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PRA PROJECT ANNUAL REPORT

FY 2010

NEW PRIVATE SECTOR COMPETITIVENESS AND POVERTY REDUCTION AND ALLEVIATION ACTIVITY

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ACRONYMS

ADEX	Exporters Association
CLIN	Cost Line Item Number
COMEX	International Trade Society of Peru
CONFIEP	National Confederation of Private Business Institutions
ESC	Economic Service Center
FSC	Forest Stewardship Council
GAP	Good Agricultural Practices
GDA	Global Development Alliance
MOU	Memorandum of Understanding
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PRA	Poverty Reduction and Alleviation Project
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Program
USAID	United States Agency for International Development
VRAE	Apurímac and Ene River Valley

EXECUTIVE SUMMARY

USAID's New Private Sector Competitiveness and Poverty Reduction and Alleviation Activity (PRA II) was launched on September 28, 2009, with a focus on establishing the foundations for sustainability of the PRA model. PRA II builds on the work of a previous ten-year activity that helped increase the incomes of the rural poor by promoting enterprise growth in economic corridors—natural geographic networks that link rural areas with intermediate cities, and in turn with domestic and international markets.

Activities in FY 2010 revolved around building new alliances designed to sustain the Economic Service Centers (ESCs) established by the project and enhance the impact of USAID's contributions to economic development in Peru. A cornerstone of the project, the ESCs foster market-driven enterprise growth in the corridors by facilitating access to market information, technical assistance, and financial services; brokering deals between buyers, investors, and producers; and promoting public-private partnerships to spur business growth.

With a clear mandate, the five-year PRA II project embarked on intense alliance-building activities that leveraged $4.2 million in new resources through signed memoranda of understanding (MOUs) between USAID and eight private partners:

- *Compañía de Minas Buenaventura*
- *Compañía Minera Antamina*
- *Clinton Giustra Sustainable Growth Initiative*
- *Minsur*
- *Odebrecht Perú Ingeniería y Construcción*
- *Compañía Minera Raura*
- *Empresa Minera Los Quenuales*
- *Minera Barrick Misquichilca*

These resources are geared to funding the operations of seven ESCs in the Ancash, Huancavelica, Puno, Cusco, Madre de Dios, Sierra Norte de Lima-Huánuco, and Arequipa corridors. In addition, ***Minera Barrick Misquichilca*** and ***Compañía Minera Poderosa*** have committed to providing resources to fund an additional ESC (Sierra de La Libertad), and their corresponding MOUs will be signed at the beginning of the next fiscal year.

The total funds leveraged in FY 2010 with signed and pending MOUs amount to $5.1 million, which is equivalent to 142 percent of the resources provided by USAID to fund the ESCs ($3.6 million) over a period of three years. This amount exceeds the life-of-project target for resources leveraged through Global Development Alliances (GDAs), which was set at $4 million in five years, marking a significant milestone in the first year of PRA II.

In addition to the seven ESCs jointly funded by USAID and private partners, two other ESCs started operations in FY 2010 solely with USAID funds—Ayacucho and Junín-Pasco—given their socioeconomic importance and production potential. Just one day after the end of the fiscal year (October 1, 2010), another milestone was achieved as the 10th ESC, in Sierra de La Libertad, was opened, making a total of 10 ESCs operational at the time of report writing. The Sierra de La Libertad ESC launched operations with USAID funds only, but resources from private partners will be channeled during the first months of FY 2011. The timeline in Chapter 2 presents a graphic representation of ESC developments in FY 2010.

PRA II sales in FY 2010 totaled $4,079,110, exceeding by 32 percent the annual project target. The corresponding new employment generated was 148,231 days of work, which was only 47 percent of the annual target. This underperformance can be partly explained by the lower-than-expected sales growth of labor-intensive products such as asparagus and rice in the Ancash corridor. Though only the Ancash and Huancavelica ESCs had set targets for sales and new jobs—as they were the only centers operating since the very beginning of PRA's second phase—three other ESCs reported net sales and new jobs: Ayacucho, Junín-Pasco, and Cusco. The Ancash and Ayacucho ESCs also generated new investments worth a total of $326,130. Furthermore, 77 business plans were implemented during FY 2010, of which 31 plans with 27 client companies reported results. The PRA II product portfolio in this period included 27 sub-products. Additional details can be found in Chapter 1, "The PRArometer," and Chapter 3, "The Economic Service Centers."

The main challenge facing the project team was to simultaneously fulfill what should have been sequential targets: leveraging GDA resources, opening ESCs, and generating new sales, jobs, and investments from the very first year of the PRA II project. Although PRA II ended FY 2010 with strong results—9 ESCs in operation and $5.1 million in leveraged funds—a 6- to 12-month period solely dedicated to alliance-building would have optimized resources and likely led to better results within the ESCs. The project devoted considerable time and effort to designing and developing a set of new tools to support the intense alliance-building and negotiation process: GDA proposals that include ESC start-up costs, co-financing schemes, formal documents such as MOUs and grant agreements, and procedures to operationalize all of these elements. This complex undertaking has been systematized through well-documented templates and clear methodologies.

FY 2010 was a year to learn and develop best practices on alliance building and management. It was also a time to build the competitiveness of small producers while incorporating dimensions related to the quality of life, wellbeing, and poverty situation of target beneficiaries by addressing potential impacts on gender equity, the environment, biodiversity, labor rights, and the inclusion of disadvantaged populations. The outcomes of these efforts are highlighted in the success stories in Chapter 5.

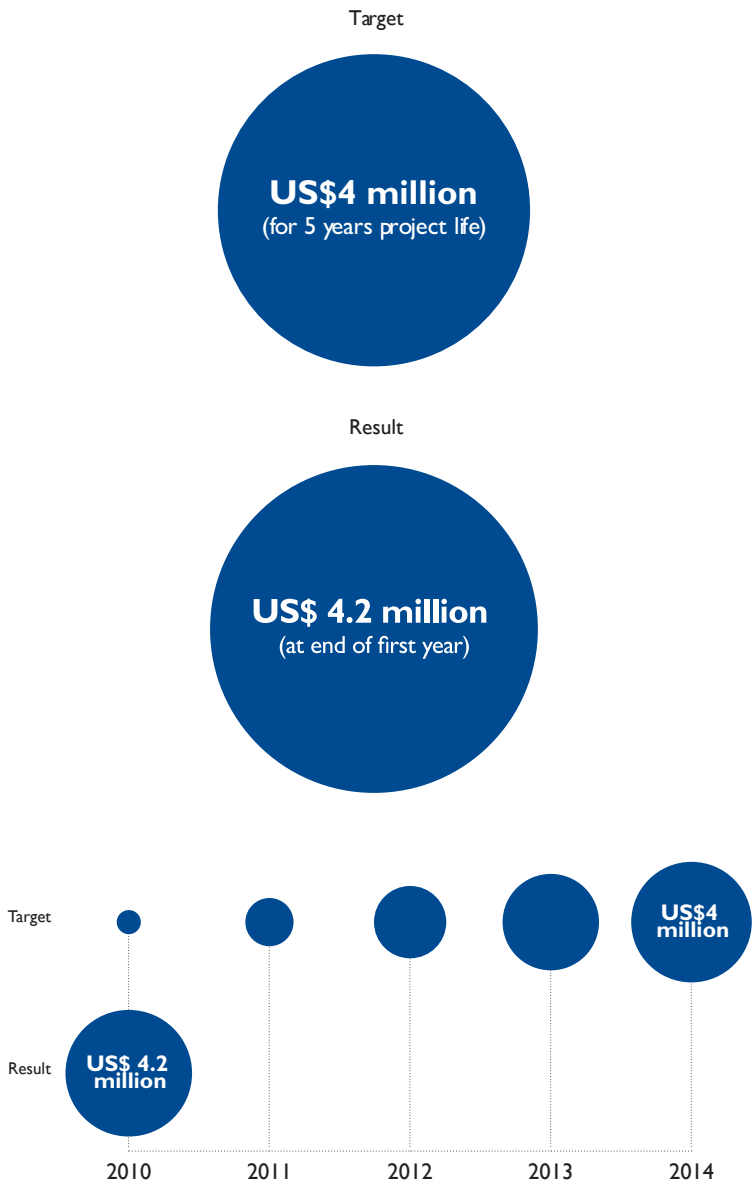
I. THE PRArometer

FY 2010 Results Versus Targets

1.1. Resources Leveraged from Global Development Alliances

Ensuring the sustainability of the Economic Service Centers (ESCs) is a key challenge for the PRA II project, which started on September 28, 2009. Meeting this challenge requires a concerted effort to build Global Development Alliances (GDAs) aimed at leveraging USAID's economic growth and poverty reduction efforts. The successful alliances built during the first phase of the PRA project—between USAID, *Compañía de Minas Buenaventura*, and *Sierra Exportadora* to fund the Huancavelica ESC and between USAID, *Compañía Minera Antamina*, and *Sierra Exportadora* to fund the Ancash ESC—set the stage for replication with other potential partners during PRA's second phase. The life-of-project target is to leverage at least $4 million in GDAs or public-private partnerships to support ESC operations. To that end, the project team made the development of alliances with mining, construction, and energy companies one of its very first tasks.

Figure 1.1.1. Funds Leveraged from GDAs



In its first seven months of operations, the PRA II project had already secured a total of $4.2 million in resource commitments from eight private partners that will contribute to funding seven ESCs: Compañía de *Minas Buenaventura, Compañía Minera Antamina, Minsur, Compañía Minera Raura, Empresa Minera Los Quenuales, Minera Barrick Misquichilca,* Clinton Giustra Sustainable Growth Initiative, and *Odebrecht Perú Ingeniería y Construcción*.

