the project. “Graduation” is defined by the following criteria:

- The objectives outlines in the business plan are completed
- The client business is solid and sustainable, and the client or another agent in the value chain assumes the subsidy provided by PRA

Ayacucho ESC

Exhibit 12. Ayacucho ESCs Results to Date and FY 2008 Target

AYACUCHO	Results to September 2007 (*)	FY 2008 Target	Total
Net Sales US\$	14,080,319	5,165,580	19,245,899
Net Wages	1,465,653	319,483	1,785,136
Investment US\$	534,336	298,897	833,233

(*) Includes results of the VRAE CES, which functioned for one year

Main Businesses

CLIENT: JULIAN CURO PRODUCT: Avocado
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Task 1: Technical assistance for crop management to eradicate farming habits which affect product quality and overall profitability. – Task 2: Organization of collection and quality control at the time of selecting suppliers. – Task 3: Agreement with the CTB to resolve phytosanitary problems in the field.
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 20 additional ha – Sale of 1,100 t/year during the 2007-2008 campaign. – Client investment in collection center
<i>Progress and Perspectives</i>
<p>The avocado business began in 2005, and was sold both locally and nationally. It was distributed by the Plaza Vea supermarket chain but this supplier was only one of many other suppliers and its sales were not significant. Since then, sales have increased dramatically:</p> <ul style="list-style-type: none"> – 353 t were sold in 2005 – 406 t were sold in 2006 – 1,046 t were sold in 2007 – Estimated sales for 2008 are in the order of 1,100 t <p>The client continues to supply the local market but this year, there is also a new exporting firm interested in becoming the final buyer.</p>

<i>Graduation</i>
<ul style="list-style-type: none"> – In view of the extent to which this business has evolved, the production of this client and its closest allies has not been enough to satisfy the increasing demand, and our client has had to reach out to other top quality avocado suppliers to be able to deliver. This is why the Ayacucho CES continues providing increasing technical assistance to attend to the growing number of avocado suppliers. We are also coordinating with Sierra Exportadora to ensure that they continue to provide technical support.
<i>Additional Information</i>
<ul style="list-style-type: none"> – Partial participation in a program for 35 certified ha with the support of the CTB. – The norms set forth by EUROGAP are being applied in the certification areas. In the other areas, control is in place to ensure compliance with PERSUAP regulations. – The Municipality of Luricocha participates actively in the Avocado Technical Meetings. –

CLIENT: MOLINERA LOS ANGELES
PRODUCT: Oats
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Task 1: Increase the number of hectares to make it feasible to install a Collection Center offering primary grain processing. – Task 2: Increase quality and production levels – Task 3: Provide financing for the purchase of threshers to avoid losses and reduce harvesting costs
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of two engineers and two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Planting time: September through October 2007 – Harvesting season: June through August 2008 – 700 ha, although the company plans to produce 3,000 ha between 2008 - 2009
<i>Progress and Perspectives</i>
<p>Work commenced with the PRA project on a small scale in 2005. Work is based on two campaigns: i) to consolidate the technological package and ii) to teach potato farmers about the possibilities offered by the second campaign</p> <ul style="list-style-type: none"> – 80 ha planted during the 2004 – 2005 campaign – 200 ha planted during the 2005 – 2006 campaign – 150 ha planted during the 2006 – 2007 campaign – 700 ha are being planted for the 2007 – 2008 campaign <p>This business has jumped forward during this campaign because farmers are now very familiar with the technological package. To consolidate this, we now need to promote it among other farmers and get them to commit more hectares for the next campaign, as the company needs an initial ceiling of at least 3,000 ha to respond to the market demand.</p> <p>This explains why it has been necessary to broaden our support; we have had to cover the new plantations with new farmers and educate them on the new technology.</p>

Sierra Exportadora has betted on this business and is working with the PRA project in technical aspects, in order to push forward with the recently added hectares.
<i>Graduation</i>
<ul style="list-style-type: none"> - In our opinion, this client is going to need support over the course of the next few years, given its considerable growth plan, which includes developing 3,000 ha in the short-term.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Oats grow very well in high altitudes and is a crop currently being produced by farmers who are very poor. If this business were to flourish, it would greatly benefit this particular sector which is otherwise very difficult to work with due to its material poverty and other hardships that people have to endure here. - We are working with WOCCU to leverage the funding that they require. - The company is also obtaining Chilean seed and financing the farmers. - There is a work agreement in place with Sierra Exportadora, for the provision of technicians to improve coverage in the new areas pending installation. At present, there are 12 technicians provided by Sierra Exportadora, working with the PRA project. - We are currently working with the client for the acquisition of 2 threshers for harvesting and to help the client materialize the Collection Center in the production area itself, in Manallasacc.

CLIENT: AiB
PRODUCT: Artichokes
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1: Identification of suitable areas and farmers. There are a number of disputes about the areas that have irrigation, especially with potato farmers. - Task 2: Facilitate contact with the regional Government to compel farmers to observe the water quota. - Task 3: Facilitate access to labor for people coming in from other areas. - Task 4: Supplement technical assistance.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of two engineers and one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting time: August through September 2007 - Harvesting season: January through July 2008 - Development of 72 ha
<i>Progress and Perspectives</i>
<p>The Nutreina company has transferred its business to AiB with whom it holds a Consortium. AiB is working in rented blocks.</p> <ul style="list-style-type: none"> - 35 ha planted during the 2006 – 2007 campaign - 72 ha are being planted for the 2007 – 2008 campaign <p>The client is consolidating the technological package using only cuttings during this year and developing high density farming. The results of this year are going to be key for the growth of the business. It hopes to have an initial ceiling of 200 ha which would be enough to justify implementing a pre-processing plant in Ayacucho.</p> <p>AiB also plans to diversify its portfolio by embarking on other related businesses in the area.</p>

<i>Graduation</i>
<ul style="list-style-type: none"> – It is absolutely essential to provide support to this budding business if we want to promote and disseminate the technological package to other farmers interested in producing export products with secured profitability. We must continue to assist this client so as to ensure that it is successful with carrying out its ambitious growth plan. We are coordinating with Sierra Exportadora to make certain that they continue providing support next year.
<i>Additional Information</i>
<ul style="list-style-type: none"> – As this business leases land for producing its artichokes, there is a collateral effect in connection with contracted labor in the higher zones of Ayacucho: the labor laws currently in force (social security and pay roll) are not being complied with because this is something that farmers in those areas are totally unaware of. – The company pays the total cost of renting these lands. This has had the effect of revaluating land in these areas, as previously, land in the Accocros area was not at all interesting for investors and extreme poverty was ubiquitous.

CLIENT: CONSORCIO PAPA BUENA
PRODUCT: Potato
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Task 1: Technical assistance in the field to improve the quality of potatoes. – Task 2: Technical assistance for harvesting
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of three engineers and three practicing students will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Planting time: October through November. – Harvesting season: May through July – 200 ha and 3,220 t sold
<i>Progress and Perspectives</i>
<p>The potato business in Ayacucho started on a very small scale back in the 2004 – 2005 campaign. Growth only really showed a significant upturn during the course of this last campaign. This newly acquired growth, coupled with the problem of quality both in the field and in the post- harvest stage, make it necessary to continue providing support to this client until it has internalized the technological package into its organization.</p> <ul style="list-style-type: none"> – 80 ha planted during the 2004 – 2005 campaign – 120 ha planted during the 2005 – 2006 campaign – 250 ha planted during the 2006 – 2007 campaign – 250 ha are being planted for the 2007 – 2008 campaign <p>We are working with CRACLA, through an agreement with AID to try and solve the financial issues which have so far been the bottleneck for attending to this client opportunely and with the necessary tools required for this campaign. At present it is working with two large cooperatives in the area through the Agreement with WOCCU (World Council of Credit Unions) through its Credit Union Market Integration Program.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> – The client is slowly but surely penetrating quality markets. It does however require specific consulting, particularly in connection with the organization of

supply, quality control and product certification.

- Efforts are directed at coordinating the potato business and the provision of field personnel with Sierra Exportadora. Sierra Exportadora has so far assigned 2 field technicians who are currently working with PRA engineers.

CLIENT: ESFIEL

PRODUCT: Snow Peas

Main Activity: Organization of Supply

- Task 1: Identification of suitable areas and contact with producer organizations
- Task 2: Organization of collection to face the larger orders that are coming in.
- Task 3: Technical assistance in the Plant

Resources

- In addition to the ESC personnel, a team of two engineers in the field and one engineer in the plant will support this effort.

Timing and Milestones

- Planting time: April through June
- Harvesting season: August through December
- 2350 ha and 92.42 tons

Progress and Perspectives

This is a very new line of business that we are developing with this client, and this means that support is key for it to continue.

- 20 ha planted during the 2006 – 2007 campaign
- 35 ha planted during the 2007 – 2008 campaign

It pays 300 wages per hectare for field work, which signifies that growth must be controlled, gradual and not sudden so as to avoid collapsing.

On the other hand, the Processing Plant functions in a rented place and this brings about a number of problems; the Packing process is extraordinarily cumbersome and must be well-managed as the product is exported fresh.

The price of snow peas is subject to variations and this means that it is a business that is extremely vulnerable to spikes and drops. This is why it is so important that it grows gradually and not abruptly.

Being a fresh produce export product, there are a series of regulations that need to be complied with. Export regulations are unforgiving and there is no room for error.

Graduation

- We are also coordinating with Sierra Exportadora to ensure that they continue to provide support to this client.

Additional Information

- We have a very good relationship with the Regional Government who is interested in helping to develop this business. It facilitated the access to water through an agreement with Rio Cachi Project
- We also have the support of the Belgian Technical Cooperation: one field technician and another in the plant.

CLIENT: ALLPA

PRODUCT: Handicrafts

Main Activity: Organization of Supply

<ul style="list-style-type: none"> - Task 1: Development of new products. - Task 2: Technical assistance to improve productivity
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - According to number of orders.
<i>Progress and Perspectives</i>
<p>Started working with the PRA project in 2005.</p> <ul style="list-style-type: none"> - Production for 2005: 10,997 pieces - Production for 2006: 16,790 pieces - Production for 2007: 54,882 pieces - Production for 2008 is estimated at 70,000 pieces. <p>Woven articles, pottery, Huamanga stone pieces and tin articles (newly introduced last year) are some of the items being produced. This year we plan to introduce two new lines: the Sarhua boards and embroidery on tapestries and on blankets/capes</p>
<i>Graduation</i>
<ul style="list-style-type: none"> - This business should graduate before PRA's termination date.
<i>Additional Information</i>
<ul style="list-style-type: none"> - The company has 20 years of experience working with international markets and hires its own designers to create its exclusive products. - In a joint effort with Química Suiza, we provided training to artisans in Ayacucho on dyeing techniques. Additionally, the company assumed the cost of providing a course on how to work the Huamanga stone, in which PRA also took part.

Cusco ESC / Puno

Exhibit 13. Cusco ESCs Results to Date and FY 2008 Target

CUSCO	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	27,812,818	8,872,222	36,685,040
Net Wages	1,497,065	252,869	1,749,934
Investment US\$	1,862,354	1,077,383	2,939,737

Main Businesses

<p>CLIENT: GREEN HILL FOODS / ASOC PROD. KIWICHA PRODUCT: Kiwicha</p>
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1: Identification of new areas to plant and producer associations or organized groups - Task 2: Technical assistance in the field, emphasizing organic production - Task 3: Technical assistance for the company, to consolidate collection and sales
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of three technicians (2 in Apurímac

and 1 in Cusco) will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 290 ha planted and 460 t sold – Planting time: October through November. – Harvesting season: May through June
<i>Progress and Perspectives</i>
<p>Started working with the PRA project in 2002.</p> <p>2004 : 88 ha 2005 : 105 ha 2006 : 135 ha 2007 : 265 ha 2008 : 290 ha</p> <p>There is an increasing demand for this product which means that more hectares need to be added on every year, thus the cost of providing support for this client, to enter new areas and work with new farmers, outweighs the benefits.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> – Considering the level of its compliance with the Business Plan, the strength of the company and its readiness to assume the cost of technical assistance, this business will probably graduate successfully. However, as mentioned above, its potential for growth and the impact it can have on other producers in the corridor are factors that should be capitalized on, and we should continue to support its expansion.
<i>Additional Information</i>
<ul style="list-style-type: none"> – 70% of production cost is financed by farmers. The remaining 30% is financed by rural financing SMEs, such as the Caja Rural San Pedro, or the Caja Municipal. (Savings Banks) – Our allies in Apurímac are Prodeco and the Onces, both municipal economic development offices. In Cusco we work with Asodeco and the Onpe of San Salvador.

CLIENT: ALISUR
PRODUCT: Andean grains and legumes
<i>Main Activity:</i>
<ul style="list-style-type: none"> – Task 1: Identification of suitable areas and farmers – Task 2: Technical assistance in the field – Task 3: Technical assistance for the company, to consolidate collection and sales
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of four technicians (2 in Apurímac, 1 in Andahuaylas and 1 in Abancay) will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 250 ha and 350 t sold – <u>Large-scale Campaign</u> Planting time: November through December Harvesting season: March through April. – <u>Small-scale Campaign</u> Planting time: June through July Harvesting season: September through October.
<i>Progress and Perspectives</i>

<p>Started working with the PRA project in 2001.</p> <p>2004 : 106 hectares 2005 : 197 hectares 2006 : 237 hectares 2007 : 312 hectares 2008 : 250 hectares</p> <p>There is an increasing demand for this product which means that more hectares need to be added on every year, thus the cost of providing support for this client, to enter new areas and work with new farmers outweighs the benefits.</p> <p>We hope to develop new business plans with this client, (i.e. baby Lima beans).</p>
<p><i>Graduation</i></p> <ul style="list-style-type: none"> - Considering the level of its compliance with the Business Plan, the strength of the company and its readiness to assume the cost of technical assistance, this business will probably graduate successfully. - However, as mentioned above, its potential for growth and the impact it can have on other producers in the corridor are factors that should be capitalized on, and we should continue to support its expansion.
<p><i>Additional Information</i></p> <ul style="list-style-type: none"> - 50% of production cost is financed by farmers. Another 30% is financed by rural financing SMEs, such as the Caja Rural San Pedro, or the Caja Municipal. (Savings Banks) The remaining 20% is financed through their own producer associations. - Our allies in Andahuaylas are Prodeco, the Onces and Solaris, all municipal economic development offices.

<p>CLIENT: ROYAL KNIT</p> <p>PRODUCT: Knitted sweaters and accessories</p>
<p><i>Main Activity: Organization of Supply and Market Expansion</i></p> <ul style="list-style-type: none"> - Task 1: Contact with new clients, mainly in Europe, the US and Canada - Task 2: Help in linking them to suppliers: Identification of new groups in Sicuani and Cusco - Task 3: Technical assistance in the field to make sure that the products conform to the clients' requirements in terms of quality.
<p><i>Resources</i></p> <ul style="list-style-type: none"> - The ECS will assist by providing two technicians who are expert knitters so that they can check product quality and transfer their knowledge to the women working in the Sicuani and Cusco workshops. - The client will receive direct assistance from the business manager for the identification of new markets.
<p><i>Graduation</i></p> <ul style="list-style-type: none"> - This business should graduate before PRA's termination date.
<p><i>Additional Information</i></p> <ul style="list-style-type: none"> - The company supplies the knitters with all of the wool they need and provides the machines for making the garments. - The company has taken part in business conferences and has had interviews with Canadian firms interested in selling their knitted sweaters and other accessories (scarves, shawls, pashminas, hats, gloves and others). These items are particularly sought after in the Canadian market where the target public

includes consumers of all ages and races, with a high purchasing power.