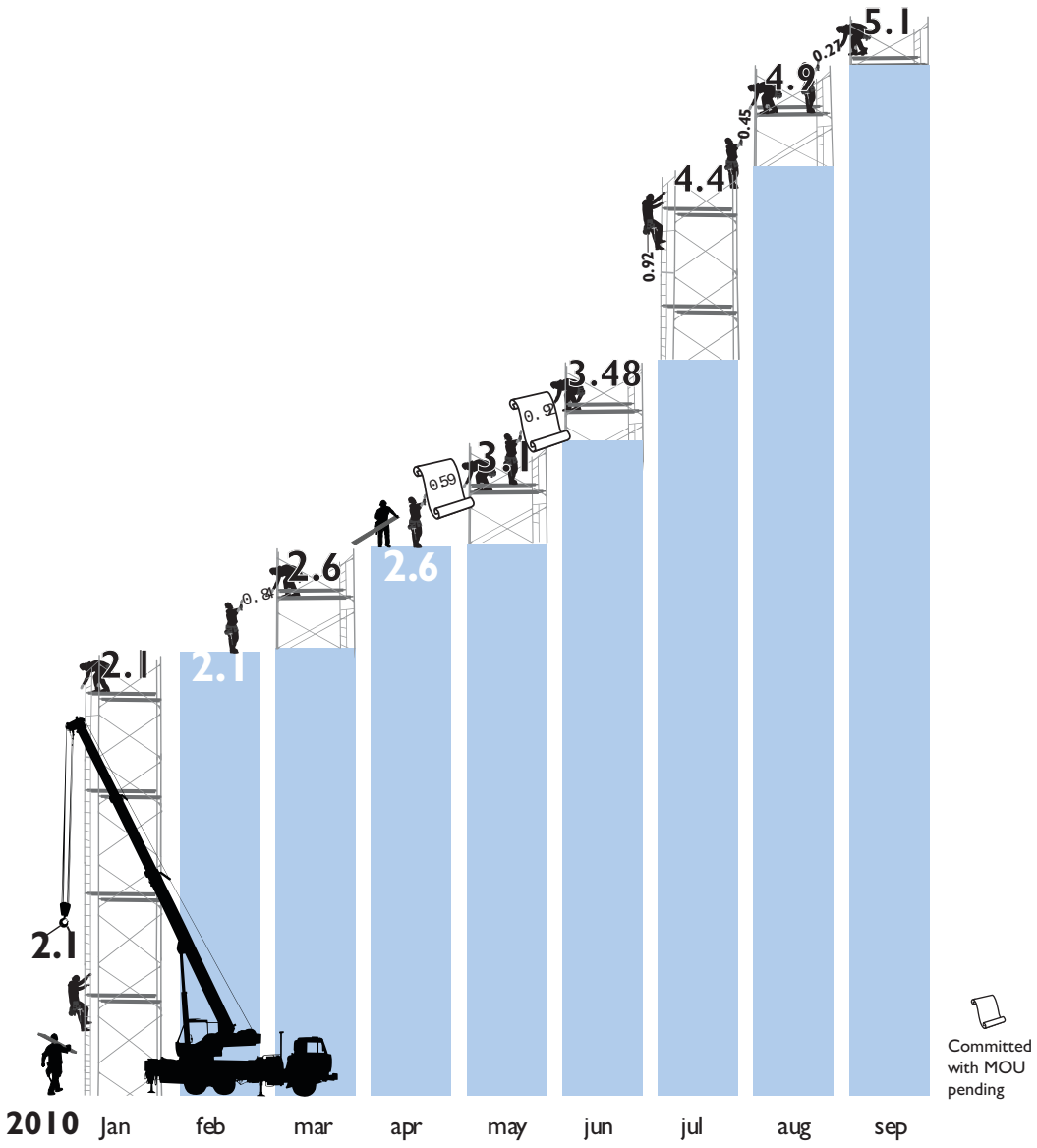
By the end of FY 2010, USAID had signed MOUs with these private partners to formalize the alliances (see Table 1.1.1). In May and June 2010, *Minera Barrick Misquichilca* and *Compañía Minera Poderosa* committed to funding an additional ESC, and their corresponding MOU will be signed at the start of the next fiscal year. The total funds leveraged in FY 2010 with signed and pending MOUs amount to $5.1 million, which is equivalent to 142 percent of resources provided by USAID, exceeding the life-of-project GDA leverage target. Public sector organizations have also joined in supporting PRA II. *Sierra Exportadora* continued its alliance with USAID, and the Regional Government of Lima is supporting the GDA for the Sierra Norte de Lima-Huánuco economic corridor.

Table 1.1.1. PRA II Resource Partners and Funds Leveraged as of September 2010

	PARTNER	YEAR 1	YEAR 2	YEAR 3	TOTAL
Ancash	Antamina	$468,792	$468,792		$937,584
	Clinton Foundation	$314,162			$314,162
	Barrick	$133,613	$133,613		$267,225
	USAID	$155,250	$155,250		$310,500
	Subtotal	$1,071,817	$757,655		$1,829,471
Huancavelica	Buenaventura	$183,014	$183,014	$183,014	$549,042
	USAID	$183,014	$183,014	$183,014	$549,042
	Subtotal	$366,028	$366,028	$366,028	$1,098,084
Puno	Minsur	$168,592	$168,592		$337,184
	USAID	$168,592	$168,592		$337,184
	Subtotal	$337,184	$337,184		$674,368
Cusco-Madre de Dios	Odebrecht	$160,075	$160,075	$160,075	$480,224
	USAID	$160,075	$160,075	$160,075	$480,224
	Subtotal	$320,149	$320,149	$320,149	$960,448
Sierra Norte de Lima Huánuco	Buenaventura	$132,302	$132,302	$132,302	$396,906
	USAID	$132,302	$132,302	$132,302	$396,906
	Los Quenuales	$88,201	$88,201	$88,201	$264,604
	Raura	$88,201	$88,201	$88,201	$264,604
	Subtotal	$441,007	$441,007	$441,007	$1,323,020
Arequipa	Buenaventura	$150,918	$150,918	$150,918	$452,755
	USAID	$226,377	$226,377	$226,377	$679,132
	Subtotal	$377,296	$377,296	$377,296	$1,131,887
La Libertad*	Barrick	$196,917	$196,917	$196,917	$590,752
	USAID	$196,917	$196,917	$196,917	$590,752
	Subtotal	$393,835	$393,835	$393,835	$1,181,504
La Libertad-Pataz*	Poderosa	$95,919	$95,919	$95,919	$287,757
	USAID	$95,919	$95,919	$95,919	$287,757
	Subtotal	$191,838	$191,838	$191,838	$575,514
	Total	$3,499,153	$3,184,991	$2,090,152	$8,774,296
	Private Partners	$2,180,707	$1,866,545	$1,095,548	$5,142,799
	Total USAID	$1,318,446	$1,318,446	$994,604	$3,631,497

* MOU to ve signed in FY2011

Figure 1.1.2. GDA Leveraged and Committed Resources ($ million)



January: *Buenaventura, Antamina* and the Clinton Foundation, and *Minsur* sign MOUs with USAID to fund the Huancavelica, Ancash, and Puno ESCs, respectively.

March: *Odebrecht Perú* signs an MOU with USAID to fund the Cusco and Madre de Dios ESCs.

May: *Barrick* commits to funding the Sierra de La Libertad ESC (MOU to be signed in December 2010).

June: *La Poderosa* commits to funding the Sierra de La Libertad ESC starting in January 2011.

July: *Buenaventura, Los Quenuales, Raura*, and the Regional Government of Lima sign MOU with USAID to fund the Sierra Norte de Lima-Huánuco ESC.

August: *Buenaventura* signs MOU with USAID to fund the Arequipa ESC.

September: *Barrick* signs MOU with USAID to fund the Ancash ESC.

O'Brien and Associates International, a U.S.-based subcontractor under the PRA contract, undertook research work in the U.S. to identify potential resource partners and client companies who may be interested in partnering with USAID to source from local producers in Ayacucho, a corridor where no national-based partner has been engaged. O'Brien and Associates International also did field work in Ayacucho and will produce concept papers for prospective partners.

Meetings of ESC Steering Boards

Between April and July 2010, four ESCs held their first Steering Board meeting, as follows:

Corridor	Date
Ancash	April 22
Cusco-Madre de Dios	June 18
Puno	July 8
Sierra Norte de Lima-Huánuco	July 26

The purpose of the first ESC Steering Board meeting was three-fold: appoint each partner organization's representative and alternate members to the Steering Board, discuss and approve the 2010-2011 annual work plan for the ESC, and review PRA II's monitoring and evaluation system. In all four cases, the meeting objectives were met.

On August 27, 2010, the Ancash ESC Steering Board met again to review the center's latest developments.