CLIENT: CENTRAL DE COOPERATIVAS CAFETALERAS COCLA LTDA 281

PRODUCT: Black tea

Main Activity: Organization of Supply

- Task 1: Technical assistance in the field
- Task 2: Technical assistance for consolidating collection and harvesting quality raw material (TRES HOJAS tea).
- Task 3: Recuperation of abandoned tea fields by pruning the plants at ground level.

Resources

- In addition to the ESC personnel, one senior consultant will support this effort.

Timing and Milestones

- 240 ha developed and 40 t sold
- Planting time: December through February
- Harvesting season: November through April.

Progress and Perspectives

Started working with the PRA project in 2005.

- 2007: 200 hectares
- 2008 : 100 hectares

This client has great potential. The quality of this black tea is very good in terms of scent of the leaf, antioxidants and flavor. The client expects to start exporting in six months time.

Graduation

- What it needs now is to establish commercial contacts with foreign buyers. Sierra Exportadora could be an important ally for this client.

Additional Information

- Farmers finance the entire production cost.

CLIENT: ASOC PROD. KIWICHA DE MOLLEPATA

PRODUCT: Kiwicha

Main Activity: Commercial ties with buyers

- Task 1: Technical assistance in the field
- Task 2: Technical assistance for the company, to consolidate collection and sales
- Task 3: Identification of new planting areas and farmers willing to plant kiwicha for the company

Resources

- In addition to the ESC personnel, one technician will support this effort.

Timing and Milestones

- Planting of 40 ha and sale of 64 t
- Planting time: October through November.
- Harvesting season: May through June

Progress and Perspectives

Started working with the PRA project in 2006.

- 2007: 31 hectares
- 2008: 40 hectares (projected)

Graduation

<ul style="list-style-type: none"> - This client has only been working with tea for a year, which means that it still requires support in connection with the technical aspects and to strengthen its commercial ties with buyers. We shall coordinate with Sierra Exportadora to continue to provide the necessary support.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Farmers finance the entire production cost.

CLIENT: MEDINA EXPORT
PRODUCT: Artichoke
<i>Main Activity: Commercial ties with SAVSA (buyer)</i>
<ul style="list-style-type: none"> - Task 1: Technical assistance in the field - Task 2: Technical assistance for the company, to consolidate collection and sales - Task 3: Identification of new planting areas and farmers willing to plant artichokes for the company
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 18 ha developed and 108 t sold - Planting time: August through September - Harvesting season: As from January
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - Started working with the PRA project in 2007.
<i>Graduation</i>
<ul style="list-style-type: none"> - This is a new business and it is therefore necessary to continue providing support in the form of specialized technical assistance. We shall make arrangements for Sierra Exportadora to assume the cost of this.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Medina Export, in its role as facilitator, is financing 70% of the production costs (fertilizers, pesticides and chemical products) under an agreement with Viru, while the farmers contribute towards project with labor and their fields. - The company works in Huanipaca in the district of Abancay, department of Apurímac, specifically in the localities of Limanqui, Colcha, Mutcapata and San Pedro.

CLIENT: VIRU (SAVSA)
PRODUCT: Artichokes with spines
<i>Main Activity: Organization of Supply, with farmers in Quispicanchis and Sicuani</i>
<ul style="list-style-type: none"> - Task 1: Identification of new planting areas and farmers willing to plant artichokes for the company - Task 2: Technical assistance for the company, to consolidate collection and sales - Task 3: Technical assistance in the field
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Development of 30 ha. 195 t sold.

<ul style="list-style-type: none"> - Planting time: August through September - Harvesting season: As from December
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - Started working with the PRA project in 2006.
<i>Graduation</i>
<ul style="list-style-type: none"> - Only in its second campaign. In 2008, the company plans to plant 100 ha of artichokes with spines. We shall coordinate the transfer of this business to Sierra Exportadora.
<i>Additional Information</i>
<ul style="list-style-type: none"> - VIRU, in its role as facilitator, is financing 70% of the production cost (fertilizers, pesticides, chemical products) and the cost of freight from Cusco to Chincha. - Its areas of operation include Quispicachis, Sicuani, Cusipata, Mollepata and Pisac. - The role of the CES has been significant for interconnecting with other institutions such as CCaijo. The financing obtained from COFIDE back in 2006 was thanks to their help. It is now connected to the Sierra Exportadora program.

CLIENT: DANPER
PRODUCT: Artichokes with spines
<i>Main Activity: Organization of Supply and commercial ties with the Mollebamba Community and Quispicanchis farmers</i>
<ul style="list-style-type: none"> - Task 1: Identification of new planting areas and farmers willing to plant artichokes for the company - Task 2: Technical assistance for the company, to consolidate collection and sales - Task 3: Technical assistance in the field
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 49 ha planted and 339 t sold - Planting time: August through September - Harvesting season: As from December
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - Started working with the PRA project in 2007.
<i>Graduation</i>
<ul style="list-style-type: none"> - DANPER has installed a small pre-processing plant in Quispicanchis. This gesture confirms its long-term commitment. However, since this is a new business and the company plans to install 150 ha of artichokes with spines in 2008, we must continue to provide assistance in connection with organization of the supply. - We shall coordinate the transfer of this business to Sierra Exportadora.
<i>Additional Information</i>
<ul style="list-style-type: none"> - DANPER is financing 50% of the production cost (fertilizers, pesticides, chemical products) and the cost of freight from Cusco to Arequipa for the

Quispicianchis and Valle Sagrado farmers. In the case of the Mollebamba Community, it is financing 90% of the production cost, while the remaining 10 % is being contributed by Pronamachs.

- The areas it operates in are Quispicchis, Mollebamba and Valle Sagrado

CLIENT: ALSUR

PRODUCT: Artichokes without spines

Main Activity: Organization of Supply and commercial ties linking ALSUR with producers in Anta, Mollepata and Valle Sagrado

- Task 1: Identification of new planting areas and farmers willing to plant artichokes for the company
- Task 2: Technical assistance for the company, to consolidate collection and sales
- Task 3: Technical assistance in the field

Resources

- In addition to the ESC personnel, one technician will support this effort.

Timing and Milestones

- 25 ha and 150 t sold
- Planting time: August through September
- Harvesting season: Beginning in January

Progress and Perspectives

- Started working with the PRA project in 2007.

Graduation

- This is the client's second campaign (validation) growing a product that is new to the region. We must continue to provide support by organizing its supply so that it can grow.

Additional Information

- ALSUR, in its role as facilitator, is financing 50% of the production cost (fertilizers, pesticides, chemical products, and the cost of freight from Cusco to Arequipa. 50% of the hectares (i.e. 25 has) are entirely covered because they are rented lands). ALSUR operates in the areas of Mollepata, Anta and Valle Sagrado.

Huancavelica ESC

Exhibit 14. Huancavelica ESCs Results to Date and FY 2008 Target

Indicator	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	3,478,333	1,042,535	4,520,868
Net Wages	352,256	67,636	419,892
Investment US\$	207,613	0	207,613

Main Businesses

CLIENT: FEDERACIÓN DE PRODUCTORES DE ACOBAMBA

PRODUCT: Peas
<i>Main Activity : Organization of Supply and Assessment of New Products</i>
<ul style="list-style-type: none"> - Task 1: Technical assistance - Task 2: Identification of producers - Task 3: New products assessment
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 500 ha in Acobamba - 100 ha in Angaraes - Planting: October - November - Harvest: February - March
<i>Progress and Perspectives</i>
<p>In Acobamba the evolution in hectares has been the following</p> <ul style="list-style-type: none"> - 2004: 134 ha - 2005: 158 ha - 2006: 300 ha - 2007: 450 ha - 2008: 500 ha <p>This is the first year that the client is working in Angaraes.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> - The client will still need PRA's support because they are working in a new zone Angaraes.
<i>Additional Information</i>
<ul style="list-style-type: none"> - The client has acquired the necessary machines to process flour and cereals - Other institutions are supporting the client with technical assistance.

CLIENT: APROAL
PRODUCT: Alpaca Fiber
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : Identifying new regions of supply - Task 2 : Technical assistance to categorize the fiber - Task 3 : Technical assistance to incorporate a process of classification in Carhuancho - Task 4: Technical assessment for working capital through: Caja Municipal de Huancavelica, INCAGRO y COFIDE
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Large Campaign: November - January - Goal (in volumes): 300 qq
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - The client has increased their volume gathered from 40 qq in 2003 to 570 qq in 2007.
<i>Graduation</i>
<ul style="list-style-type: none"> - APROAL still needs assistance in classification, in order to receive a better price, as well as articulation with financial institutions so they can have access to credit during the gathering phase.

<i>Additional Information</i>
<ul style="list-style-type: none"> - The ESC has articulated this client with WOCCU. They will receive a loan for S/ 300,000 soles - We are coordinating with Sierra Exportadora so they will finance part of the technical assistance in order to increase the area in which our client works

CLIENT: ACORIA
PRODUCT: Trout
<i>Main Activity</i> : Technical assistance for identified producers
<ul style="list-style-type: none"> - Task 1 : Technical assistance
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one engineer will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 40 tons
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - Oct. 03-Set. 04: 1.27 tons - Oct. 04-Set. 05: 23.58 tons - Oct. 05-Set. 06: 36.71 tons - Oct. 06-Set. 07: 22.30 tons
<i>Graduation</i>
<ul style="list-style-type: none"> - After the problems encountered during this year, PRA's support is necessary to recuperate the previous conditions and promote a concession or privatization of the trout farm.

Huancayo ESC

Exhibit 15. Huancayo ESCs Results to Date and FY 2008 Target

Indicator	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	36,565,263	12,044,049	48,609,312
Net Wages	1,427,440	269,362	1,696,802
Investment US\$	3,569,081	256,787	3,825,868

Main Businesses

CLIENT : AGROMANTARO
PRODCUT : Artichokes
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : Identification of areas and farmers - Task 2 : preparing files for COFIDE - Task 3 : training of farmers - Task 4 : Technical assistance for quality assurance and collection of raw materials
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, three new technicians for technical assistance

and harvest supervision will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Planting: March to June. – Harvesting: October to March. – Through March 2008: 250 new ha planted
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> – Since PRA started working with the client (July 2004) the number of hectares articulated with Agromantaro grew from 50 ha to 389 ha. The volume gathered grew in the same proportion.
<i>Graduation</i>
The client is well established in the region but the demand of the market is greater than the supply of the client. Therefore, it is important to coordinate with Sierra Exportadora and Pronamchs to assist in this need before the closing of the project.
<i>Additional Information</i>
<ul style="list-style-type: none"> – PRONAMACHCS: technical assistance in organization – COFIDE S.A. : finances production costs – CARITAS is working in a joint Project that will offer non-financial services Duch as technical assistance.

CLIENTE : LACTEA
PRODUCTO : Dairy Products
<i>Main Activity : Management for the client's establishment in the region and organization of supply</i>
<ul style="list-style-type: none"> – Task 1 : Permanent work with the <i>Comunidades Campesinas</i> to implement two modules of sheep, – Task 2: Provide technical assistance for the raising of the German Holstein sheep (new in the region): feeding, hygiene, health, illnesses, maternal health, milking, cold milk line, and transportation to Huancayo – Task 3: Identification of new rural communities to complete 10 modules in 3 years. – Task 4: Provide technical assistance in the documentation for other legal entities including SENASA, Pronamachcs, MINAG, and financial institutions. – Task 5: Provide assistance in identifying external markets and facilitating the sanitary licensing process.
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, one technician specialized in sheep milk production will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Installation of two modules for 1,500 sheep by the end of 2008
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> – This project should be treated as a new business.
<i>Graduation</i>
<ul style="list-style-type: none"> – It is necessary to continue supporting this endeavor as the client remains in an initial phase. By the close of the PRA project, the client will not be established throughout the economic corridor. The work will need to be coordinated with Sierra Exportadora to provide continued technical assistance.
<i>Additional Information</i>
<ul style="list-style-type: none"> – The total operation includes two stables for 1,500 sheep each and 200 has of

pasture in addition to milking equipment, isothermal trucks, and refrigeration tanks.

CLIENT: GLORIA S.A. PRODUCT: Fresh milk
<i>Main Activityl : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : Identification of corridors with productive potential - Task 2 : Business promotion - Task 3: Identification and articulation of suppliers - Task 4: Technical Assistance to producers
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, four technicians (two per corridor) will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Work will be done in 2 corridors: Canipaco-Alto Cunas y la Meseta del Bombón. - Goal: 6,000 a 10,000 kg./day between February and June 2008 (1st phase)
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - Gloria started working with PRA in September 2005 - GLORIA S.A. has increased the volume of milk gathered to 35,000 kg./day.
<i>Graduation</i>
<ul style="list-style-type: none"> - GLORIA S.A. has an unsatisfied demand of fresh milk that guarantees the collection of the entire product articulated by PRA. - GLORIA S.A. has decided to establish in the Central Macro Region They are building a collection/cooling plant in Concepción. - They already have a collection/cooling plant in Pampas / Tayacaja. By March 2008 they will have two more collection/cooling plants in Canipaco-Alto Cunas and Meseta del Bombón. - Therefore there is a large opportunity to help Gloria reach new zones. Since these two corridors are new we consider they will need assistance for one more year. The ESC is coordinating with PRONAMACHCS, SIEX and el Proyecto ICAEL / PL480/USDA-MINAG in this regard.

CLIENT : CAC PANGO PRODUCT : Certified and conventional coffee
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1: Provide technical assistance to identify the coffee profile (aroma, body, acidity and flavor) based on altitude and the zone of production as well as developing coffee blends according to export client needs and designing materials for marketing promotions. - Task 2: Provide technical assistance to comply with the requirements for coffee certification and improving the quality of the post-harvest drying and integration of product. - Task 3: Provide technical assistance to organize supply with new producers and those with Ashaninka origin coffee.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one technician specialized in coffee

certification and harvest systems will support this effort.
<i>Timing and Milestones</i>
– 410 ha with 7,000 quintals of certified organic coffee in 2008
<i>Progress and Perspectives</i>
Beginning of work with PRA:2005 <ul style="list-style-type: none"> – In the 2005 campaign marketed 3,000 quintals of organic coffee – In the 2006 campaign marketed 6,000 quintals of organic coffee – In the 2007 campaign will market about 5,000 quintals of organic coffee <p>Strong growth in 2006 can be attributed to the implemented strategies of the project. The fall in coffee production in 2007 can be attributed to the bi-annual nature of the cultivation.</p> <p>In 2006, the average production was 20qq/ha, in 2005 only 8qq/ha, and in 2007 10qq/ha which provides little consistency in supply for the buyers.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> – We consider that this business will become sustainable by the end of the project. The client will achieve sustainability through its own financial resources, an organic fertilization and local labor pilot project, and coffee plantation renovations to minimize falls. – Possible funding sources include Agrobanco and Rabobank.
<i>Additional Information</i>
– The revenue from coffee exportations and the cacao business improve the competitiveness of the business. The operational costs have fallen; thus allowing additional resources to be used for technical assistance.

Huanuco ESC

Exhibit 16. Huanuco ESCs Results to Date and FY 2008 Target

Indicator	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	6,872,162	1,614,525	8,486,687
Net Wages	422,194	60,139	482,333
Investment US\$	151,792	0	151,792

Main Businesses

CLIENT : PRODUCTORES DE HUÁNUCO
PRODUCT : Industrial Potato
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> – Task 1: Technical assistance in programming development for improved seed quality. – Task 2: Agreement between producers and buyer for the planning of planting, Harvest, and price – Task 3: Provide technical support in building linkages between financial entities

<p>for the support of investment and fertilizers.</p> <ul style="list-style-type: none"> – Task 4: Continued technical assistance in new markets for the varying quality of the product.
<p><i>Resources</i></p> <ul style="list-style-type: none"> – In addition to the ESC personnel, two engineers will support this effort.
<p><i>Timing and Milestones</i></p> <ul style="list-style-type: none"> – Planting: June - August – Harvesting: January - April
<p><i>Progress and Perspectives</i></p> <p>The business began with the Frito Lay company as its sole client. Since that time it has expanded to new markets with other quality standards that compliment the diverse sizes and qualities of potatoes that grow in this region.</p> <ul style="list-style-type: none"> – In the 2005-2006 campaign 160ha were planted – In the 2006-2007 campaign 220ha were planted – In the 2007-2008 campaign 220ha will be planted <p>Based on the fertile region the potato is well valued in the market. This value has allowed us to market the product to snack food companies including DEPORDECA SAC of the Gloria group for whom we are planting 45ha.</p> <p>Likewise, KARINTON, a national snack food corporation, has become a client with 20ha of crops. Finally, we are in negotiations with the Añaños company for a possible 30ha of crops. The support of the ESC Huanuco is vital for the consortium and involvement of these large companies as well as for the growth.</p>
<p><i>Graduation</i></p> <ul style="list-style-type: none"> – When the project closes, the business will be functioning autonomously and sustainably as the ESC has facilitated the commercial linkages and financial contacts to the business. – In the specific case of Frito Lay, for two campaigns now, both the producers and Frito Lay have assumed the management of the business agreement. The Frito Lay company has already assigned a technical specialist and a supervisor to the project. – In the case of the new companies, the guidelines are the same as the agreement with Frito Lay: After one campaign with support from the center, the companies will assume technical support of the program. Nevertheless, because the companies are recently initiating work in this region, the continued support from a project or institution is key for its success. They will continue to coordinate with Sierra Exportadora to ensure its success and sustainability through the close of PRA. – The contacts with key funding sources are consolidated for credit and investment acquisition for the producer programs and the commercial relationships between the producers and company buyers.
<p><i>Additional Information</i></p> <ul style="list-style-type: none"> – The financing for the establishment of 45ha of potatoes with DEPRODECA was funded through COFIDE with the suggestion from IDESI Huanuco that this arrangement would enhance the productive chain. – In the case of the other companies such as Frito Lay and Karintos, the financing is shared between the companies and the producers through funding sources such as IDESI – Huánuco in some cases.

CLIENT : ECOMUSA SAN PEDRO DE CAYNA SRL

PRODUCT : Yellow potatoes for mashed potatoes
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1: Facilitation of the productive program development focused on organic production and the export market. - Task 2: Agreement between producers and buyer for the planning of planning, Harvest, and price with the productive chain concept. - Task 3: Providing technical support in building linkages between financial entities for the support of investment and fertilizers. - Task 4: Technical assistance in marketing the new product for new markets including a mashed potato exporting market.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one engineer will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting: June - August - Harvest: January - April
<i>Progress and Perspective</i>
<ul style="list-style-type: none"> - The business began in 2007 with the planting agreement of 30ha, the same crops that will be processed as mashed potatoes during the harvest for exporting to France. - The diverse ecological soil and the climatic diversity of Huánuco and Cerro de Pasco allow for these export-quality potatoes to meet the market demand. Other market demands are the organic potatoes which will be certified. - There are three stages of planting: the first campaign of 2007-2008, the second campaign that will run from March 2008 until November 2008, and the last campaign beginning in July 2008 and ending in April 2009. In total, the area of the crops will be 120ha.
<i>Graduation</i>
<ul style="list-style-type: none"> - When the project closes, the productive chain will be functioning autonomously and sustainably due to the ESC's assistance in the commercial development and the subsequent technological component. - The ESC is coordinating with the company to ensure that after one year, they will take over the technical assistance component. Also, they are coordinating with other institutions including Sierra Exportadora and the Regional Government to support the growth of the business.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Financing for the first campaign was shared by the producers, IDESI-Huánuco and the NGO ANDERS like the INCOPA project of CIP.

CLIENT : YOEL ECHEVARRIA ESPINOZA
PRODUCT : Tara
<i>Main activity : Organization of supply both with wild plantations as well as direct plantings</i>
<ul style="list-style-type: none"> - Task 1: Technical assistance to improve the production, quality, and productivity - Task 2: Incorporation of the producers
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, three engineers will support this effort.

<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting: November - December. (permanent crop) - Harvesting: year-round with the largest campaign between May and July - It is hoped to gather 900t of tara during the 2008 campaign.
<i>Progress and Perspectives</i>
<p>The public and private sector agricultural institutions are elaborating on projects to reach a region goal of 3,000ha of tara by 2009.</p> <p>In the same way, a project by the Antamina Mine to plant 300ha of tara in the Llata region has gained nationwide attention by the mine.</p> <p>On the other hand, our tara business client, DEPRONAR, has considered the implementation of a tara processing plant in Huanuco which add value to the tara to benefit all producers in Huanuco. Tara is a social impact crop and will be a landmark crop in Huanuco.</p> <ul style="list-style-type: none"> - During the 2005 campaign – 70t gathered - During the 2006 campaign – 600t gathered - During the 2007 campaign – 830t gathered - During the 2008 campaign – 830t projected - During the 2005 campaign – 70t gathered
<i>Graduation</i>
<p>The business is in the middle of it's evolution and therefore the following is recommended:</p> <ul style="list-style-type: none"> - Consolidate the loyalty of the tara gatherers to implement strategic decisions with the ESC Huanuco. - The required technical assistance to improve the yield of the producers should be coordinated with programs such as Sierra Exportadora and GORE Huanuco projects. - If PRA continues supporting this product, it should prioritize the wide spread dissemination of technical assistance to the producers. <p>The business will continue due to the strong coordination between other institutions that will bring integral assistance to the program. They have coordinated with IDMA, PRONAMACH, Sierra Exportadora and the Regional Government. The buying company and the exporters have considered implementing a technical assistance program in the niche markets for product development.</p>
CLIENT : HORTENSIAS DE HUANUCO
PRODUCT : Hydrangea Flowers
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1: Identify 20ha of fields for Hydrangea cultivation with producers. - Task 2: Amplifying the integral technical assistance component of the program (soil analysis, phytosanitary control, harvesting, post-harvesting, and packaging). - Task 3: Identify new markets. - Task 4: Consolidate contacts for financing sources that provide credit to support both the production as well as the post-harvest period.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, one engineer will support this effort.

<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting: year round - Harvesting: year round. - The goal is to reach 20 ha of hydrangea in 2008.
<i>Progress and Perspectives</i>
<p>The business began in 2003 with Mr. Rodil Falcon who later founded the Pilcomayo SAC company. He had a series of mishaps due to the delicate nature and of the product and little to no understanding of the technical aspect. In spite of this, production has increased during this past year:</p> <ul style="list-style-type: none"> - During the 2003-2004 campaign 5ha planted - During the 2004-2005 campaign 10ha planted - During the 2005-2006 campaign 16ha planted - During the 2006-2007 campaign 15ha planted - During the 2007-2008 campaign 5ha projected <p>The market is defined. For exportation the hydrangeas will be a sea-green color and for the national market, the colors will vary.</p> <p>The increased demand has driven the creation of Hortensias Huanuco that developed from a family group of Ruiz Falcon to fairly supply to other markets and not fall into unfair competition with the initial buyer as well as taken into account the new farmers and range of production.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> - Technical assistance during the close of project will be assumed by the hydrangea producers and the Pilcomayo company. The commercial management and accreditation of the business is being handled by the companies as well as the financial business contacts. - The Pillcomayo SAC company is consolidating the business, improving their stock infrastructure and adding the technical supervision of a rural engineer contracted by them. It is recommended to provide punctual assessment in regards to organizational and business management - As the activity of the company is dynamic, it is necessary to consider that in one year, the company can take over the management of the business including financing of these same businesses. - The Hortensias Huanuco company still in not consolidated signifying that at the close of the PRA Project they will require the support of any institutions to provide this necessary technical assistance. The institutions to provide technical assistance will be chosen in a competition financed by INCAGRO and other international organizations including the regional government.
<i>Additional Information</i>
<ul style="list-style-type: none"> - The client is investing in a packaging and storage center that will facilitate the post-harvest period of the product and packaging improvement. - The client is also investing in the acquisition of a refrigerated truck to transport the product. In both cases IDESI Huanuco's intervention is very timely as shown through the funding of new hectares.

Jaen ESC

Exhibit 17. Jaen ESCs Results to Date and FY 2008 Target

JAEN	Results to September 2007 (*)	FY 2008 Target	Total
Net Sales US\$	26,252,017	7,232,398	33,484,415
Net Wages	1,587,871	333,619	1,921,490
Investment US\$	1,203,868	376,439	1,580,307

Main Businesses

CLIENT: LOUIS DREYFUS PERU SA
PRODUCT: Specialty coffees
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> – Activity 1 : identification and articulation with specialty coffee producers – Activity 2 : Technical assistance for certification, quality improvement and control, and gathering monitoring – Activity 3: articulation of Louis Dreyfus Perú and Rain Forest Trading in order to continue with warrants.
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of one technical consultant (engineer) and two field technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Commercialization of the product of 1,269 hectares of coffee (vs 729 ha in 2007)
<i>Graduation</i>
<ul style="list-style-type: none"> – Louis Dreyfus Perú has hired one engineer and two technicians that previously worked for PRA. This a good sign of the sustainability of the business (the client is progressively assuming the subsidy given by PRA). – However the ambitious plans of the client makes this business an interesting opportunity to keep the assistance for at least two more years, until the relationship with the producers is stronger.
<i>Additional Information</i>
<ul style="list-style-type: none"> – The collection is financed through a warrant with Louis Dreyfus. Rain Forest Trading participates in the operation as field storage of Almacenera del Peru. This capital covers 80% of the coffee put in the storage. Annual interest rate: 8% (in dollars). – Louis Dreyfus Perú acted also as a broker of the organizations of San Ignacio and Jaen, in the export of 30 containers of specialty coffees to ZHEPYR GREEN COFFEE, subsidiary of LOUIS DREYFUS INTERNACIONAL in Nueva Orleans, USA. It is expected to export 60 containers in 2008.

CLIENT: EDUARDO PELAEZ BARDALES
PRODUCT: Chirimoya
BUYER: INOVA SAC
<i>Main Activity : Articulation with new markets and technical assistance</i>
<ul style="list-style-type: none"> – Activity 1 : Technical assistance in harvest, post harvest and control of the fruit

fly
– Activity 2 : Articulation with a new market
<i>Resources</i>
– In addition to the ESC personnel, one technician will support this effort
<i>Timing and Milestones</i>
– First harvest between January and February: 5 tons
– Second harvest between August and September: 45 tons
<i>Graduation</i>
– This is a new client. However we consider that we can graduate it before the end of the project
<i>Additional Information</i>
– Our client has 40 ha
– We are incorporating another producer with 40 additional hectares
– The buyer is providing plastic boxes

CLIENT: EUSEBIO LA TORRE
PRODUCT: Banana (Isla)
<i>Main Activity</i> : Implementation of 30 ha of banana under technician irrigation system
– Activity 1 : Technical assistance in planting
– Activity 2 : Articulation with market in Trujillo
<i>Resources</i>
– In addition to the ESC personnel, one technician will support this effort
<i>Timing and Milestones</i>
– Between December and January: 5 ha
– Between April and July: 25 ha
<i>Graduation</i>
– After planting the 30 ha the client will be able to continue with the business.
<i>Additional Information</i>
– The client has invested approximately \$6,000 in the irrigation system.

Piura ESC

Exhibit 18. Piura ESCs Results to Date and FY 2008 Target

PIURA	Sales to September 2007 (*)	FY 2008 Target	Total
Net Sales US\$	11,976,835	7,169,985	19,146,820
Net Wages	509,219	245,516	754,735
Investment US\$	2,191,834	495,834	2,687,667

Main Businesses

CLIENT: PROCESADORA MEJIA SAC
PRODUCT: Green bean for canned production
<i>Main Activity</i> : Organization of Supply in the Provinces of Sullana and Alto Piura
– Activity 1: technical assistance to improve yields and quality of the product

<ul style="list-style-type: none"> - Activity 2: Support in the coordination of collection as well as in quality control
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, two technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 150 ha sowed between February and March - Harvest starts on August - Approximately 60% (1,200 tons) will be harvested by September 2008
<i>Graduation</i>
<ul style="list-style-type: none"> - We are supporting them for the third year and in areas where this crop is relatively new. The ESC is working to coordinate with other institutions to continue with the work that is being done by PRA.

CLIENT: AMPBAO (ASOCIACION DE MICRO PRODUCTORES DE BANANO ORGANICO DE LA MARGEN IZQUIERDA DEL RIO CHIRA) PRODUCT: Fresh organic banana for export
<i>Main Activity : identification and articulation with new markets and technical assistance</i>
<ul style="list-style-type: none"> - Activity 1: Technical assistance for the implementation of a Internal System of Quality Control among the members of the association in order to reach the organic certification - Activity 2: Technical assistance to improve the management of plantations (production and quality) in coordination with the packing area. - Activity 3 : Support in the articulation with new buyers - Activity 4: Technical assistance for the control of production, essential to get into the process of direct packing.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, two technicians will be hired, one for production control and the other to supervise the improvements in yields and quality.
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - PRA's client since March 2006 - PRA started working in 180 ha. Until now 125 ha have received the organic certification and other 25 ha are in transition.
<i>Graduation</i>
<ul style="list-style-type: none"> - The client already manages the commercialization process and in the first semester it will be packing its first containers. Therefore the sustainability is guaranteed by the end of the year since it will have enough resources to finance its own growth and development.
<i>Additional information</i>
<ul style="list-style-type: none"> - Cases (special plastic bags) and tapes which protect and register the maturity of the fruit bunch respectively) are financed by the buyer/exporter. The rest is financed by each producer - More than 60% of the fruit is for export.

CLIENT: COMISION MORROPON (COMISION DISTRITAL DE NÚCLEOS EJECUTORES DE LA CADENA DE FRIJOL CAUPI DE MORROPON) PRODUCT: Caupi beans for export BUYER: AGROINDUSTRIAS SAN CARLOS

<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> – Activity 1: increase the planted areas in new district near Morropon, in alliance with the Morropón Commission and the Municipality of Morropón – Activity 2: support in the promotion and execution of technical-administrative activities, together with the Management Committee of the Value Chain of Morropon
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, four technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 750 ha harvested between Oct 2007 and Jan 2008. In the period 2006-2007 there were only 230 ha. This represents approximately 1,425 tons of beans
<i>Graduation</i>
<ul style="list-style-type: none"> – Our client still needs support. It has ambitious growth plans. However this year there will be an increase in the payment made by the producer for technical assistance. In the near future (second semester of 2008) the client will be able to finance it entirely. – The ESC is working with the client the possibility of installing a processing plant in order to sell the product with added value to the exporter. However in this new phase the client would definitely need the support of consultants. – The partners in this business, which are financing part of the process, are PDRS / GTZ and four Municipalities: Morropon, Bigote, Santa Catalina de Moza, Buenos Aires and Salitral.
<i>Additional information</i>
<ul style="list-style-type: none"> – The exporter finances the cost of the seeds (this will be charged to the producer in the harvest) – A provider of raw materials, with the backing of the municipality, finances the cost of pesticides and other required products. The machinery is partially financed by MINAG and other suppliers. – Technical assistance is given by PRA and municipalities

CLIENTE : ALISUR SAC
PRODUCTO : Caupi beans and dry baby pallar for export
<i>Main Activity: Organization of supply in Bajo Piura</i>
<ul style="list-style-type: none"> – Activity 1: Articulation of value chains, in alliance with municipalities and through contracts with refugee prices and attractive conditions for the producer – Activity 2: technical assistance in the production process and support during the collection process – Activity 3: Strengthen the relationship between the client and the main participants of the value chain – providers of raw materials and machinery, municipalities, associations, etc.
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, two technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – Goal: 100 ha of Pallar bebe y 180 ha of Caupi beans (250 ton of pallar and 342 tons of caupi beans) – Harvest: October through January – We estimate the planting of 150 ha of caupi beans and 50 ha of pallar during the first semester of 2008. The harvest will be completed before Sep. 08

<i>Graduation</i>
<ul style="list-style-type: none"> - This is the first year with the client. We consider that by June 08 the client will have a solid group of providers in Bajo Piura (where they are planning to install a processing plant) through the support received from PRA. However they are planning to buy product from the highlands of Piura and they will need support in this new phase.
<i>Additional information</i>
<ul style="list-style-type: none"> - The seed is financed by the exporter - The technical assistance is partially financed by PRA - Inputs are financed by a provided that is backed by the municipalities and the rest is financed by each producer. - The entire production is processed in Piura for export.