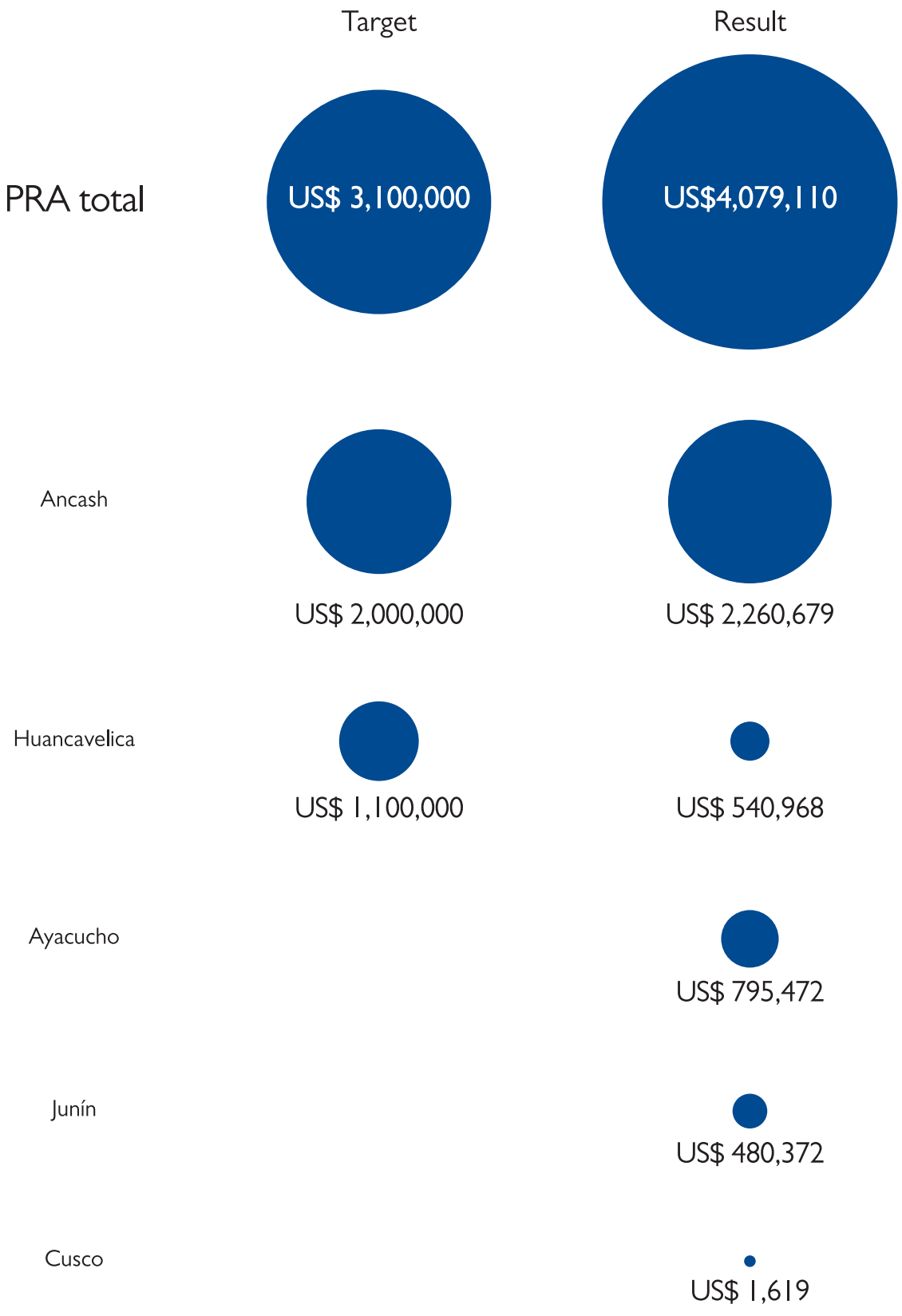
1.2. Incremental Sales

Overall, PRA II incremental sales for FY 2010 were $4,079,110, surpassing the annual target of $3,100,000 by 32 percent (see Figure 1.2.1).

The Ancash and Huancavelica ESCs, which had been operating before the start of PRA's second phase, were the only centers with predetermined sales and employment targets for FY 2010. As the other centers had a late start, no targets were set for them.

The Ancash ESC greatly contributed to PRA's overall incremental sales, with $2,260,679, or 55 percent of total sales, exceeding its own target of $2 million by 13 percent. The Huancavelica ESC contributed with $540,968 in net sales, or 13 percent of total sales, lagging behind its target by 51 percent. However, the Ayacucho, Junín-Pasco, and Cusco ESCs, which had no set targets, made up for the underperformance of the Huancavelica ESC with net sales of $795,472, $480,372, and $1,619, respectively.

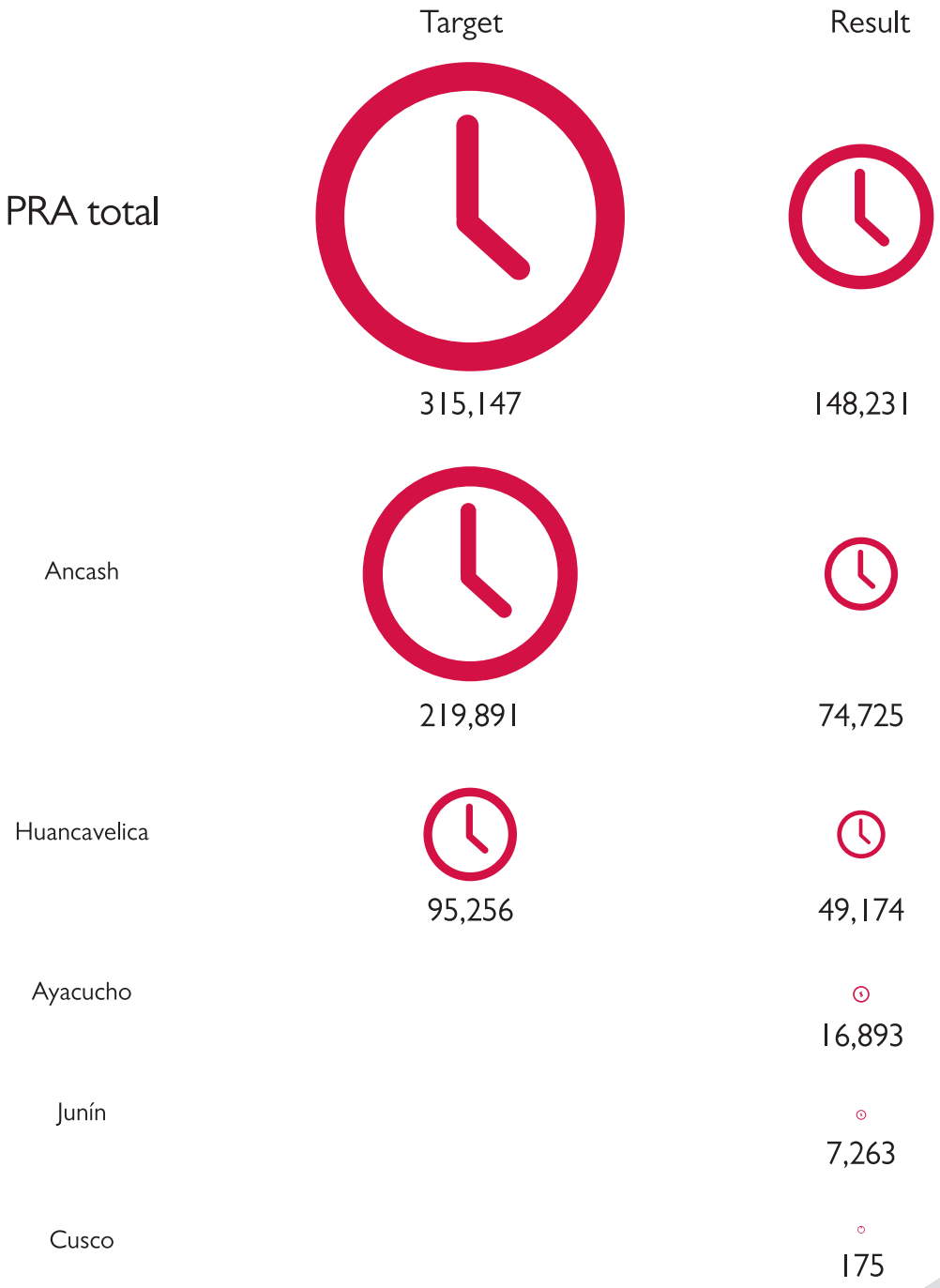
Figure 1.2.1. Incremental Sales



1.3. New Jobs

PRA II generated 148,231 days of work, or 47 percent of the target, in FY 2010 (see Figure 1.3.1). The gap between employment targets and results is larger for the Ancash ESC, where only 34 percent of the employment target was met, with 74,725 days of work. This underperformance can be explained by the actual sales of labor-intensive asparagus and rice production, which did not grow as expected, partly due to a downturn in international demand. The Huancavelica ESC generated 49,174 days of work, accounting for 52 percent of its employment target. The Ayacucho, Junín-Pasco, and Cusco ESCs generated new employment, but did not make up for the job results in Ancash and Huancavelica to meet the project's overall new employment target.

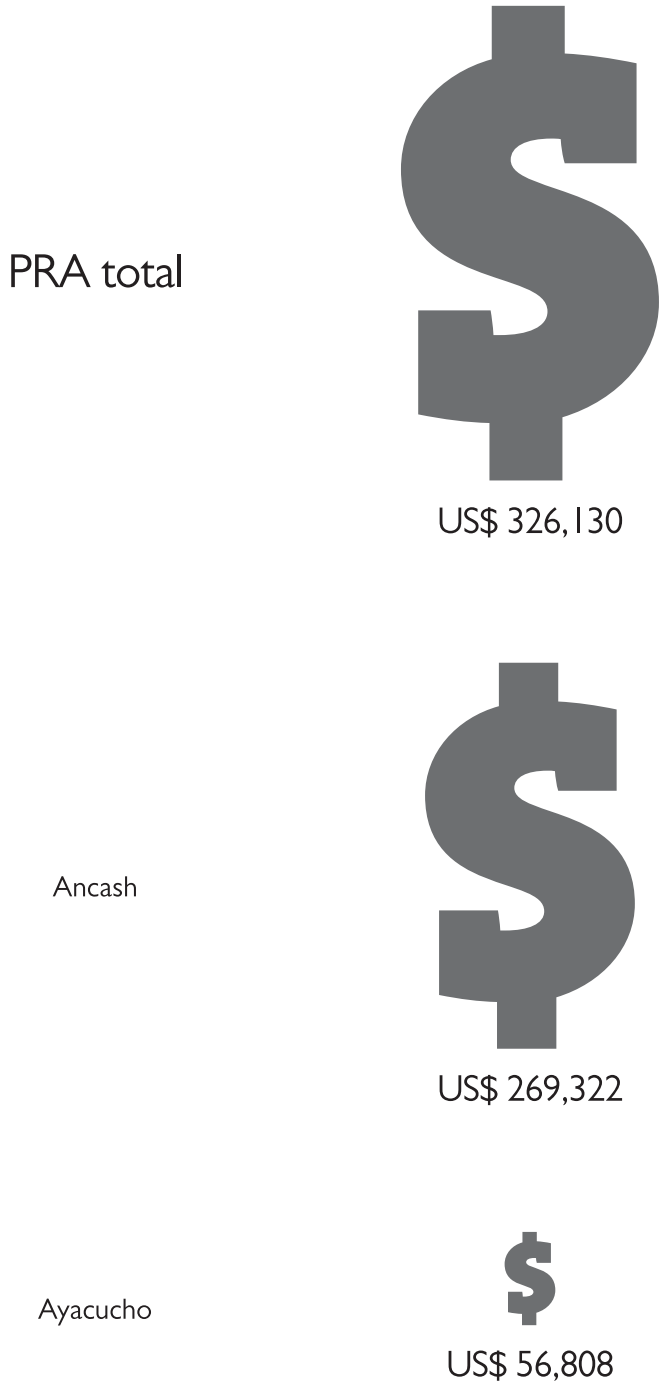
Figure 1.3.1. New Jobs (Days of Work)



1.4. Investments

As shown in Figure 1.4.1, new investments were generated in the Ancash corridor ($269,322) and the Ayacucho corridor ($56,808). Eurofresh Perú made the most important single investment by establishing a processing plant worth $192,234 to add value to avocado production in Huacho, Lima region.