CLIENT : DON LIMON SAC
PRODUCT : Fresh lemon
<i>Main Activity : Organization of supply and identification of new markets</i>
<ul style="list-style-type: none"> - Activity 1: facilitate the entrance of our client to supermarkets in Lima, as well as hotels and restaurants - Activity 2: organization of productive chains, mainly in the border region (Tumbes) in alliance with local authorities. - Activity 3: technical assistance to help organize the producers group in Tumbes. It is from this group that the client will buy fruit with value-added as it is installing a selection plant in the production area.
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, two technicians will support this effort
<i>Graduation</i>
<ul style="list-style-type: none"> - This client has received support from PRA since June 2007. It is growing very quickly but it still needs support in the logistics of selling to supermarkets. Additionally the client has just started buying from Tumbes so it needs help in the organization of supply. - We consider that the client needs one more year of assistance for it to reach graduation.
<i>Additional information</i>
<ul style="list-style-type: none"> - Given the positive results with the supermarkets, they are interested in buying other products from our client. Therefore they will diversify their production to include banana and mango. The ESC will take advantage of this opportunity to channel the production of other clients. - There is a plan to increase the areas of lemon production. In these new areas the client will finance the young plant (planton) (producers will pay for this when they sell the lemon) and technical assistance. They will also offer internships in their factory in Piura.

CLIENT: DIAGRO SAC
PRODUCT: Fresh pigeon peas for canned production
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Activity 1: organization of a production chain of 200 ha of pigeon peas in the districts of San Lorenzo – Tambogrande y Chulucanas. - Activity 2: technical assistance to improve yields and quality of the product. - Activity 3: Support in the organization of the gathering process and quality

control.
<i>Resources</i>
– In addition to the ESC personnel, three technicians will support this effort
<i>Timing and Milestones</i>
– Harvest: June – September 2008
– 70% of the total production will be harvested by September: 840 tons approx.
<i>Graduation</i>
– This is a new client. We consider that they will need two more years of assistance to reach graduation.
<i>Additional information</i>
– The financing is basically direct from the client to the farmer and they cover part of the costs including machinery and other inputs.
– The client takes the production to its plant in Tambogrande and from there it is processed and exported to its final markets.

Pucallpa ESC

Exhibit 19. Ayacucho ESCs Results to Date and FY 2008 Target

PUCALLPA	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	27,643,533	8,533,471	36,177,004
Net Wages	1,739,124	310,489	2,049,613
Investment US\$	2,939,479	403,895	3,343,375

(*)Includes results of the Pucallpa and Tingo Maria CES, which functioned for one year

Main Businesses

CLIENT : FEED AND CEREAL COTTON EIRL
PRODUCT : Cotton
<i>Main Activity : Organization of Supply and the introduction of new genetic material</i>
– Task 1: Zoning of the plantations
– Task 2: Identification of producers
– Task 3: Coordination with INIA, MINAG, and SENASA for the introduction of new genetic material and the production of an improved seed
<i>Resources</i>
– In addition to the ESC personnel, a team of four field technicians will support this effort.
<i>Timing and Milestones</i>
– In restingas 100 hectares
– In AD areas 900 hectares
– Planting will occur from October to December and from January to March
– Harvest will occur from August to November
<i>Graduation</i>
– This is a new business. Several new varieties with higher productivity have been introduced such as Acala, Del Cerro, and Upland de Texas. The local variety has short fibers and will not have market prospects once the FTA is in

effect.

- At the end of PRA this business will have reached an intermediate stage of development, however we are coordinating with other institutions such as MINAG, INIA, and SENASA for the production of a high quality seed. The financing of the agricultural activities is covered by the enterprise and the labor is the contribution of the producers.

CLIENT : AGROINDUSTRIAL CAMPO NUEVO SAC

PRODUCT : Soy beans and hard yellow corn

Main Activity : Integration of a new technological package and market expansion

- Task 1: Technical assistance to adapt the technological package mechanized to the conditions of the restingas and to improve field productivity
- Task 2: Contact with buyers
- Task 3: Support in the coordination with MINAG to obtain the titling of an area of 10,600 hectares of high restingas

Resources

- In addition to the ESC personnel, a team of four field technicians will support this effort (two for soy and 2 for corn).

Timing and Milestones

- Hard yellow corn: 150 hectares
- Planting in medium level restingas – April through May
 - Harvesting in August through October
- Soy: 300 hectares
- Planting in high level restingas – June through July
 - Harvesting in September through November

Graduation

- This is a relatively new business which is only recently maturing and needs at least two additional years of support so that the business can be sustainable. At the end of PRA this business will have reached an intermediate stage of development; however the sustainability will be assured through a commercial alliance that was recently signed with the private firm Fértilis SAC.

CLIENT : AGROINDUSTRIAS CAMPO VERDE

PRODUCT : Cotton fiber

Main Activity : Organization of supply

- Task 1: Zonification of the plantations and the identification of producers
- Task 2: Monitoring of the planting and management of the product
- Task 3: Coordination with INIA, MINAG, and SENASA for the production of an improved seed

Resources

- In addition to the ESC personnel, a team of two field technicians will support this effort

Timing and Milestones

- Planting – October through December
- Harvesting – August through November
- Goal – 700 hectares

Graduation

- This business is maturing with an estimated graduation date of July 2008. The

business is in the condition to assume the cost of technical assistance to promote the product. The client has a cotton gin plant.

- At the end of PRA this business will be considered sustainable, however it is necessary to coordinate with MINAG and SENASA to resolve the situation of devolutions to the producers, quality of the seed, and sanitary aspects
- The financing of the campaign is with the resources of the company and the producers

CLIENT : PROMOCIONES E INVERSIONES RODA S.A.
PRODUCT : Sacha Inchi Oil
<i>Main Activity : Improve the supply of raw materials</i>
<ul style="list-style-type: none"> - Task 1: Organize the supply of raw materials - Task 2: Zonification of the plantations and identification of producers - Task 3: Technical assistance to plant new areas and improve productivity
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of five field technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting – October through March - Harvesting – All year long - Goal – Plant 300 new hectares in alliance with the regional and local governments and collect 300 tons of raw material
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is maturing however additional support of at least two years is necessary to achieve sustainability - The provision of technical assistance is shared with the company - For the planting of new areas the company is providing the seed and the producer is contributing the labor - This company has a processing plant located in Lima

Tarapoto ESC

Exhibit 20. Tarapoto ESCs Results to Date and FY 2008 Target

TARAPOTO	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	12,201,482	2,300,000	14,501,482
Net Wages	1,418,908	220,505	1,639,413
Investment US\$	1,015,947	0	1,015,947

(*) Includes results of the Tocache ESC, which functioned for one year

Main Businesses

CLIENT : CAPSA
PRODUCT : Hazera cotton
<i>Main Activity : Organization of supply</i>
<ul style="list-style-type: none"> - Task 1: Identification of areas and producers - Task 2: Technical assistance in the field

<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of three field technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Goal – 250 hectares - Planting – December through March
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - In 2007 ALSELVA and CAPSA have been working together in the production of rough white cotton. ALSELVA began working with PRA in 2002 with 200 hectares and in 2007 ALSELVA-CAPSA produced approximately 1,200 hectares. The ESC has been working with the client in the following aspects: <ul style="list-style-type: none"> o Inter-institutional public-private contacts for the installation of storage facilities in Picota o Information on planting areas, volume and collection routes to optimize the client's collection process o Organization of the supply of rough white cotton o Technical assistance for the certified cotton seed growers o Technical assistance for the certification of organic cotton - It is important to highlight that 450 of the 1,200 hectares obtained organic certification for rough white cotton - Only recently in 2007 ALSELVA-CAPSA began testing 6 hectares of Pima Hazera Cotton with very positive results. The goal is to expand the production of this variety to 250 hectares which will only be managed by CAPSA who will promote and collect the product
<i>Graduation</i>
<ul style="list-style-type: none"> - This is a new business. CAPSA will start with commercial plantations in this variety beginning in February 2008. It is important during this year to facilitate their settling in the area with this variety. However they also need additional support in organizing supply and technical assistance. An alternative for continued support is through the USAID PID program.

CLIENT : RODA S.A.
PRODUCT : Sacha Inchi Oil
<i>Main Activity : Improve the organization of supply</i>
<ul style="list-style-type: none"> - Task 1: Identification of production zones - Task 2: Facilitation of credit - Task 3: Technical assistance
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of two field technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Planting of 500 hectares from November 2007 to March 2008
<i>Graduation</i>
<ul style="list-style-type: none"> - This is a new business with a product that does not have a validated technological package - For this reason it is important that at the end of PRA, another entity provides assistance in the organization of supply. An alternative for continued support is through the USAID PID program.
<i>Additional Information</i>

- The cost of production and technical assistance will be financed by the regional government of Loreto. The ESC assisted with the assembly of the portfolio of credit beneficiaries and the documentation required from each producer.
- Production zones include Tocache, Bajo Huallaga (San Martin), Alto Amazonas, Lagunas (Yurimaguas-Loreto).
- The technical assistance is provided by an operator within the value chain, PROASA
- The Tarapoto ESC is providing support in the monitoring of the productive activity and the types of producers selected (small producers)

CLIENT : ALORSELVA
PRODUCT : Organic cotton
<i>Main Activity : Technical assistance for certification</i>
<ul style="list-style-type: none"> - Task 1: Provide technical assistance to achieve organic certification - Task 2: Technical assistance in the field
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of three field technicians will support this effort
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - The goal is to reach 850 hectares (600 hectares of rough white cotton, 150 hectares of organic pardo, and 50 hectares of Utquillo) - The planting period is from December to March
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - ALORSELVA is a new business that will take over the space left by ALSELVA SAC, which will not operate in 2008 - The client will develop its collection and commercial operation primarily in the province of Mariscal Caceres (Juanjui). The main products to be developed are organic rough white cotton, organic pardo cotton, and organic Utquillo cotton - This business is developed in AD areas
<i>Graduation</i>
<ul style="list-style-type: none"> - This is a new business which has recently entered with commercial plantations of three varieties of cotton with organic certification beginning in February 2008 - It is important that during this year PRA facilitates the settlement in this area so that the client will continue operating in the area. Therefore continued support in the organization of supply and technical assistance is required

Ancash ESC

Exhibit 21. Ancash ESCs Results to Date and FY 2008 Target

ANCASH	Results to September 2007	FY 2008 Target	Total
Net Sales US\$	41,626	1,158,374	1,200,000
Net Wages	617	199,383	200,000
Investment US\$	0	150,000	150,000

Main Businesses

CLIENT: PISCIFACTORÍA DE LOS ANDES
PRODUCT: Trout
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Activity 1: Identification of potential suppliers. - Activity 2: Technical assistance for fish filleting and disembowelment - Activity 3: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> - A client-accredited expert for the provision of technical assistance.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 126 t by September 2008

CLIENT: BLACK-EYED BEAN FARMERS
PRODUCT: Black-eyed beans
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Activity 1: To identify buyers. - Activity 2: Identification of potential suppliers. - Activity 3: Technical Assistance - Activity 4: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> - 2 engineers
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 100 ha harvested and sold - 2.5 t per ha - Planting time: December through March . - Harvesting season: April through June
<i>Additional Information</i>
<ul style="list-style-type: none"> - The buyer will finance the seed. The inputs are obtained through a production chain which is managed by a business firm. Farmers participate proactively by contributing a percentage of the inputs and labor. - Production is solely for export. No organic certification is required.

CLIENT: CANARY BEAN FARMERS
PRODUCT: Canary beans
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> - Activity 1: To identify buyers. - Activity 2: Identification of potential suppliers. - Activity 3: Technical Assistance - Activity 4: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> - 2 engineers
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - 100 ha harvested and sold - 2.5 t per ha - Planting time: March through April. - Harvesting season: August through September
<i>Additional Information</i>
<ul style="list-style-type: none"> - The buyer will finance the seed. The inputs are obtained through a production chain which is managed by a business firm. Farmers participate by contributing

<ul style="list-style-type: none"> – a percentage of the inputs and labor. – Production is solely for export. No organic certification is required.

CLIENT: CAPAS SAC
PRODUCT: paprika
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Activity 1: To identify buyers. – Activity 2: Identification of potential suppliers. – Activity 3: Technical Assistance – Activity 4: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> – 2 engineers
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 22 ha harvested and sold – 3.5 t per ha – Planting time: January through March – Harvesting season: June through August
<i>Additional Information</i>
<ul style="list-style-type: none"> – The client enterprise finances the seed and a percentage of the inputs. Farmers participate by contributing a percentage of the inputs and labor. – Production is solely for export to markets in Mexico, USA and Spain. No organic certification is required.

CLIENT: PRODUCERS OF ARTICHOKE WITH SPINES
PRODUCT: Artichokes with spines
BUYER: SAVSA
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Activity 1: To identify buyers. – Activity 2: Identification of potential suppliers. – Activity 3: Technical Assistance – Activity 4: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> – 2 engineers
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – 17 ha harvested and sold – 14 t per ha – Planting time: October through November. – First harvest: March through May
<i>Additional Information</i>
<ul style="list-style-type: none"> – The client enterprise finances the cuttings. Farmers co-participate by contributing labor. The Municipality of Chavín de Huántar and the mining fund, through the grant fund, take part by contributing the inputs through a rotating fund.

CLIENT: AGRIFOOD EXPORT S.R.L.
PRODUCT: ‘Tara
<i>Main Activity: Organization of Supply</i>
<ul style="list-style-type: none"> – Activity 1: Identification of suppliers.

<ul style="list-style-type: none"> - Activity 2: Advisory services on how to draw up a Forest Management Plan - Activity 3: Technical Assistance - Activity 4: Organization of collection
<i>Resources</i>
<ul style="list-style-type: none"> - 1 engineer
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Harvesting season: October through December and April through June - 100 t harvested and sold

A3. Activities and Support to Alternative Development Areas

PRA currently operates in four priority Alternative Development (AD) areas. In VRAE, there is an office that is part of the Ayacucho ESC. In Aguaytia there is an office that promotes business in this area as well as Tingo Maria. This office is part of the Pucallpa ESC. Finally, there is an office in Juanjui that promotes businesses in Juanjui and Tocache and is part of the Tarapoto ESC.

Each of these ESCs in addition to their overall targets also have specific targets for the 69 priority AD districts which are detailed below.

Exhibit 22. AD FY 2008 Targets

AD Area	FY 2008 Target	
	Sales	Net Labor Days
AGUAYTIA	4,000,000	162,351
TINGO MARIA	500,000	14,583
TOCACHE-JUANJUI	1100,000	111,568
VRAE	2,000,000	68,348
TOTAL	7,600,000	356,850

For sales these targets exceed by 83% the targets from the previous fiscal year. For employment, the targets established for this year match those from last year. Below is a description of the main businesses in each area as well as the plan of action for FY 2008.

VRAE

CLIENT : Cacao VRAE
PRODUCT : Organic Cacao
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : Technical assistance to improve quality - Task 2 : Technical assistance in the control of the certification process
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one engineer and two field technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Collection will occur all year round. This product's plants are perennials.
<i>Progress and Perspectives</i>
<p>This business began in 2003 and has experienced a technical evolution as it has developed the first successful experience of collection of cacao <i>en baba</i> (without the shell).</p> <ul style="list-style-type: none"> - In 2003, 200 tons were collected - In 2004, 400 tons were collected - In 2005, 450 tons were collected - In 2006, 450 tons were collected - In 2007, 800 tons were collected

<ul style="list-style-type: none"> - In 2008, 1,300 tons are programmed to be collected <p>Cacao VRAE began collecting cacao <i>en baba</i> very conservatively. Then its buyer ICAM decided to come to Peru to invest with Cacao VRAE in the direct collection for its business and invest in a collection and processing plant which is necessary for the processing of cacao <i>en baba</i>.</p> <p>This last year has marked the take-off of this business due to the financial contributions of this buyer; which was accomplished with the support of the Ayacucho ESC-VRAE office. This is yielding high prospects for cacao producers in the area.</p>
<i>Graduation</i>
<ul style="list-style-type: none"> - It is necessary to provide support to this client for at least two additional campaigns. Sierra Exportadora has shown interest in supporting this business which provides the possibility for continuation.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Cacao VRAE's buyer ICAM is from Italy and has analyzed and explored the VRAE area and its potential for cacao business. It has plans to expand operations in the area.

CLIENT : CACVRA PRODUCT : Organic Coffee
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : Technical assistance to improve the final quality of the product - Task 2 : Technical assistance to integrate all members into the certification process
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one engineer and two field technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - It is a permanent crop - Harvest will occur between April and September
<i>Progress and Perspectives</i>
<p>PRA began supporting this business in 2003 with quality control and supervision of the collection centers and final shipments. There have also been new plantations with PDA financing, and support in the field has been assumed by both PRA and PDA. This last campaign is recently harvesting the newer plantations; however in the first year the productivity is low and is expected to normalize in the third or fourth year.</p> <ul style="list-style-type: none"> - In 2003, 3,000 qq were collected - In 2004, 7,000 qq were collected - In 2005, 8,000 qq were collected - In 2006, 14,000 qq were collected - In 2007, 18,000 qq were collected - In 2008, 20,000 qq are programmed to be collected
<i>Graduation</i>
<ul style="list-style-type: none"> - Technical assistance to control organic certification is fundamental in this stage when they are harvesting new plantations. Its continuation is necessary to link it with good agricultural practices. - The important this about this stage is that the client is organizing centralized buying with wet processing (beneficio en humedo) to standardize the quality. It

<p>is important to continue with the support that is being provided to this client.</p> <ul style="list-style-type: none"> – Sierra Exportadora has shown interest in supporting this business which provides the possibility for continuation.
<i>Additional Information</i>
<ul style="list-style-type: none"> – This client's financing comes from an international bank promoted and guaranteed by its clients which give it the backing it needs, especially as a cooperative.

CLIENT : CACVRA
PRODUCT : Organic Cacao
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> – Task 1 : Technical assistance to improve the quality of the product – Task 2 : Technical assistance to integrate all members into the certification process
<i>Resources</i>
<ul style="list-style-type: none"> – In addition to the ESC personnel, a team of three field technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> – It is a permanent crop – Harvest will occur between March and December
<i>Progress and Perspectives</i>
<p>PRA began supporting this business in 2003 with quality control and supervision of the collection centers and final shipments. There have also been new plantations with PDA financing, and support in the field has been assumed by both PRA and PDA. This last campaign is recently harvesting the newer plantations; however in the first year the productivity is low and is expected to normalize in the third or fourth year.</p> <ul style="list-style-type: none"> – In 2003, 36 tons were collected – In 2004, 120 tons were collected – In 2005, 260 tons were collected – In 2006, 320 tons were collected – In 2007, 450 tons were collected – In 2008, 500 tons are programmed to be collected
<i>Graduation</i>
<ul style="list-style-type: none"> – Technical assistance to control organic certification is fundamental in this stage when they are harvesting new plantations. Its continuation is necessary to link it with good agricultural practices. – The important this about this stage is that the client is organizing centralized buying of collection of cacao en baba, which is a very labor intensive process. CACVRA also has accreditation of Organic Certification by BioLatina, Certification Control FLO, and has entered exigent fair trade markets. For this reason additional support is necessary to consolidate this market with a product that holds all the required quality accreditations. – PRA will coordinate with Sierra Exportadora to provide assistance to this business.
<i>Additional Information</i>
<ul style="list-style-type: none"> – The campaign for this client has financial backing from its foreign buyers that are providing a guarantee for foreign loans.

- This is an example of a cooperative organization that permits this client to obtain non-stock market prices due to the quality accreditations that it holds which also allows for a higher price for its associates.

CLIENT : Cacao VRAE
PRODUCT : Peeled Cacao
<i>Main Activity : Organization of Supply</i>
<ul style="list-style-type: none"> - Task 1 : organization of the gathering - Task 2 : Technical assistance for quality control of the final product
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one field technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Collection will occur all year round. This product's plants are perennials.
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - In 2006, 20 tons were collected - In 2007, 40 tons were collected - In 2008, 50 tons are programmed to be collected
<i>Graduation</i>
<ul style="list-style-type: none"> - We expect the business of peeled cacao to be graduated by next campaign due to the market ceiling. Its magnitude is small but the attractive part of this business is that it has entered into a gourmet segment of decoration of chocolate.
<i>Additional Information</i>
<ul style="list-style-type: none"> - Entering into this market segment was a challenge and it shows that a company from a conflictive area such as VRAE can compete in demanding markets.

Tingo Maria

CLIENT : CAC La Divisoria
PRODUCT : Organic Cacao
<i>Main Activity : Improve the quality and supply of organic cacao</i>
<ul style="list-style-type: none"> - Task 1 : Improve the quality of the harvest and post-harvest handling procedures applying good agricultural processes to obtain an organic production with certification
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of three field technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Plant 350 hectares in November and December - Harvest after three years
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is relatively new and in a maturing process. It was initiated in December 2006 and to date it has already accomplished its first sales of cacao with organic certification to the international market. - PRA has been coordinating with the client to obtain a greater coverage in the intervention areas with qualified partners to develop specialty grain cacao. - It is recommended that at the end of the project technical assistance be

continued for two more years. ESC staff is coordinating with other partners to help with the continuation of support for this business.

CLIENT : CAC La Divisoria
PRODUCT : Coffee
<i>Main Activity : Improve the quality and supply of specialty and quality coffee</i>
<ul style="list-style-type: none"> - Task 1 : Improve the quality of the product by putting into practice good agricultural practices to obtain a specialty coffee product with organic certification
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of three field technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Plant 350 hectares in November and December - Harvest after two and a half to three years
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is relatively new and in a maturing process. The first sales were made in 2005 and to date approximately 22 containers of specialty coffee with organic certification have been placed in the international markets. - PRA is coordinating with the client to obtain a greater coverage in the intervention areas with qualified partners to develop specialty coffee. - It is recommended that at the end of the project technical assistance be continued for two more years. ESC staff is coordinating with other partners to help with the continuation of support for this business.

CLIENT : APROLEC
PRODUCT : Fresh Milk
<i>Main Activity : Improve the quality and supply of the product</i>
<ul style="list-style-type: none"> - Task 1 : Improve the supply by incorporating more producers in the milking process - Task 2: Quality control of the milk and its sub-products - Task 3: Obtain certification that cows herds are free from Tuberculosis and Brucellosis
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - Increase dairy cows to 334 heads by 2008 - Increase the productivity index to an average of 5.7 liters per cow per day.
<i>Graduation</i>
<ul style="list-style-type: none"> - The client has increased its volume collected considerably. It will graduate in June 2008, able to rely on the required cold chain and the guarantee of receiving fresh milk from its partners. It will finally formalize as a company and assume the responsibility of paying its technicians. - At the end of PRA the business will be linked through agreements with institutions such as MINAG, SENASA, and the municipality for topics related to dairy chains, artificial insemination, and control of brucellosis and bovine tuberculosis.

CLIENT : ROLANDO CHAMBERGO YAURI
PRODUCT : Pineapple
<i>Main Activity : Improve the supply and technified management of the crop</i>
<ul style="list-style-type: none"> - Task 1 : Improve the technified management of the crop - Task 2: Plant new areas - Task 3: Program harvests using TIF and in accordance with market requirements
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - The planting of 15 hectares are planned
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is relatively new and has a great potential in the national market and for exportation as dehydrated fruit - It is necessary to continue support through specialized technical assistance for one more year, as the client is planning to expand areas in the Tingo Maria and Aguaytia zones. - At the end of the project the business will be in an intermediate stage of development - Additionally the client will begin to link the production of the Golden variety, which is promoted by PDA in Aguaytia

CLIENT : AGROFLORA DE HUALLAGA
PRODUCT : Tropical Flowers
<i>Main Activity : Increase supply, standardize the production technology, and make improvements in the commercialization phase</i>
<ul style="list-style-type: none"> - Task 1 : Provide technical assistance to increase cultivated areas using production technology and improve the quality and packing of the product - Task 2: Identify new buyers
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - The planting of 20 hectares are planned
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is relatively new and has a great potential in the national market and for exportation - It is necessary to continue support through specialized technical assistance for at least two more years, to be able to reduce the reproduction periods of the flowers that are the most important for the market - Since over 90% of this client's partners belong to CAC La Divisoria, PRA has been coordinating with CAC to coordinate with its economic and gender activities to be able to access the fair trade market

Aguaytia

CLIENT : ASOCIACION DE PALMICULTORES DEL VALLE DE SHAMBILLO
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PRODUCT : Fresh fruit bunches from palm oil
<i>Main Activity : Increase supply volumes for the Boquerón extraction / processing plant</i>
<ul style="list-style-type: none"> - Task 1 : Management of plantations to improve the supply of raw material - Task 2: Improve the quality of the raw material
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of two technicians will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - The planting of 500 hectares are planned
<i>Graduation</i>
<ul style="list-style-type: none"> - This business is relatively new and has a great potential for growth since Peru can substitute the oils it currently imports - PRA is currently coordinating with regional and local government to continue support to this important activity and is thus able to increase production areas and productivity - The proposed graduation date for this client is July 2008 - The client is in the process of becoming a private enterprise which will contribute to better business management.

CLIENT : CONSORCIO DE PLATANEROS DE UCAYALI
PRODUCT : Bananas
<i>Main Activity : Increase supply volumes and improve the quality of the product for commercialization</i>
<ul style="list-style-type: none"> - Task 1 : Provide technical assistance in commercialization and quality control - Task 2: Make contact with commercializing firms and supermarkets in Lima
<i>Resources</i>
<ul style="list-style-type: none"> - In addition to the ESC personnel, a team of one technician will support this effort.
<i>Timing and Milestones</i>
<ul style="list-style-type: none"> - The planting of 750 hectares are planned
<i>Graduation</i>
<ul style="list-style-type: none"> - This business will be graduated in March 2008 because the objectives and commitments outlined in the business plan will have been completed. - With the targeted support that the project has provided the client has been able to sustain and increase the commercialization of its products - One of the difficulties to reduce production costs has been the deficient accessibility of the production centers. To this end the local government has been coordinating actions to open up access to these centers. - Through the local and the regional governments there has been the development of a plan to invest in infrastructure and equipment to give a greater value-added to the area

Juanjui-Tocache

CLIENT : ROMERO TRADING
PRODUCT : Cacao
<i>Main Activity : Organization of supply</i>
<ul style="list-style-type: none"> - Task 1 : Development of committees

– Task 2: Technical assistance for quality and organic certification
<i>Resources</i>
– In addition to the ESC personnel, a team of seven technicians will support this effort.
<i>Timing and Milestones</i>
– The goal is to collect 1,200 tons based on the formation of 400 new committees and developing 150 ha of new certified hectares
<i>Progress and Perspectives</i>
– PRA began working with this client in 2007. As a result 30 committees were formed and the client was able to purchase 850 tons of cacao. Additionally 282 hectares (owned by 151 producers) of cacao were certified.
<i>Graduation</i>
– This is a solid client with a growing demand. However its expansion plans and the need to reinforce the technical part of the certification management require additional support in the organization of supply specifically in the formation of committees and technical assistance.

CLIENT : ALGODONERIA JUANJUI
PRODUCT : Cotton
<i>Main Activity : Organization of supply</i>
– Task 1 : Identification of areas – Task 2: Technical assistance
<i>Resources</i>
– In addition to the ESC personnel, a team of four technicians will support this effort.
<i>Timing and Milestones</i>
– The goal is to plant 1,200 hectares this year
<i>Progress and Perspectives</i>
– We began working with this client since 2005 and the progress has been. In that year he articulated 600 ha of cotton. In 2006 it increased to 1,200 ha, and in 2007, due to financial constraints it reduced to 800 ha.
<i>Graduation</i>
– This client has demonstrated slow but consistent growth. It is necessary to resolve its recurrent problem of lack of capital so that it can be sustainable without the assistance of the project. ESC staff will focus on this problem to achieve graduation prior to the project's end.

CLIENT : CAI NARANJILLO
PRODUCT : Cacao
<i>Main Activity : Organization of supply</i>
– Task 1 : Identification of new members – Task 2: Technical assistance for post harvest and quality control
<i>Resources</i>
– In addition to the ESC personnel, a team of five technicians will support this effort.
<i>Timing and Milestones</i>
– The goal of the client is to incorporate 400 members and in this way collect approximately 1,000 tons in Juanjui (500 tons with organic certification). In

Tocache the goal is to grow and surpass the 800 tons reached in last year's campaign
<i>Progress and Perspectives</i>
<ul style="list-style-type: none"> - This is a new client. To date this client has only worked in Tocache, not in Juajui. However it has ambitious expansion plans which include the investment of US\$250 thousand in a grain selection plan in Tocache.
<i>Graduation</i>
<ul style="list-style-type: none"> - We consider that if the client is able to expand and invest in the areas as it plans to then it will have a high level of sustainability. However its ambitious expansion plans require additional support from the project in the organization of supply, as the client is only able to cover the costs for the previous areas, and not the additional ones at this time.

A4. Forestry Certification Activities

PRA recently submitted to USAID a proposal for forestry activities for the remainder of FY 2008. This proposal is pending approval and is detailed below.

A4a. Introduction

In May 2006, in response to USAID's request, PRA intensified its forest certification activities. This implied channeling the technical services, mainly through consultants and experts instructed to facilitate the procurement of FSC certification for the contractors and Native Communities (NC), under the logic of sustainability and business profitability.

After 20 months of work and based on acquired experience (see Section A4b.), we now recommend making changes to the work strategy. The current work strategy aims to expand the area of certified hectares and implement two institutional alliance models designed to ensure the sustainability of the certification processes.

The new proposed focus, explained in detail below, aims to direct resources to ensure the success of certification sustainability, for those PRA clients who have already been identified. This involves a series of aspects, as explained in Sections A4c. and A4d.

Section A4e details the human resources required for this proposal. As far as the number of permanent staff is concerned, this should not be significantly affected.

Section A4f. describes the coordination activities to be carried out in conjunction with INRENA, which have been planned for the remainder of the project.

Finally, Section A4g. shows the budget implications to be considered for this proposal.