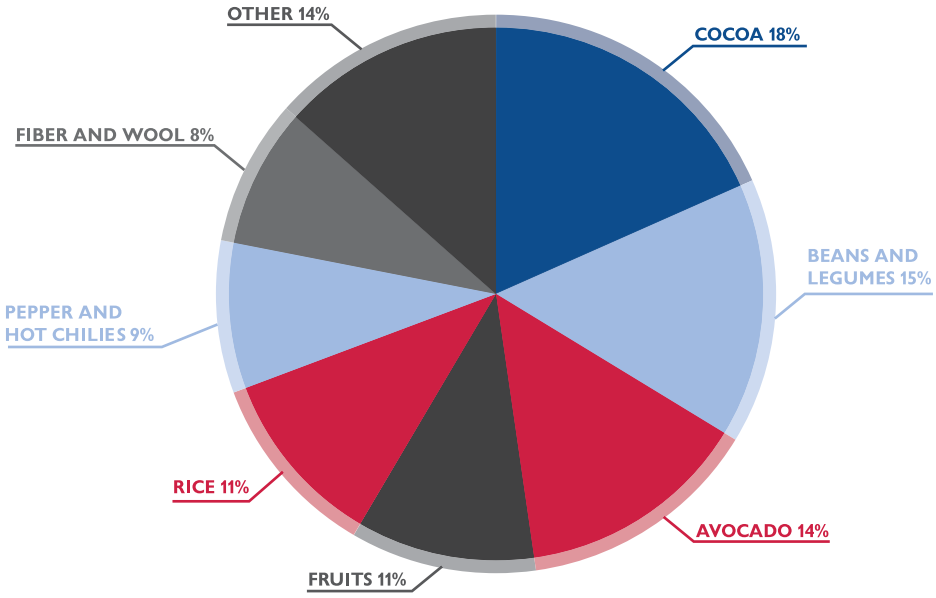
Figure 1.4.1. Investments



1.5. Product Portfolio

A portfolio of 16 products and 27 sub-products make up a diversified range of products from 5 economic corridors in the Peruvian highlands. As shown in Figure 1.5.1, five groups of products—cocoa, beans and legumes, avocado, fruits, and rice—account for 69 percent of total net sales, reflecting the predominance of the agricultural sector in the Sierra region.

Figure 1.5.1. Main Products in FY 2010



As shown in Table 1.5.1, beans and legumes, as well as fiber and wool, are the most labor-intensive activities, contributing to almost half of the employment generated by the project in FY 2010.

Table 1.5.1. Main Products

Product	Net Sales	%	Net Days of Work	%
Cocoa	$748,902	18%	12,203	8%
Beans and Legumes	$625,393	15%	51,695	35%
Avocado	$571,440	14%	12,171	8%
Fruits	$440,526	11%	13,993	9%
Rice	$440,096	11%	8,894	6%
Pepper and Hot Chilies	$358,111	9%	4,786	3%
Fiber and Wool	$345,314	8%	18,341	12%
Asparagus	$131,146	3%	7,289	5%
Livestock	$122,261	3%	2,478	2%
Tara	$81,281	2%	2,307	2%
Trout	$76,322	2%	1,770	1%
Fabrics	$55,735	1%	6,063	4%
Household Goods and Handicrafts	$43,629	1%	4,688	3%
Potatoes	$26,054	1%	1,214	1%
Guinea Pigs	$8,340	0%	162	0%
Processed Products	$4,560	0%	178	0%
Total	**$4,079,110**	**100%**	**148,231**	**100%**

In addition to high-volume products, such as cocoa grains and rice, some relatively new items appear as star products: organic avocado, mango, canary bean, and jalapeño chili (see Table 1.5.2). Vicuña fiber is the most important biodiversity product in terms of net sales, while tara pod, potato, and maca show lower turnover amounts.

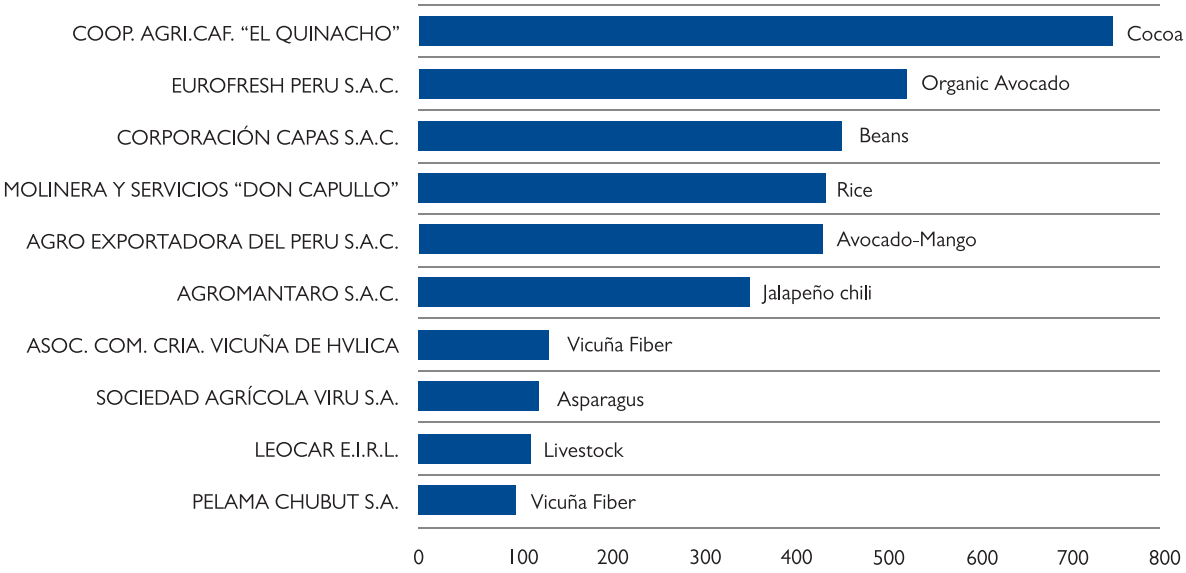
Table 1.5.2. Main Products and Sub-Products

Product	Sub-Product	Net Sales
Cocoa	Cocoa Grains	$748,902
Beans and Legumes	Green Peas	$11,759
	Canary Bean	$457,761
	Dry Broad Bean	$102,106
	Lima Bean	$53,768
Avocado	Avocado	$44,937
	Organic Avocado	$526,504
Fruits	Aguaymanto	$5,550
	Mango	$391,697
	Papaya	$43,279
Rice	Rice	$440,096
Pepper and Hot Chilies	Jalapeño Chili	$358,111
Fiber and Wool	Categorized Alpaca Fiber	$27,400
	Classified Alpaca Fiber	$71,648
	Vicuña Fiber	$246,266
Asparagus	Asparagus	$131,146
Livestock	Livestock	$122,261
Tara	Tara Pod	$81,281
Trout	Trout	$47,631
	Gutted Trout	$28,691
Fabrics	Fabrics	$55,735
Household Goods and Handicrafts	Handicraft	$1,619
	Textile Handicraft	$42,010
Potatoes	Potato	$21,871
	Classified Potato	$4,184
Guinea Pigs	Guinea Pigs	$8,340
Processed Products	Bakery Products	$4,560
Total		**$4,079,110**

1.6. Main Client Companies

Cooperative El Quinacho, Eurofresh Perú, and Corporación Capas account for 41 percent of the project's total sales and 89 percent of total investments generated in FY 2010, signaling a high degree of confidence in doing business in their respective economic corridors (see Figure 1.6.1).

Figure 1.6.1. Top 10 Client Companies



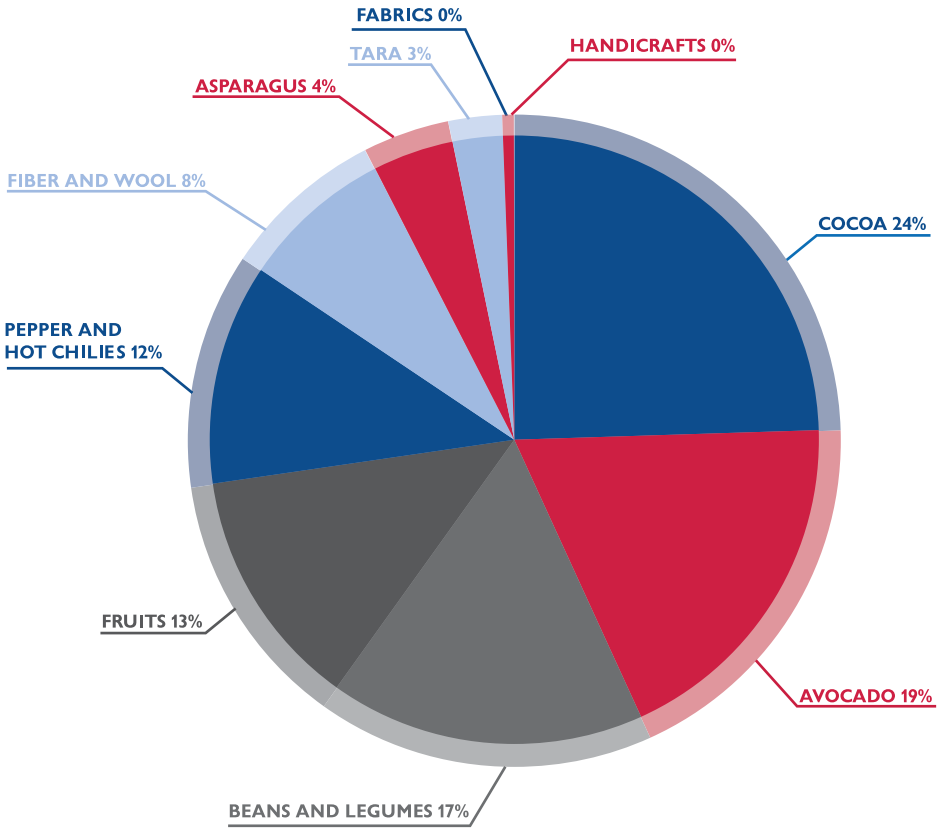
1.7. Exports

As shown in Table 1.7.1, most sales generated in the ESCs were geared toward international markets, except in Huancavelica, where agricultural production and alpaca fiber were sold in regional markets. The project's export portfolio is similar to the overall product portfolio (see Figure 1.7.1).