A4b. Current Situation and New Proposal

At present, the PRA has two forestry objectives: (i) the certification of 506,000 ha (400,000 belong to the June 2006 – September 2007 period goals while the remaining 106,000 ha were added on to the 2007 goal) and (ii) the design and implementation of two Institutional Alliances designed to ensure the sustainability of the forest certification process.

In regards to the first objective, 175,810 ha have been certified to date. Apart from this, there are three more clients whom we think are likely to obtain forest certification during the course of this year. This would total 198,922 ha. Finally, after the amendment to extend the duration of the project to 2008, (which also added on the additional 106,000 ha) the project incorporated a new client who will contribute another 25,000 ha. This means that certification for 2008 should be in the order of 223,922 ha, which, added to the results of 2007, total 399,732 ha.

Clearly, it is not at all easy to identify clients who will enable us to reach the originally established goal. There are very few companies who are able and willing to obtain forest certification within the stipulated time-periods (which may also be considered too short in view of the present condition of many of the enterprises). This complicates our task even further, and to a certain extent, since this is such a sensitive process, it is not

recommendable to force the incorporation of clients who are not prepared for certification as it could have undesired effects.

In regards to the second objective, the first step consisted in hiring a consultant to assess the progress made by the certification process in Peru to date. This assessment concluded that it is very difficult to implement these models, with material results, in such a short period of time. The present institutional framework, with both its decentralization processes and the transfer of functions to the Regional Governments currently at a standstill, and enterprises with recently obtained certifications, are the main constraints for promoting the formation of public-private Alliances, currently in operation until the end of the present contract with USAID.

In view of this assessment, based on the accumulated experience of 20 months and the above mentioned consulting work, it is our opinion that we need to redirect our focus so as to ensure the sustainability of the certifications already obtained and thereby demonstrate that forest certification is indeed a useful means for securing profitability and sustainability in this line of business. This is even more important in light of the imminent implementation of the FTA with the US, which represents a huge opportunity so long as businesses comply with certain pre-established requirements among which, forest certification is key.

This strategy should be designed in such a way that by the end of FY 2008, it has (i) 400,000 certified ha (in some cases only after passing two consecutive evaluations), (ii) a group of Native Communities with sound relationships with private companies, with better negotiation capacities, who use their resources and have a well-engrained notion of sustainable management; and, (iii) a group of companies which are already aware of the advantages of having forest certification and are articulated to a large market such as the one in the US.

In this context, this proposal is to modify PRA's programmed forestry activities during the course of this last year, to achieve the objectives stated in the preceding paragraph. The proposed strategy suggests: (1) ensuring the procurement of forest certification by pending clients (including the new client identified this year), which would total slightly under 224,000 ha (added to the hectares already certified, this would allow us to attain 399,000 ha in all); and (2) ensure the sustainability and viability of certified clients. Point (2) in turn, is subdivided into: (2a) certification renewal by clients who have already obtained certification through specialized technical assistance for the implementation of corrective action derived from the "Non-Conformities" identified by the certification audits; and (2b) identification and articulation with certified wood markets, through the identification of buyers or foreign strategic partners. Point (2a) requires technical assistance to 6 Native Communities under the management of AIDER, which, by year-end 2007, had already been subjected to the annual certification audit. During this stage, most of the training activities directed to Native Communities, will be oriented towards strengthening existing capacities and generating new ones, according to the complexity of the issues in connection with management and administration of economic resources, forest resource monitoring and stewardship, conflict resolution, and strengthening the theoretical concepts of certification.

A4c. Key Strategies and Activities

Forest Certification of 223,922 Hectares

Client 2008

NEMATSA 25,000 hectares

Clients with certification audits and pre-audits:

MAILSAC/FORSAC	44,678 hectares
Consolidado Otorongo	76,659 hectares
Forestal Venao	77,585 hectares
NC El Dorado	
NC Santa Rosa	
NC Nueva Victoria	
NC Flor de Shengari	

Total 198,922 hectares

Key activities: National and international technical assistance for the implementation of standards and the corrective action for lifting the Non-Conformities identified in the certification audits and pre-audits of enterprises and Native Communities under the management of AIDER.

Sustainability of 175,810 Certified Hectares

Annual audits with positive opinions:

(8) Native Communities: Sawawo Hito 40, Nueva Shahuaya, Sinchi Roca, Santa Marta, Belén, Puerto Leticia, Puerto Davis, El Milagro and Dinamarca.

Key activities: Lifting of Non-Conformities identified in the annual audits, obtain annual audit reports with favorable opinions issued by the certifying bodies.

Search for certified wood buyers:

Clients: Forestal Venao, CCNN Sinchi Roca, from Pichis Palcazú and MAPESA (client certified prior to its incorporation into PRA's forest component)

Key activities: Consulting work specifically directed at identifying certified tropical wood buyers, shipping samples of certified wood products to identified buyers, promoting business connections among Native Communities under the management of AIDER and private companies at productive and commercial levels.

Training on how to obtain forest certification:

1 course

Course: Training forest management and chain of custody auditors.

A4d. Proposal Description

Forest Certification of 223,922 Hectares

Clients

NEMATSA articulated with the Native Community of Matereni (25,000 hectares)

This client was incorporated into the program after FY 2007. It has favorable conditions for attaining certification within the established time-periods. Its main strengths lie in the fact that it has the capital to invest in the certification process, it has a solid technical team and years of experience in forest extraction activities, and it maintains good relations with the associated Native Community since they have been working together for over 5 years.

Exhibit 23. NEMATSA - General Information

Client	Associated NC	Ha.	Location	Certification scheme	Current situation
NEMATSA	Matereni	25,000	Region of Junín, province of Satipo, district of San Martín de Pangoa	Group Certification, under the management of NEMATSA	Technical assistance provided to date: <ul style="list-style-type: none"> • Forest resource exploration and inventory • Commercial census according to FSC standards • Wild fauna study • Preliminary assessment for the installation of permanent sampling blocks • Socio-economic diagnostic of the NC

Forestal Venao, Forestal Otorongo and FORSAC/MAILSAC: clients with certification audits and pre-audits (198,922 hectares)

This category includes the following clients: Forestal Venao (with 4 Native Communities), Forestal Otorongo and FORSAC/MAILSAC which together total 198,922 hectares, which meets the goals established for FY 2007. They did not obtain certification (positive certification audit report) within the time-periods initially established, but they did carry out certification pre-audits and audits.

Forestal Venao currently has **82,853** certified hectares from the NC of Sawawo Hito 40 and Nueva Shahuaya combined; it also has another **77,585** hectares which are in the process of being evaluated. It already has an audit report with its respective Non-Conformities and an action plan for lifting these observations.

Forestal Otorongo and FORSAC/MAILSAC have their respective certification pre-audits. In the case of Forestal Otorongo, there have been meetings held to evaluate the progress made in connection with implementing the Corrective Action established by the certifying body, which presents significant progress with regards to the technical aspects.

Given that these three clients have reached varying stages of advancement and forest activity is highly seasonal, we have established certain classification parameters in order to be able to determine the level of advancement in terms of available time. However, the level of effort required to achieve certification is going to depend on the type of certification and the complexity of the social and environmental aspects affecting each client. The table below shows the different classifications and their respective characteristics:

Exhibit 24. Classification of Level of Advancement of Clients (%)

Classification	Characteristics
100%	Has final certification report, with a favorable opinion.
90%	Has certification assessment or assessment report containing pre-conditions and Non-Conformities that need to be corrected before project termination.
70%	Has certification pre-assessment; does not have any outstanding debts with INRENA; has the necessary funds for lifting the Non-Conformities that need to be corrected before obtaining a positive certification report prior to project termination.
50%	Has certification pre-assessment; does not have any outstanding debts with INRENA; does not have the necessary funds for lifting the Non-Conformities required to be corrected before obtaining a positive certification report prior to project termination.

The following table summarizes the clients' information, showing their respective status of advancement and current situation.

Exhibit 25. General Information on Clients with Certification Audits and Pre-Audits

Clients	Articulate d NC	Ha.	Location	Certification scheme	Level of progresses (%)	Current situation
Forestal Venao	El Dorado	20,384	Region of Ucayali, province of Atalaya, district of Yurúa	Group Certification under the management of Forestal Venao	90%	<ul style="list-style-type: none"> Has certification audit. The certifying body has still not delivered the certification audit report. A work plan has been drawn up to lift the Non-Conformities contained in a preliminary report delivered by the certifying body. Action plan and capacity strengthening program in implementation.
	Santa Rosa	20,414				
	Nueva Victoria	7,906				
	Flor de Shengari	28,881	Region of Ucayali, province of Atalaya, district of Tahuania			
Sub-total 1	77,585					
FORSAC/MAILSAC	-----	44,678	Region of Ucayali, province of Coronel Portillo, district of Calleria	Individual certification	50%	<ul style="list-style-type: none"> Has certification pre-audit. Has refinanced its outstanding debt with INRENA. Has financial difficulties for lifting certain Non-Conformities identified by the pre-audit.
Forestal Otorongo	-----	76,659	Region of Madre de Dios, province of Tahuamanú, district of Iberia	Individual certification	70%	<ul style="list-style-type: none"> Has certification pre-audit. Is currently in the process of lifting the Non-Conformities identified by the certification pre-audit.
Total	198,922					

Work Strategy

The clients under this category are differentiated according to two levels of effort whose work strategy will be defined by type of certification: Group or Individual.

Group Certification

Client: Forestal Venao, NEMATSA

Apart from the implementation of the certification standards for the case of NEMATSA, the strategy shall be focused on technical assistance to lift the Non-Conformities identified in the certification audit, basically in connection with aspects related to Rule 8. (Forest Management Performance and Monitoring) and Rule 3 (the Rights of Indigenous People). All of the hectares comprised within this category belong to Native Communities, which is why we must give special emphasis on training and capacity strengthening with respect to issues such as: communal rights, resource administration and management, and training on technical skills related to forest management.

Individual Certification

Clients: Forestal Otorongo, MAILSAC/FORSAC

Here, activities will be limited to cover aspects related to Rule 8 (Performance & Monitoring) pointed out by the certification audits i.e. Non-Conformities, Chain of Custody in the Plant, and activities carried out in connection with INRENA-related processes, so as to facilitate the coordination work with CERFOR.

Sustainability of 175,810 Certified Hectares

Clients and Key Aspects

This category includes the group certification of Forestal Venao and the Native Communities of Sawawo Hito 40 and Nueva Shahuaya which together total 82,853 hectares, and the 6 Native Communities managed by AIDER with 92,957 hectares.

Both group certifications have been subjected to their first annual audits, (at the end of September and November 2007, respectively). The group certification audit report for Forestal Venao has been officially issued but the one for the Native Communities under the management of AIDER has not. There are however, work plans in place for lifting the Non-Conformities in the case of both group certifications.

All of the certified areas belong to Native Communities, and are articulated at two different levels: i) at the entire productive chain to commercialization level, in the case of the Forestal Venao-CCNN Sawawo Hito 40 and Nueva Shahuaya Alliance, and ii) at the commercial level, in the case of the Sinchi Roca Communities and those located in the Pichis Palcazú area.

From an economic perspective, the first type of Alliance appears to be very solid and sustainable since the investing partner, Forestal Venao, has the necessary funding to assume the costs of forest resource extraction and use, which the Native Community would not be able to assume on its own, and it has the capacity to invest in certified forest management activities. The second model on the other hand, is very fragile, since the Alliance is in most of the cases, only commercial, and the Native Communities have to assume the responsibility of managing the forest although the enterprises do finance the extraction operations, in all of the cases.

As far as the situation of the 6 Native Communities under the management of AIDER is concerned, there is very little high commercial value wood in the area. This makes it difficult to attract logging companies that are willing to invest in forest use activities since the type of forest resources growing in these areas, does not justify the investment they would need to make in order to mechanize the extraction process and obtain a profit in the medium-term. Notwithstanding, these Communities do have enough resources to develop low-intensity forest activities such as the ones they are developing at present. The communal enterprises sell cut and/or uncut lumber (i.e. logs) to small companies who buy the wood laid-down at the communities themselves or at strategic points where it is transformed and then shipped. The Native Communities also have portable sawmills to give added value to the wood they sell. Since this model of self-managed forest use is both weak and risky in terms of the communities' technical and financial management capacities, we have established an action plan oriented at strengthening these capacities. We expect to achieve this within the time-period we have left, focusing on those aspects whose short-term results may lead to certification sustainability. The search for clients who are seriously committed to forest management will also be continued.

Lifting of the Social Non-Conformities pointed out in the Certification Audits

Most of the Non-Conformities are related to social issues, and are particular to each of the evaluated Communities. They are primarily associated to the development of technical capacities and the management of economic resources. Despite the fact that FSC certification has clearly defined standards, there is concrete evidence that the certification evaluations carried out in the Communities associated to Forestal Venao are dramatically stricter than those carried out on the Communities managed by AIDER. This is due to a number of reasons: the controversy over the establishment of this private enterprise-community Alliance claiming that the Communities would not be receiving their rightful share of profits; claims that mahogany and cedar are species listed in the CITES; the recent invasion of one of the Communities by the Brazilian army; opposition from conservation organizations and other sources of pressure. Moreover, all of the certified Communities exhibit similar cultural and cosmological characteristics and as far as their access to basic services is concerned, (food, health and education) the Communities associated to Forestal Venao receive absolutely nothing from the State mainly because they are located in inaccessible frontier zones. This scenario clearly puts Forestal Venao and the Communities under its management at a disadvantage in comparison to other certified companies and Native Communities. In spite of this, the Alliance boasts unusual strengths i.e. total identification with the objective of attaining certification and solid trust relationships among its members. This is the result of more than eight years of work, whereby Forestal Venao has duly complied with all of the economic agreements it has committed to deliver to its associated Communities.

Market for certified wood products and opportunities afforded by the US-Peru FTA

On the basis of the evaluation of the certification process in Peru carried out by the PRA Project towards the end of year 2007 and the lessons learned, we can conclude that the main concern of enterprises and the determining factor for opting for certification, is the fact that forest certification opens up the possibility of accessing markets which pay higher prices, as compared to what they can get for non-certified wood products. Another significant factor is the signing of the FTA with the US, which sets down

certain requirements in addition to those traditionally required for the trade of wood products. While it supposes the advantage of offering a great many opportunities, since the US is the main market for Peruvian wood (over 80%), it has also caused great concern and uncertainty in the sector, as the great majority of timber companies are not in a position to comply with the new requirements set forth by the FTA.

While the certified enterprises are technically and legally equipped to continue selling their wood products to the US in compliance with the new demands, they have still not obtained better prices for their certified wood products nor have they been able to expand their offer so as to include other wood species. In addition to these shortcomings, is the fact that their products have very little value-added and this is causing enormous pressure on the reduced variety of species which, despite having a secure market, obtain only low prices.

In order to encourage more companies to obtain certification, it is absolutely essential that we disseminate the great advantages of having the green seal, i.e. access to new markets, a more diverse offer of forest species and better prices. Moreover, it must be pointed out that certification must also be understood as a tool for competitiveness through which lumber companies can benefit from the above mentioned advantages; it is intimately related to the value-added of their offer, and has a better quality. Apparently, the Amazon jungle has numerous other species of "no commercial value" or "potential species" which are not extracted because the market is not familiar with these species. However, countries like Bolivia and Brazil are exporting them as high value-added products, in the form of doors, furniture, laminate flooring, and other products, earning higher prices and ensuring a more efficient use of the raw material available in their local forests. These species would probably not attract the interest of materially important markets if they were sold as products with only low value-added. Perhaps an effective strategy to address this issue would be to identify new markets and in some cases, national or overseas strategic partners with fresh funding and new markets. The project has been proposed to foreign based companies which see Peru as an interesting opportunity because of its resources and upcoming implementation of the FTA. Greater emphasis on this aspect could produce encouraging results in this sector, although it might take some time to come into effect. Table 4 below presents general information on the certified areas.

Exhibit 26. Certified Native Communities – General Information

Clients	Associated NC	Ha.	Location	Certification Scheme	Certification Date
Forestal Nieto	Sinchi Roca	48,046	Region of Ucayali, province of Padre Abad, district of Irazola	Group Certification under the management of AIDER	Certified in September 2006
	Santa Marta	10,567	Region of Huánuco, province of Puerto Inca, district of Codo del Pozuzo.		
		58,613			
ALE S.A.C/ Waiman	Dinamarca	2,535	Region of Pasco, province of Oxapampa, district of Puerto Bermudez		
	El Milagro	2,651			
	Belén	13,394			
	Puerto Davis	13,130			
	Puerto Leticia	2,633			
	34,344				

Sub-total 1		92,957			
Forestal Venao	Sawawo Hito 40	47,580	Region of Ucayali, province of Atalaya, district of Yurua	Group Certification under the management of Forestal Venao	Certified in April 2007
	Nueva Shahuaya	35,273			
Sub-total 2		82,853			
TOTAL (ha)		175,810			

Work Strategy

During the remaining duration of the project, sustainability-securing activities will be oriented towards maintaining and consolidating the accomplishments achieved to date in terms of number of certified areas, strengthening trade relations of certified private enterprises-Native Community Alliances and instructing forestry professionals so that they may become qualified to carry out certification audits.

8 Annual Certification Audits with Favorable Opinion

Technical assistance shall specifically concentrate on lifting the Non-Conformities identified in the 8 annual audits. To date, the certified Native Communities jointly with Forestal Venao, have complied with carrying out their respective annual audits in the field, (September - November 2007). By June they should have complied with implementing the necessary Corrective Action before the next audit, and this implies strengthening the capacities generated during the course of implementing the standards required for obtaining certification.

Lifting of Social Non-Conformities

Given the complex nature of the social aspect while interacting with communal forest management under FSC standards, the sustainability component of this work plan will need to center its efforts on correcting and overcoming the social Non-Conformities pointed out by the audits.

During this stage, it will be necessary to prioritize all of those activities related to training people on economic resource management, forest resource monitoring and stewardship and conflict resolution. Efforts must also strive to reinforce the theoretical concepts of certification, as these have not yet been successfully internalized by the Community members due to their difficulty and the level of theoretical understanding required.

It is important to explain that all of the activities to be carried out on the social plane, for the remaining duration of the project will set in place the initial conditions required to attain sustainability but will by no means guarantee sustainability since this can only be verified in the medium and long term and requires embarking on a process involving other players who are external to the Native Communities and their associated companies, such as regional and municipal governments, community-based organizations, INRENA, etc.

Search for Certified Wood Buyers

Specific certified wood buyers need to be identified for the clients listed below, so as to consolidate and strengthen the certification process being carried out by the enterprises and Native Communities. These clients include: Forestal Venao, Sinchi Roca (and associated enterprises), Pichis Communities (and associated enterprises) and MAPESA. Negotiations should seek to secure agreements that pay better prices and where possible, include the sale of “low commercial value” or “potential” species.

This activity will be carried out through a foreign consulting agent, and will consist of establishing business connections with buyers employed by independent companies or firms associated to serious trade networks in the US and Europe, or businesses interested in having partners or allies in Peru to enter joint ventures. To complement this strategy, PRA is currently coordinating efforts with Pro Inversión to form a portfolio of certified forest enterprises with the idea of promoting them both nationally and on a global level. The aim is to capture private investment to inject capital in productive infrastructure (in the forest and in the industry) and so that the certified enterprises may have more working capital.

Since the remaining project life is short and this is a strictly seasonal business, there will not be enough time for certified companies to realize sales abroad before the date of project termination. Moreover, there is no likelihood of selling certified wood nationally because, at least for now, the local market has no interest in purchasing certified wood products.

One of the pre-sale steps we intend taking is to ship samples to potential buyers, and hopefully we will receive formal purchase orders for the products offered.

Forest Certification Training for Professionals in Forestry

This activity aims to promote the development of a market of professionals with sufficient competencies to advise forestry concessionaries on the implementation of FSC principles and criteria. PRA currently is working with a small group of professionals trained in the certification process; however it is insufficient to meet the technical demand required to assure the sustainability of currently certified businesses and the participation of new concessions and native communities in the certification system in Peru.

An additional benefit which is indirect but no less important is the increase in the supply of local evaluators who can offer their services at a more accessible price – internal audits for the companies and native communities, and formal audits for the certifiers. Currently these services are largely provided by foreign professionals whose cost is not accessible for firms that require periodic internal audits of their certified areas.

To this end, a course will be offered to prepare auditors in forestry certification for forest management and custody chains. To implement this course PRA will hire a certifier that has the required training capacity.

A4e. Human Resources

The human resources required for this proposal include the forestry team directed by PRA's technical management team based in PRA's Lima office from where they monitor and supervise the implementation and progress made by the activities in the ESCs. The forestry team is made up of forestry manager, Ms. Maria Trujillo, supported by a forestry specialist, Ms. Elena Castro.

The activities are developed regionally by technical staff in the ESCs who work under the direction of the Pucallpa ESC headquarters. The activities of the Satipo forest component will be managed by the Pucallpa ESC so as to optimize administrative and technical efficiency. The exhibit below shows the composition of forestry team based in the Pucallpa ESC.

Exhibit 27. Forestry Technical Staff in the Pucallpa ESC

Position	Number
Pucallpa Economic Service Center (ESC)	
Business Agent	1
Forest Coordinator for the Ucayali-Pasco area of intervention	1
Forest Coordinator for the Junín area of intervention	1

Technical Support Staff

We have a group of national consultants trained in aspects of forest and industry chain of custody, in the evaluation of low-impact extraction activities, internal certification audits, and social and labor-related diagnostics, among others. The group is responsible for monitoring the implementation of the recommendations issued by the specialized technical assistance team.

A4f. Coordination Work with INRENA-CERFOR

Coordination work with INRENA through CERFOR (Oficina de Certificación Forestal), will be carried out as during the previous FY, and will include activities such as:

- Semimonthly meetings with the participation of CERFOR, PRA, and USAID.
- Establishment and execution of the work plan with specific activities according to the requirements of our individual clients, in connection with the legal aspects of their forest management areas.
- Monitoring advancement according to the established work plan.
- Programming trips for the CERFOR team for specific cases where it is necessary to prepare documents for refinancing, for land-titling legalizing processes and others.
- Monthly coordination meetings to discuss advancement of work plan between PRA Forestry, clients and technical administrators in Madre de Dios and Ucayali.
- Program field inspections with the IFFS and Technical Administrations for approval of the client GFMPs and POAs.

A4g. Budget

Forestry budget Scenario - February 2008

Forestry budget Phase I	\$1,200,000
Forestry budget (extension)	\$786,349
Total forestry budget	\$1,986,349

Amount invoiced throug December 31, 2007	\$1,400,386
Forestry budget remaining as of December 31, 2007	\$585,963

Budget line item	Assumptions	Projections January - September 30, 2008									Total projected
		ene-08	feb-08	mar-08	abr-08	may-08	jun-08	jul-08	ago-08	sep-08	
Salaries	2 LT Local proff, Expat/TCN/local STTA,support	\$11,659	\$16,045	\$10,645	\$31,725	\$20,645	\$17,772	\$4,522	\$4,522	\$3,258	\$120,794
Fringe	Corporate fringe (NICRA) and local fringe	\$1,046	\$1,046	\$1,046	\$1,046	\$1,036	\$1,038	\$1,038	\$1,038	\$1,026	\$9,358
Overhead	Based on current NICRA	\$7,494	\$10,208	\$6,867	\$19,911	\$13,049	\$11,272	\$3,073	\$3,073	\$2,283	\$77,231
Travel and Transportation	International and local travel for consultants	\$660	\$4,731	\$8,801	\$4,731	\$10,836	\$2,695	\$660	\$660	\$0	\$33,774
Allowances	Perdiem for intl. and local consultants	\$1,080	\$7,695	\$4,320	\$13,230	\$7,020	\$8,235	\$1,080	\$1,080	\$0	\$43,740
Other Direct Cost	DBA, SOS, reproduction, portion of FO costs, etc	\$1,499	\$1,866	\$2,078	\$2,113	\$2,401	\$1,757	\$1,399	\$1,399	\$1,399	\$15,909
EVF	No forestry equipment will be procured	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subcontracts	Pucallpa's forestry costs + certifications	\$31,700	\$26,248	\$25,151	\$41,164	\$24,433	\$25,722	\$18,588	\$14,054	\$6,840	\$213,900
Forestry trainings		\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$10,000
Subtotal		\$55,137	\$67,838	\$58,909	\$113,920	\$89,421	\$68,491	\$30,359	\$25,825	\$14,806	\$524,706
G&A	Based on currrent NICRA	\$2,636	\$3,243	\$2,816	\$5,445	\$4,274	\$3,274	\$1,451	\$1,234	\$708	\$25,081
Fee		\$3,801	\$4,677	\$4,061	\$7,854	\$6,165	\$4,722	\$2,093	\$1,781	\$1,021	\$36,176
Total	Projected forestry expenses	\$61,574	\$75,758	\$65,786	\$127,219	\$99,860	\$76,488	\$33,904	\$28,840	\$16,534	\$585,963

INTERNATIONAL CONSULTING PRA GOAL SEP 2008

COMPANY	ACTIVITY	2008									Total days
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
ACTIVITY NO. 1: FOREST CERTIFICATION											
NEMATSA	Consolidation of GFMP and POA and Environmental impact method		20								20
	Forest operations				20						20
	Monitoring of forest roads and Environmental impact assessment				20						20
	Monitoring of Permanent Sampling Blocks and forest structure					20					20
	BAVC		26								26
	Support for lifting Non-Conformities										20
	International Consulting										126
Forestal Venao (4 CCNN)	Monitoring of Permanent Sampling Blocks and forest structure			25							25
	Environmental impact assessment				10						10
	Support for lifting Non-Conformities										15
	International Consulting										50
Forestal Otorongo	BAVC and forest structure				15						15
	Support for lifting Non-Conformities										15
	International Consulting										30
All clients	External Evaluation				8						8
SUB-TOTAL 1	Total International Consulting										214
ACTIVITY NO. 2: SUSTAINABILITY											
Lifting of "Non-Conformities"											
All clients	Evaluation of sustainability activities		5			5					10
Search for certified wood markets/buyers											
Forestal Venao, CCNN Sichi Roca, Pichis Palcazú & MAPESA	Identification of specific buyers for the 4 clients				20	20	5				45
SUB-TOTAL 2	Total International Consulting										55
TOTAL											269

NATIONAL CONSULTING PRA GOAL SEP 2008												
COMPANY	Areas	ACTIVITY	2008									Total days
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
ACTIVITY NO. 1: FOREST CERTIFICATION												
NEMATSA	25,000	Estudio y monitoreo de fauna			30							30
		Environmental impact monitoring										0
		Social Diagnostic	30	30								60
		Social impact monitoring				30						30
		Chain of custody	30	30	30	30	30	30	30	30		240
		Software for chain of custody	20		10	10						40
Total		Consulting NEMATSA									360	
Forestal Venao (4 CCNN)	77,585	Study and monitoring of fauna			30							30
		Environmental impact monitoring			30	30		30			90	
		Social impact monitoring	30	30	30	30	30	30	30	30	240	
		CoC monitoring	20		20		10				50	
Total		Consulting Forestal Venao									410	
FORSAC	44,678	Forest operations					20	20				40
		BAVC				30					30	
		Environmental monitoring					30				30	
		Social monitoring			20						20	
Total		National consulting									120	
Forestal Otorongo	76,659	CoC monitoring		10	10	10	10	10			50	
		Social monitoring			15		15				30	
Total		National consulting									80	
SUB-TOTAL 1											970	
ACTIVITY NO. 2: SUSTAINABILITY												
Lifting of Non- Conformities												
Venao	82,853	CoC monitoring	10	10	10	10	10	10				60
		Social monitoring	15	30	30	30	30	30				165
		Social monitoring			30	30	30	30				120
		Social monitoring			30	30	30	30				120
		Environmental monitoring	30									30
		National consulting										495
CCNN Under management of AIDER (7 CCNN)	92,957	2008 Census			30	30						60
		Forest production	30	30	30	30	30	30	30			210
		CoC monitoring	20	10	10	10	10	10				70
		Environmental monitoring	30	30	30	30	30	30	30	30		240
		Community strenghtening		20	30	30	30	30	30			
		Social monitoring			30	30	30	30	30			150
		NRENA – SUNAT processes		30	30	30						90
		National consulting										730
SUB-TOTAL 2		National consulting									1,225	
CERTIFICATION COORDINATION WORK												
		Business Agent	20	15	15	15	15	15	15			110
		Coordination with Ucayali clients	30	30	30	30	30	30	30	30		240
		Coordination with Satipo clients	30	30	30	30	30	30	30	30		240
		Coordination with CCNN		30	30	30						90
SUB-TOTAL 3												680
TOTAL		National consulting										2,875

B. Project Support Activities

B1. Project Management and Administration

For FY 2008 PRA's Lima-based technical management and administrative team, with support from the Washington-based project management unit (PMU), will focus parallel efforts on maximizing project impact, meeting and exceeding contractual obligations, and achieving an efficient project close-out. Key close-out actions are described in the next section and ongoing activities for technical management and administration are summarized below:

Technical Management

- Oversee operations in ESCs
- Manage operational relationships with PRA alliance partners
- Assist USAID in the identification of additional alliance partners
- Oversee areas of communications and monitoring and evaluation
- Facilitate information to the firm identified by USAID to conduct the final project evaluation
- Prepare reports for USAID and collect and disseminate lessons learned, best practices, and success stories.
- Liaise with USAID, the GOP, the Peruvian private sector, and other development projects as required

Administration

- Oversee accounting, subcontracts, inventory, and financial management
- Manage day to day operations in Lima office
- Ensure compliance with USAID regulations, Chemonics' policy, and Peruvian labor law
- Prepare reports for USAID and collect and disseminate lessons learned, best practices, and success stories.
- Liaise with Washington-based PMU and Chemonics' support units as required

B2. Monitoring and Evaluation

M&E activities are focused primarily on consolidating the information provided by the ESCs and their clients, controlling the quality of the information provided, verifying the causality (i.e. that the results can be attributed to a PRA project intervention), analyzing the work strategy of the ESCs with their clients (business plans), and ensuring the accuracy of the reported sales, investment and employment figures.

In addition to the three main indicators for the business component (sales, jobs, and investment), at the request of USAID, PRA is monitoring the following complementary indicators:

Exhibit 28. PRA Complementary Indicators

COMPONENT	INDICATOR
Border Piura-Jaén (Private sector productivity)	# of firms that implement management improvements
Border Piura-Jaén (Private sector productivity)	# of firms that invest in improved technology
Border Piura-Jaén (Private sector productivity)	# of microenterprises that participate in value chains supported by the project
Forestry Businesses (Natural Resources and Biodiversity)	# of beneficiaries from certified forestry businesses (employment)
Forestry Businesses (Natural Resources and Biodiversity)	Sales from certified forestry businesses
Forestry Businesses (Natural Resources and Biodiversity)	# of hectares of forest certified
Financial Services	# of small and microenterprises that access loans from financial institutions

At USAID’s request in 2006, the measurement of employment, which is done through labor coefficients, should consider the generation of labor “forward” and “backward” along the value chain, as long as this occurred within the corridor. This was applied initially in Piura and then extended to the rest of the corridors. The coefficients are reviewed annually to determine any adjustments that need to be made.