Table 1.7.1. Exports

Corridor	Export Values	Net Sales	Net Sales
Anchash	$1,687,093	$2,260,679	75%
Ayacucho	$764,824	$795,472	96%
Huancavelica	$246,869	$540,968	46%
Junín - Pasco	$358,111	$480,372	75%
Cusco	$1,619	$1,619	100%
Total	**$3,058,516**	**$4,079,110**	**75%**

Figure 1.7.1 Main Export Products



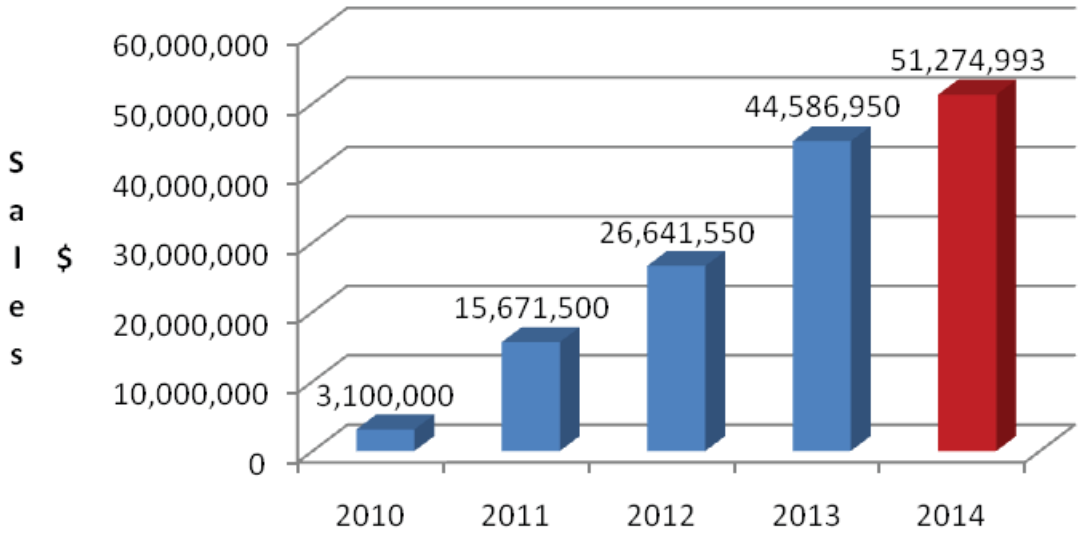
1.8. Annual Sales Targets

Annual sales targets were set based on the corridors' economic potential and previous work undertaken by PRA's ESC promoters, taking into account the relatively late opening of most centers in FY 2010. As shown in Table 1.8.1, meeting the annual sales targets will make it possible to fulfill the $90 million life-of-project sales target in Year 4 (i.e., 2013).

Table 1.8.1. Sales Targets by ESC

ESC	2010	2011	2012	2013	2014
Ayacucho-VRAE	$0	$1,272,000	$2,098,800	$3,512,520	$4,039,398
Cusco	$0	$1,749,000	$2,885,850	$4,829,720	$5,554,178
Madre de Dios	$0	$1,351,000	$2,229,975	$3,732,050	$4,291,858
Puno	$0	$1,272,000	$2,098,800	$3,512,520	$4,039,398
Huancavelica	$1,100,000	$1,310,000	$2,161,500	$3,617,450	$4,160,068
Ancash	$2,000,000	$2,800,000	$4,620,000	$7,732,000	$8,891,800
Sierra Norte de Lima-Huánuco	$0	$1,600,000	$2,640,000	$4,418,270	$5,081,011
Arequipa	$0	$1,950,000	$3,217,500	$5,384,770	$6,192,486
Junín-Pasco	$0	$2,067,000	$3,410,550	$5,707,860	$6,564,039
Sierra de La Libertad	$0	$300,000	$1,278,575	$2,139,790	$2,460,759
Total	**$3,100,000**	**$15,671,500**	**$26,641,550**	**$44,586,950**	**$51,274,993**
Cumulative Total	**$3,100,000**	**$18,771,500**	**$45,413,050**	**$90,000,000**	**$141,274,993**

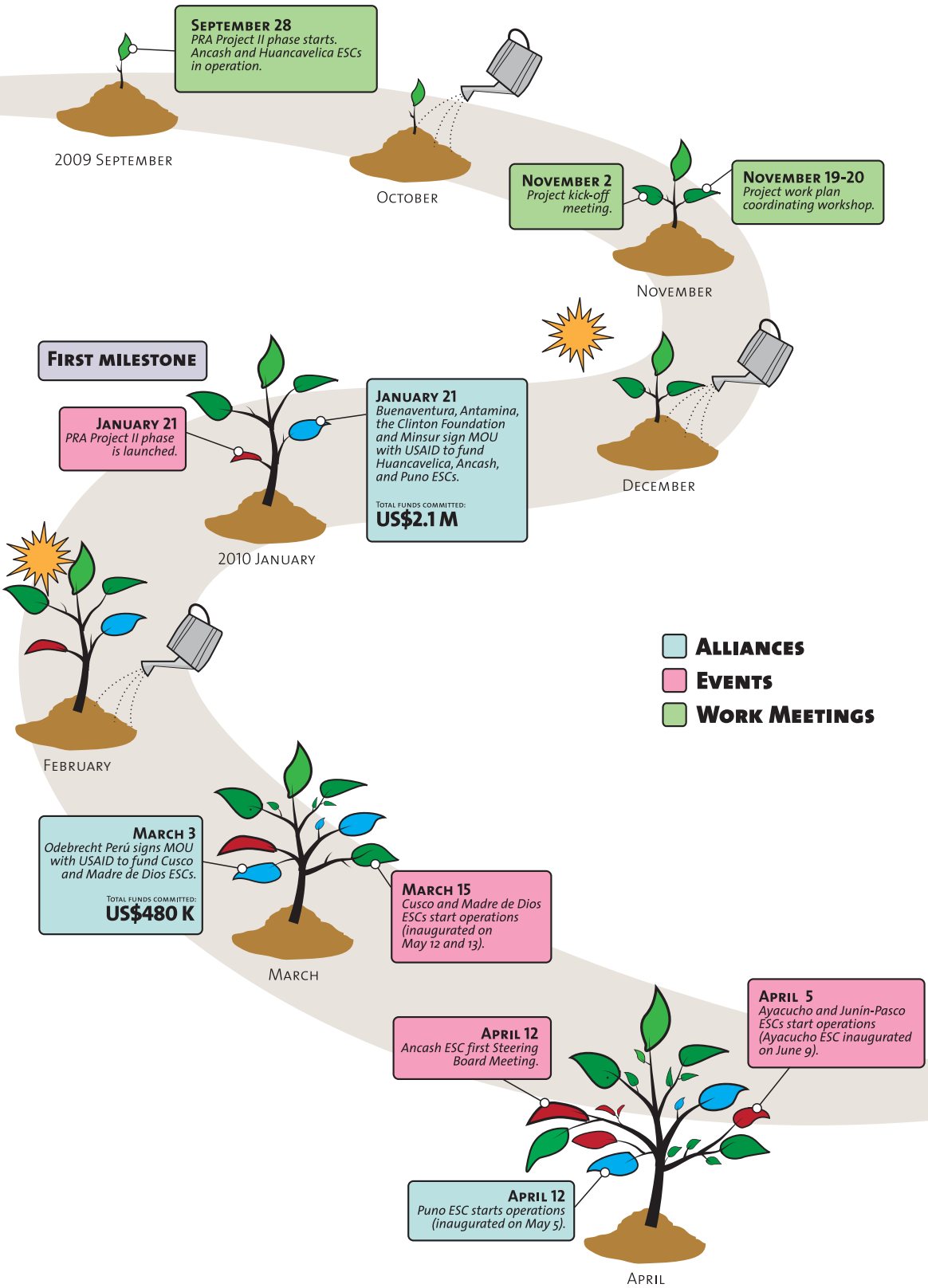
Figure 1.8.1. Annual Sales Targets ($)