For FY 2008, the PRA M&E team will carry out the following activities:

<i>Activity 1: In each case, determine the extent to which the results of an ESC can be attributed to PRA project interventions (i.e. cause-effect analysis)</i>
<ul style="list-style-type: none"> – Task 1: Collection and analysis of Business Plans – Task 2: Archive business plans
<i>Activity 2: Verify and audit, in the field, the results of the business plans implemented by the ESCs. The goal is to audit and verify the information of at least 90% of the ESCs’ clients</i>
<ul style="list-style-type: none"> – Task 1: Schedule and conduct field visits – Task 2: Analyze the data – Task 3: Prepare the audit report
<i>Activity 3: Verify the results of PRA interventions in the communities in Alternative Development Areas (Ficha 6)</i>
<ul style="list-style-type: none"> – Task 1: Selection of business plans (clients) to be measured and audited – Task 2: Schedule field visits, collection and analysis of the data – Task 3: Prepare the results report
<i>Activity 4: Estimate the coverage of cultivated areas (number of hectares for</i>

<i>agriculture) related to the on-going business plans</i>
<ul style="list-style-type: none"> – Task 1: Request data to the ESCs – Task 2: Collect and analyze the data – Task 3: Prepare the results report
<i>Activity 5: Evaluate and verify the complementary information of on-going businesses (e.g exports, micro-enterprises, etc.- Ficha 5)</i>
<ul style="list-style-type: none"> – Task 1: Schedule the activity with the ECSs and distribution of material for the collection of data – Task 2: Collect and analyze the data – Task 3: Prepare the results report
<i>Activity 6: Update and check the results database for consistency</i>
<ul style="list-style-type: none"> – Task 1: Input the data – Task 2: Perform data consistency analysis – Task 3: Send the database to the ESCs
<i>Activity 7: Prepare official reports for USAID and the PRA management team</i>
<ul style="list-style-type: none"> – Task 1: prepare the quarterly M&E reports – Task 2: prepare the semi-annual M&E reports – Task 3: Prepare the annual M&E report – Task 4: Prepare the Alternative Development area report – Task 5: Prepare periodic special reports
<i>Activity 8: Prepare special reports and studies on the impacts of the PRA project</i>

Resources: The PRA M&E team consists of four professionals:

- The head of the M&E unit
- Three M&E specialists
- One system analyst (SISMONITOR)

B3. Communications

Communicating project impact is taking on increasing importance as PRA approaches close-out. Capturing eight years of program impact and lessons learned and communicating it to a variety of audiences is a challenging yet rewarding task as more and more people learn about the innovative and successful PRA methodology and the new economic opportunities the project is helping to create across the country. Due to limited resources PRA has lacked a dedicated communications unit, however in the final year we are receiving support from a part time communications intern. This person will provide support to the Chief of Party, National ESC Director, and Operations Manager in preparing the bulletin, tracking coverage of PRA in the press, photographing important events, and preparing other communications materials. In addition to highlighting project impact in a final report and final event (explained further in the close-out section of the work plan) this year the project will:

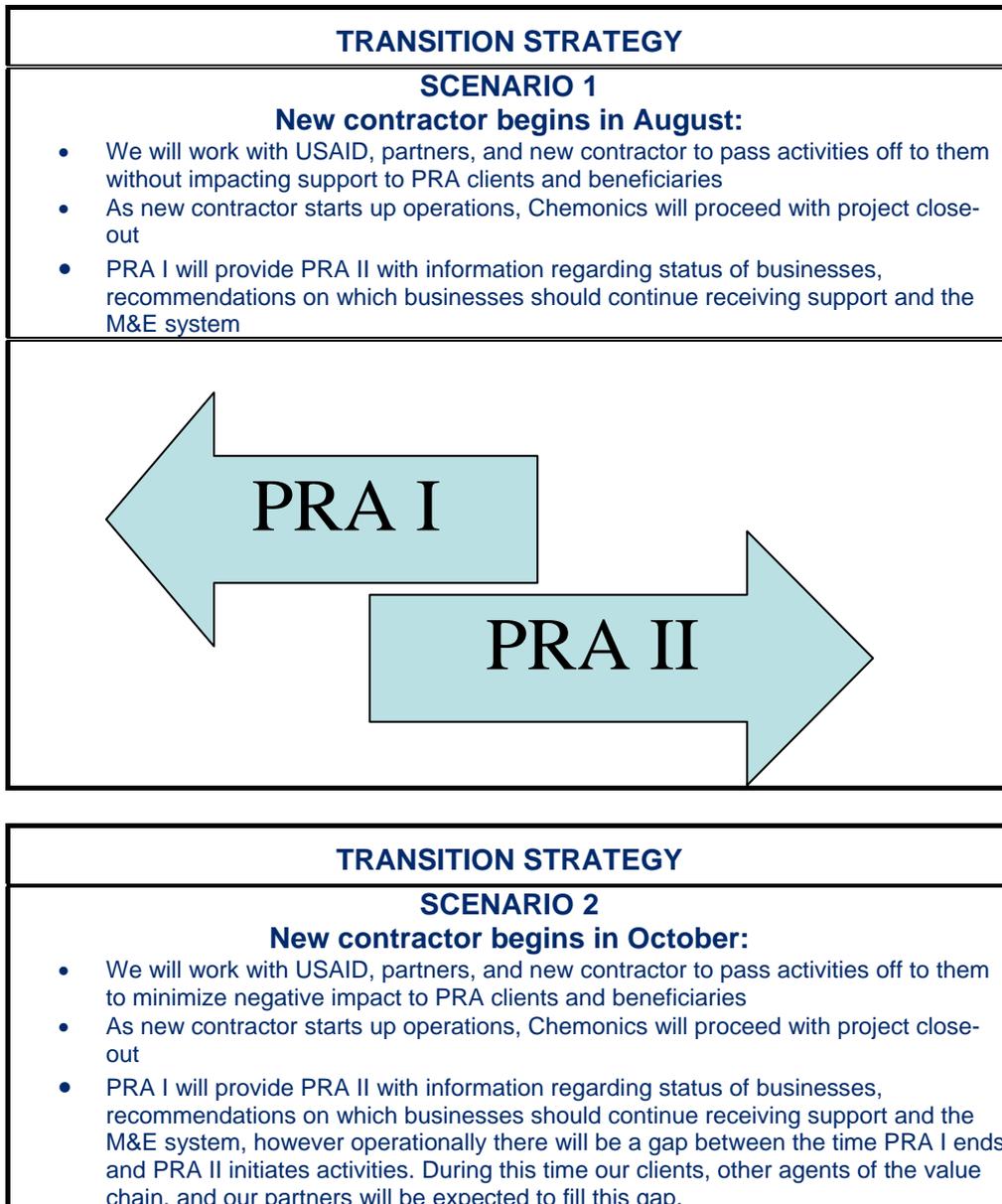
- Issue its final bulletin
- Conclude the release of a redesigned, updated, and translated website (www.proyectopra.com) to include a wealth of information on the project, ESCs, clients, products, past bulletins, etc.
- Continue to carryout presentations to public and private institutions including other USAID missions, IDB, university groups, etc. interested in learning about PRA approach.

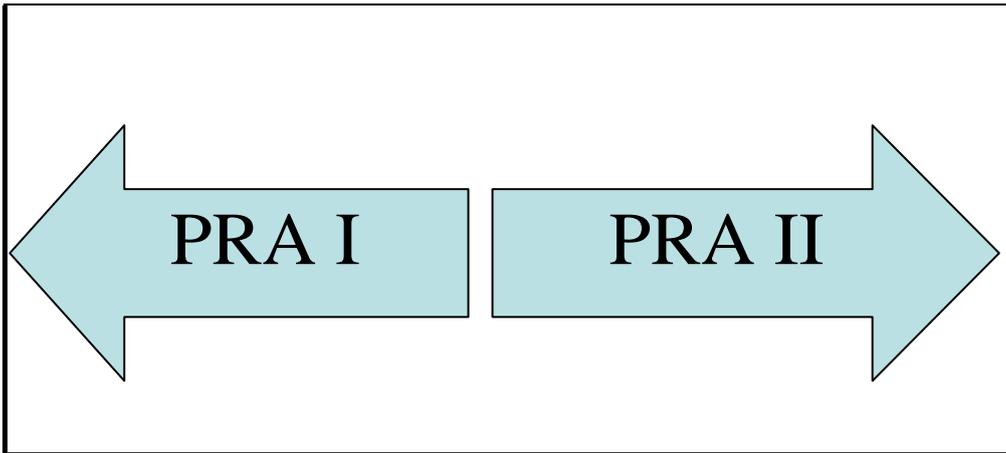
C. Project Close-Out

In parallel to normal project operations, this year the technical management and administration teams will be carrying out all the required activities to achieve a smooth and efficient project close-out. While it is very likely that USAID will implement the “continuation” of PRA in some shape or form, it is also clear that the current project must comply with all the required actions for contractual close-out. Possible transition scenarios and action plans for both technical and administrative close-out are detailed below.

C1. Possible Close-Out Scenarios

As the PRA project approaches close-out possible scenarios for a transition from the current project to the next phase of USAID’s economic growth interventions become clearer. We currently envision three possible scenarios.



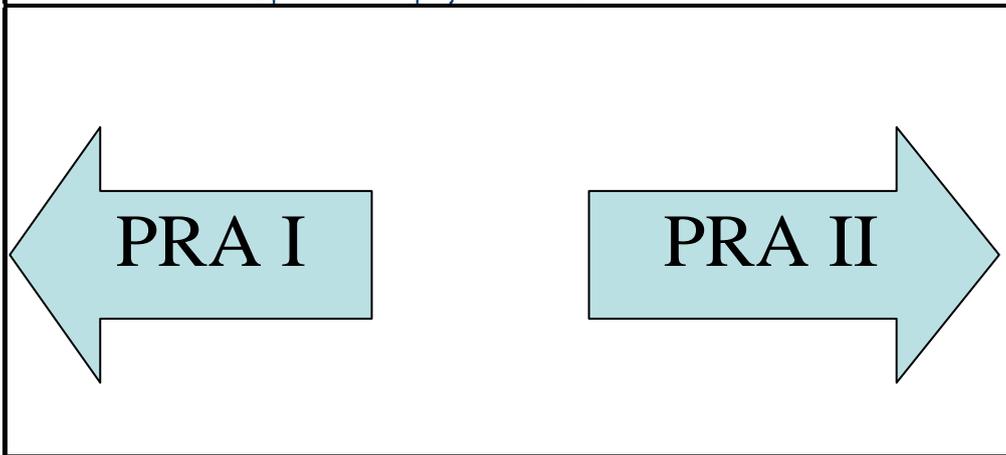


TRANSITION STRATEGY

SCENARIO 3

New contractor begins in January or later:

- Prepare partners to assume responsibility of running the ESC for the period of a few months until a new contractor is identified
- Chemonics will proceed with project close-out



C2. Technical Activities

A number of technical activities both in the ESCs and the Lima office must be carried out in order to effectively transition PRA from one contractor to another, avoid negative impacts to clients and beneficiaries, and minimize the loss of financial and human resources. The main activities are detailed below:

- Talk to clients and beneficiaries about the close-out to prepare them to continue without PRA's support (at least for a period of time)
- Begin to prepare partners to take a lead role during the gap between Chemonics and the future contractor identified by USAID
- Prior to closure each ESC will prepare a report detailing the status of each business (level of graduation) and identifying bottlenecks that still must be resolved to improve their productivity and become sustainable. This report should also make recommendations on what businesses are key for the development of the corridor and should continue receiving support in PRA's second phase.
- The M&E team will report the final results of the project using and estimate of the last quarter
- Hold transition or knowledge sharing meetings with the new contractor and/ or PRA partners to share information on each business, the PRA approach, the monitoring and evaluation system, etc.
- Prepare and distribute final report highlighting project impact and lessons learned
- Finalize technical assistance for businesses and hold closing ceremonies at each ESC
- Hold PRA close-out ceremony in Lima with representatives from USAID, GOP, the private sector, Chemonics Washington, clients, operators, ESC staff, beneficiaries, etc.
- Finalize forestry technical assistance and prepare report on status of each forestry client
- Prepare and submit to USAID FY 2008 annual report

C3. Administrative Activities

Likewise, a number of administrative activities both in the ESCs and the Lima office must be carried out in order to achieve an efficient close-out. The main activities are detailed below:

- Hold close-out preparatory meeting with subcontractors
- Prepare the disposition of inventory for USAID approval in both ESCs and Lima office
- Program office closures in ESCs and Lima (cancellation of services, turn in office to landlords, etc.)
- Final administrative and financial audits of ESCs and Lima office to resolve any discrepancies
- Finalize employment contracts for ESC staff prior to August 30 and Lima office staff prior to September 30. All terminations will be carried out in accordance with Peruvian labor law.

- Review final invoice from subcontractors, issue final payment, and close-out subcontracts
- Determine disposition of intellectual property (reports, web page, M&E system)
- Prepare files to be shipped to Washington
- Close-out Chemonics / USAID contract from Washington

D. Timetable for Planned Activities – Gantt Chart

Exhibit 29. Gantt Chart of FY 2008 PRA Project Activities												
Programmed Activities	2007			2008								
	10	11	12	1	2	3	4	5	6	7	8	9
Technical Implementation												
Implementation of business plans												
Provision of technical assistance to client businesses to resolve bottlenecks and constraints to growth												
Inform and involve regional and local governments in PRA activities												
Talk to clients and beneficiaries about the close-out to prepare them to continue without PRA's support (at least for a period of time)												
Prepare partners to take a lead role during the gap between Chemonics and the future contractor identified by USAID												
Submission of report from each ESC												
Culmination of technical assistance to client businesses												
Hold transition or knowledge sharing meetings with the new contractor and/ or PRA partners to share information on each business, the PRA approach, the monitoring and evaluation system, etc.												
Close ESCs or transfer to another entity												
Finalize forestry technical assistance and prepare report on status of each forestry client												
Monitoring and Evaluation												
Finalize and disseminate results of Poverty Assessment Tool applied to PRA												
M&E team reviews compliance with business plans for graduation												
M&E team conducts field verification visits												
Evaluate and verify the complementary information of the on-going business (e.g exports, micro-enterprises, etc.- Ficha 5)												
Verify the results of the PRA Project intervention in the communities in Alternative Development Areas (Ficha 6)												
Enter data in SISMONITOR												
Review labor coefficients												
Estimate results for final quarter												
Prepare M&E reports for USAID and PRA Management												

Programmed Activities	2007			2008								
	10	11	12	1	2	3	4	5	6	7	8	9
Communications and Reporting												
Produce and submit quarterly reports				■			■			■		
Produce and submit semi-annual and annual reports												■
Release updated web page					■							
Produce and disseminate project bulletin									■			
Prepare final report highlighting project impact and lessons learned						■	■	■	■	■	■	■
Hold PRA close-out ceremony in Lima with representatives from USAID, GOP, the private sector, Chemonics Washington, clients, operators, ESC staff,											■	
Administration												
Close-out planning	■	■	■	■	■	■						
Hold close-out preparatory meeting with subcontractors						■						
Prepare the disposition of inventory for USAID approval in both ESCs and Lima office									■	■	■	
Program office closures in ESCs (cancellation of services, turn in office to landlords, etc.)											■	
Program office closure in Lima (cancellation of services, turn in office to landlords, etc.)												■
Final administrative and financial audits of ESCs and Lima office to resolve any discrepancies								■		■	■	
Finalize employment contracts for ESC staff											■	
Finalize employment contracts for Lima staff												■
Review final invoice from subcontractors, issue final payment, and close-out subcontracts												■
Determine disposition of intellectual property (reports, web page, M&E system)											■	
Prepare files to be shipped to Washington											■	■