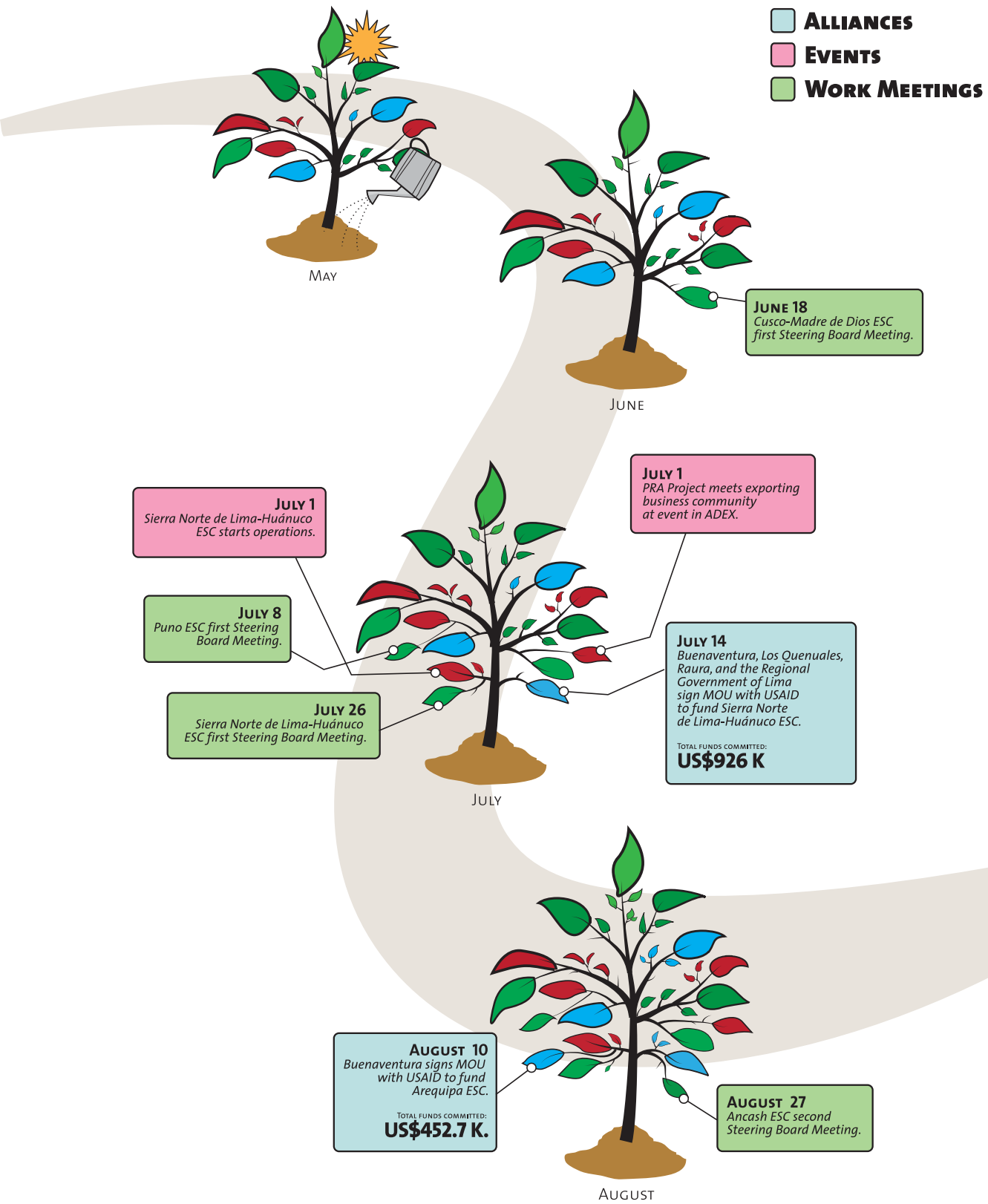


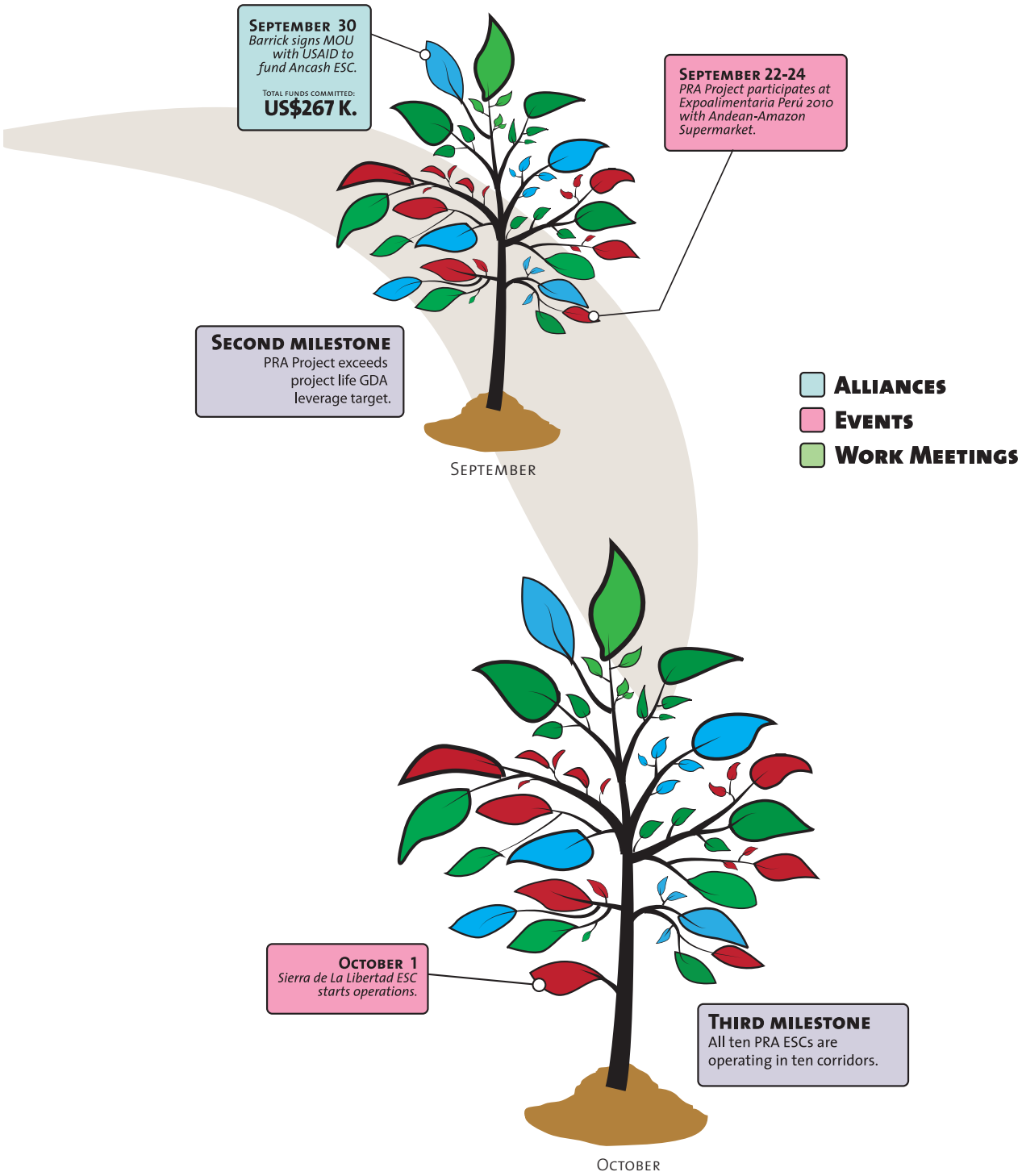
2. TIMELINE

Main Events, Activities, and Achievements

Figure 2. Timeline for Year 1 of PRA II




Alliances
Events
Work Meetings
May
June
June 18
Cusco-Madre de Dios ESC first Steering Board Meeting.
July
July 1
Sierra Norte de Lima-Huánuco ESC starts operations.
July 1
PRA Project meets exporting business community at event in ADEX.
July 8
Puno ESC first Steering Board Meeting.
July 14
Buenaventura, Los Quenuales, Raura, and the Regional Government of Lima sign MOU with USAID to fund Sierra Norte de Lima-Huánuco ESC.
Total funds committed:
US$926 K
July 26
Sierra Norte de Lima-Huánuco ESC first Steering Board Meeting.
August
August 10
Buenaventura signs MOU with USAID to fund Arequipa ESC.
Total funds committed:
US$452.7 K.
August 27
Ancash ESC second Steering Board Meeting.


September 30
Barrick signs MOU with USAID to fund Ancash ESC.
Total funds committed:
US$267 K.
September 22-24
PRA Project participates at Expoalimentaria Perú 2010 with Andean-Amazon Supermarket.
Second milestone
PRA Project exceeds project life GDA leverage target.
Alliances
Events
Work Meetings
September
October 1
Sierra de La Libertad ESC starts operations.
Third milestone
All ten PRA ESCs are operating in ten corridors.
October

3. THE ECONOMIC SERVICE CENTERS

During FY 2010, nine ESCs started operations, most of them within the last seven months of the fiscal year. They are:

- Ancash ESC
- Huancavelica ESC
- Ayacucho ESC
- Junín-Pasco ESC
- Cusco ESC
- Madre de Dios ESC
- Puno ESC
- Sierra Norte de Lima-Huánuco ESC
- Arequipa ESC

The Ancash and Huancavelica ESCs were operating before the start of Phase II, continuing work undertaken in the first phase of PRA. Therefore, result targets were set for only these two centers. The 10th center, in Sierra de La Libertad, started operating on October 1, 2010—one day after the end of FY 2010.

Besides the Ancash and Huancavelica ESCs, three other centers—Ayacucho, Junín-Pasco, and Cusco—had net sales and generated new employment despite their late start and the fact that Ayacucho and Junín-Pasco ESCs do not yet have resource partners and are solely funded by USAID. Two centers—Ancash and Ayacucho—reported new investments.

A total of 31 business plans produced results in FY 2010, while 46 were being implemented and 10 were being prepared.

Figure 3.1 provides an overview of the economic corridors and depicts the geographic areas covered by each ESC.

Figure 3.1. Economic Corridors and Areas Targeted by Each ESC

USAID | PERU | PROYECTO PRA

BEST
MANGOES
PRE-COOLED

ECUADOR
COLOMBIA
BRASIL
BOLIVIA
CHILE
PACIFIC OCEAN
TUMBES
TUMBES
PIURA
PIURA
AMAZONAS
CHACHAPOYAS
LAMBAYEQUE
CHICLAYO
CAJAMARCA
CAJAMARCA
LA LIBERTAD
TRUJILLO
LORETO
IQUITOS
MOYOBAMBA
SAN MARTIN
PUCALLPA
UCAYALI
ANCASH
HUARAZ
HUANUCO
HUANUCO
PASCO
CERRO DE PASCO
JUNIN
HUANCAYO
CALLAO
LIMA
CALLAO
LIMA
HUANCAVELICA
HUANCAVELICA
AYACUCHO
AYACUCHO
ICA
ICA
MADRE DE DIOS
PUERTO MALDONADO
CUSCO
ABANCAY
CUSCO
APURIMAC
PUNO
PUNO
AREQUIPA
AREQUIPA
MOQUEGUA
MOQUEGUA
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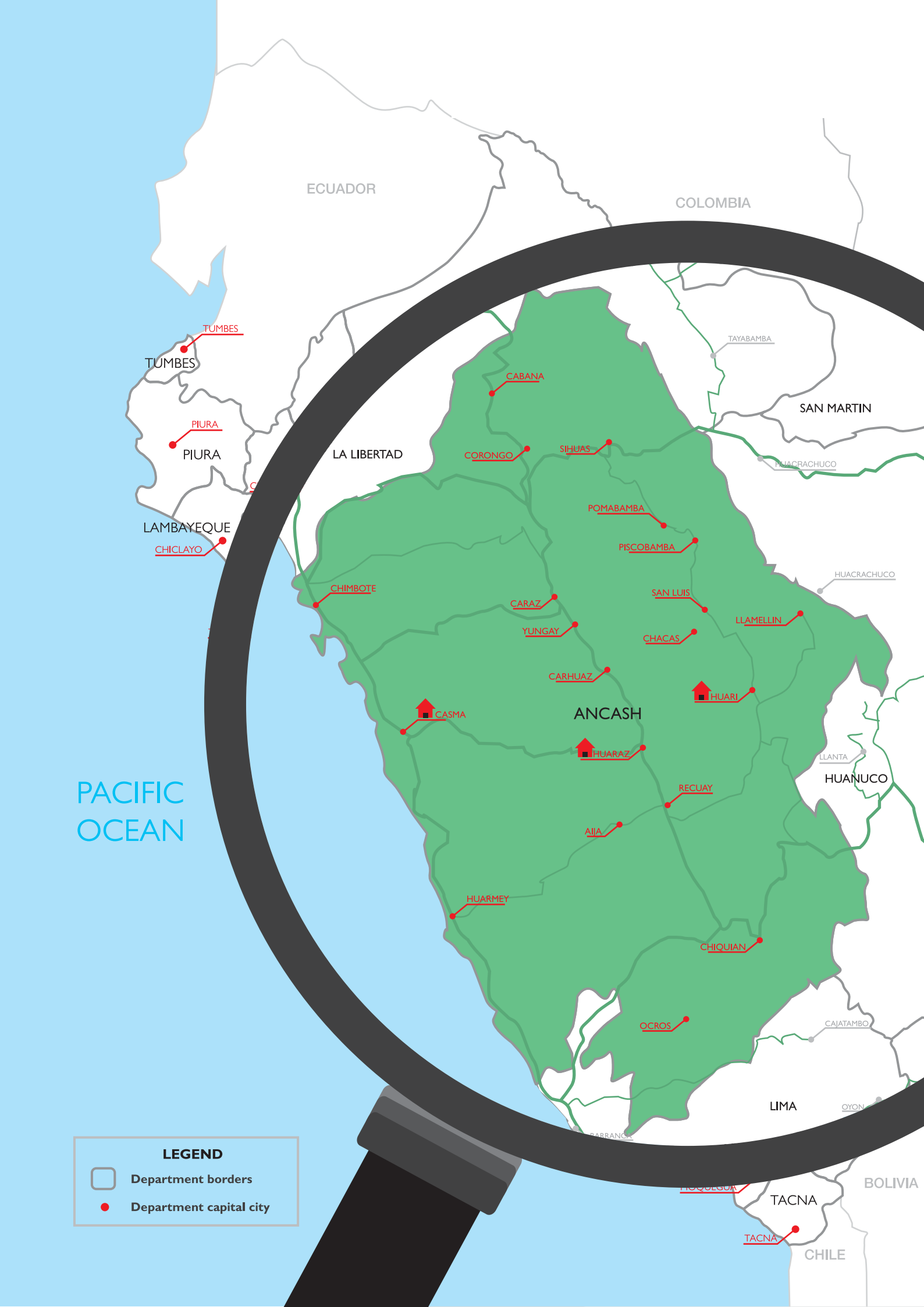
TACNA
LEGEND
Department borders
Department capital city


ECUADOR
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PIURA
LA LIBERTAD
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CHICLAYO
TAYABAMBA
SAN MARTIN
HUACRACHUCO
CABANA
CORONGO
SIHUAS
POMABAMBA
PISCOBAMBA
HUACRACHUCO
CHIMBOTE
CARAZ
SAN LUIS
LLAMELLIN
YUNGAY
CHACAS
CARHUAZ
HUARI
CASMA
ANCASH
HUARAZ
LLANTA
HUANUCO
RECUAY
AIJA
HUARMEY
CHIQUIAN
OCROS
CAJATAMBO
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BARRANCA
PACIFIC
OCEAN
LEGEND
Department borders
Department capital city
TACNA
BOLIVIA
TACNA
CHILE

3.1. ANCASH ESC

- **GDA resource partners:**

- **Starting date:** September 28, 2009

- **Operator:** Recursos

Results

The Ancash ESC made significant contributions to overall project results, contributing 55 percent of the total net sales, 50 percent of the new jobs, and 83 percent of the new investments generated by PRA II in FY 2010. Net sales of $2,260,679 exceeded the ESC's annual target by 13 percent in this corridor and, although no investment target was set for the year, five client companies invested a total of $269,322 in businesses tied to the Ancash corridor (see Tables 3.1.1 and 3.1.2).

However, only 34 percent of the employment target was met, with 74,725 net days of work. The underperformance in new employment can be attributed to the fact that projections for FY 2010 were based on expected new sales of asparagus and rice—both labor-intensive activities—which did not grow as initially foreseen, the former due to lower international demand attributed to the global economic crisis.

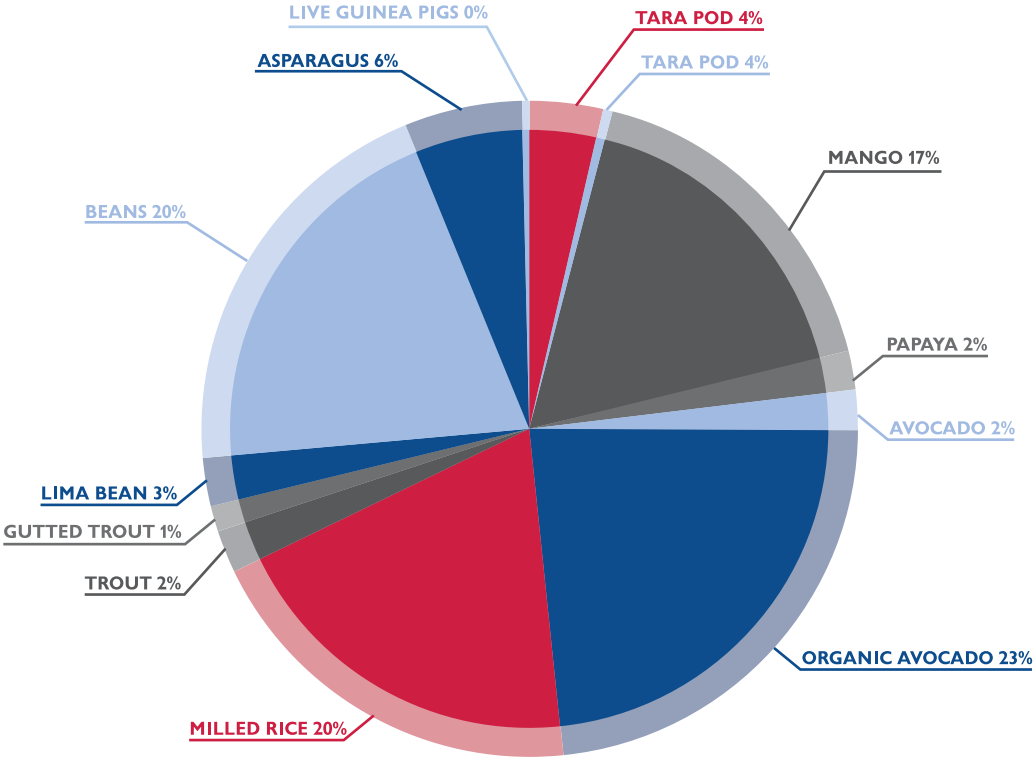
Table 3.1.1. Ancash ESC: Sales, Jobs, and Investments
(October 2009-September 2010)

	Results	Targets
Net Sales	$2,260,679	$2,000,000
Net Days of Work	74,725	219,891
Investments	$269,322	

Businesses

The Ancash ESC has the most diversified product portfolio. A total of 13 business plans implemented in the Ancash corridor produced results in FY 2010. Four products—organic avocado, canary bean, mango, and milled rice—account for 80 percent of total net sales, with nine other products accounting for the remaining 20 percent (see Figure 3.1.1 and Table 3.1.2). Seventy-five percent of total net sales were geared to international markets (see Table 3.1.3), with only milled rice, trout, guinea pig, aguaymanto, and papaya sold in the domestic market.

Figure 3.1.1. Ancash ESC: Percentage of Net Sales per Product



The story of Eurofresh and organic avocado is one of the most successful business ventures in Ancash (see success story on page 119). Eurofresh accounts for 23 percent of total sales generated in the corridor. The company also made a major investment by establishing a new processing plant in Huacho, Lima region. In addition to helping create more than 11,000 new days of work, Eurofresh has engaged a start-up—Asociación de Trabajadores de Santa Rosalía, which has 16 members, including 9 women—in providing harvest services. Eurofresh is implementing organic agriculture on 200 hectares certified by BCS OKO Garantie and another 100 hectares in the process of being certified as organic. The company is promoting the adoption of Global GAP, or Good Agricultural Practices, based on which labor standards are being put in place. These standards are already in force on 10 hectares. Eurofresh's plans in the corridor are encouraging: expanding organic agriculture to additional hectares and adding new products such as sweet potato and passion fruit.

Mango and avocado exporter Agro Exportadora del Perú, asparagus exporter Sociedad Agrícola Virú, and papaya and aguaymanto producer Frutas Derivadas de La Selva (FRUDERSEL) are consolidating their trading businesses. By strengthening linkages with local suppliers, these businesses are expanding the geographic scope of their operations and developing new products with higher value-added, such as dehydrated processed products.

Table 3.1.2. Ancash ESC: Sales, Jobs, and Investments per Client
(October 2009-September 2010)

Client	Product	Sub-Product	Net Sales	Net Days of Works	Investment
Eurofresh Peru SAC	Avocado	Organic Avocado	$526,503.75	11,482.75	$192,234.51
Corporación Capas	Beans and Legumes	Beans	$457,760.61	21,779.82	$46,232.39
SAC Molinera y Servicios 'Don Capullo'	Rice	Milled Rice	$440,095.71	8,893.76	-
Agro Exportadora del Peru SAC	Fruits	Mango	$391,697.15	12,527.52	-
Sociedad Agrícola Viru SA	Asparagus	Asparagus	$131,146.12	7,288.62	-
Agrifood SRL	Tara	Tara Pod	$81,280.58	2,306.96	-
SDG Alimentos Peru SAC	Beans and Legumes	Lima Bean	$53,767.98	6,359.17	-
Piscigranjas Municipales	Trout	Trout	$47,630.87	1,367.35	$603.45
Agro Exportadora del Peru SAC	Avocado	Avocado	$44,936.67	689.20	-
Frudelser SRL	Fruits	Papaya	$43,279.06	1,260.00	$25,169.43
Truchas de Laguna de Canrash	Trout	Gutted Trout	$28,690.94	402.83	$5,082.34
Eco Soluciones SAC	Guian Pigs	Live Guinea Pigs	$8,339.77	161.79	-
Frudelser SRL	Fruits	Aguaymanto	$5,549.83	205.75	-
	Total		**$2,260,679**	**74,725**	**$269,322**

Figure 3.1.2. Ancash ESC: Percentage of Net Sales per Client

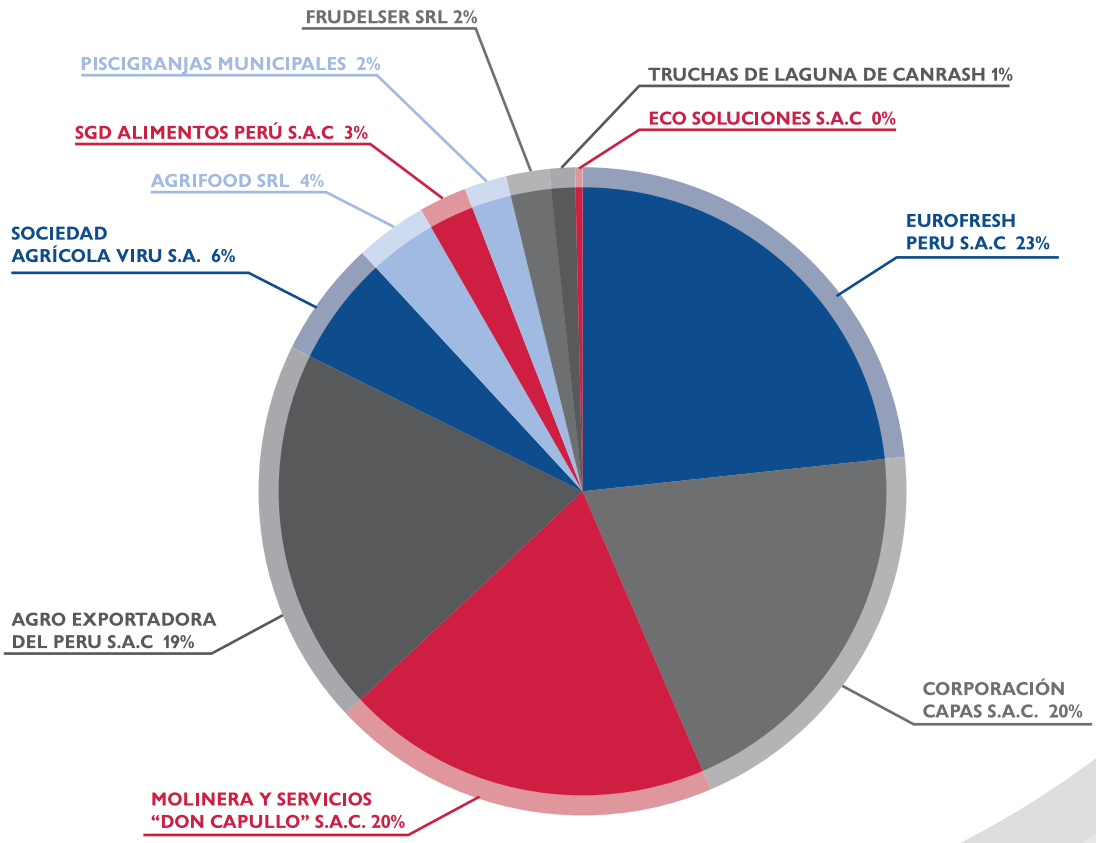


Table 3.1.3. Ancash ESC: Exports per Client and Product
(October 2009-September 2010)

Client	Product	Sub-Product	Net Sales	Export Value
Agrifood SRL	Tara	Tara Pod	$81,281	$81,281
Agro Exportadora del Peru SAC	Fruits	Mango	$391,697	$391,697
Agro Exportadora del Peru SAC	Avocado	Avocado	$44,937	$44,937
Corporación Capas SAC	Beans and Legumes	Beans	$457,761	$457,761
Eco Soluciones SAC	Guinea Pigs	Live Guinea Pigs	$8,340	$0
Eurofresh Peru SAC	Avocado	Organic Avocado	$526,504	$526,504
Frudelser SRL	Fruits	Aguaymanto	$5,550	$0
Frudelser SRL	Fruits	Papaya	$43,279	$0
Molinera y Servicios 'Don Capullo'	Rice	Milled Rice	$440,096	$0
Piscifactoria de Los Andes	Trout	Trout	$47,631	$0
SDG Alimentos Peru SAC	Beans and Legumes	Lima Bean	$53,768	$53,768
Sociedad Agrícola Viru SA	Asparagus	Asparagus	$131,146	$131,146
Truchas de Laguna de Canrash	Trout	Gutted Trout	$28,691	$0
	Total		**$2,260,679**	**$1,687,093**

Businesses in Ancash ESC Priority Zones [1]

As shown in Table 3.1.5, sales in Ancash ESC priority zones for FY 2010 (October 2009-September 2010) totaled $198,468, but constituted only 22.6 percent of the sales target in these zones for the calendar year (January-December 2010). However, the sales performance could increase to 55 percent of the target as businesses continue to produce results during the rest of the calendar year. The scallops business by Grupo de Maricultores, which may report as much as $500,000, has experienced delayed results due to a descent in the ocean water temperature.

Table 3.1.5. Ancash ESC: Sales, Jobs, and Investments per Product and Sub-Product in Priority Zones

Product	Sub- Product	Net Sales	Net Days of Work	Investment
Tara	Tara Pod	$79,858	2,267	$0
Fruits	Aguaymanto	$5,550	206	$0
	Papaya	$584	17	$340
Trout	Trout	$21,143	607	$268
	Gutted Trout	$28,691	403	$5,082
Beans and Legumes	Lima Bean	$1,032	122	$0
	Beans	$55,114	2,622	$5,566
Guinea Pigs	Live Guinea Pigs	$6,495	126	$0
Total		**$198,468**	**6,370**	**$11,256**

1. Priority zones refer to the geographical scope where the resource partner (mining, energy or construction company) is located and where it has a particular interest in undertaking its corporate social responsibility and community development policy.

Prospects for Ancash ESC

The Ancash ESC has been working on generating new business, which will help bridge the gap in fulfilling targets in the focused zones as well as the corridor's overall employment target. In addition to the scallops business, the ESC is working with Corporación Capas on hard yellow corn and capsicums businesses; Viva La Papa on rocoto chili, choclo corn, and native potato; Piscifactoría de Los Andes on trout; SDG Alimentos Perú on Lima bean; and Alicorp on several products—all of which will produce significant sales and create new jobs.

Ancash ESC Business Plans

Business Plans with FY 2010 Results

1. Client: AGRIFOOD SRL	Product: TARA

- **Objective:** Collection of tara pod in the provinces of Mariscal Luzuriaga, Pomabamba, Yungay, Casma, Huarmey, Aija, and Huaraz and transportation to company warehouses. Build direct relationships between the company and small producers in these provinces.
- **Problem:** The client has no established contacts with small local suppliers in the target provinces that can supply the company on a formal and continuous basis.
- **ESC strategy:** The ESC will organize small producers' supply and integrate it with the processing plant. The client company will place personnel in the zones of intervention to manage production relationships with small producers.

2. Client: AgroExpo Perú SAC	Product: Conventional Avocado

- **Objective:** Consolidate the client's conventional avocado business in the corridor to meet existing domestic and international demand. Planned production for 2011 is 50 CT.
- **Problem:** Poorly organized supply, which limits the possibility of trading larger volumes.
- **ESC strategy:** The ESC will promote business integration between producers and the company with the help of consultants. Producers who are able to provide a stable product supply based on high yields, calibers, weight above 220 Hr, and a sanitation certification will be selected.

3. Client: AgroExpo Perú SAC	Product: Conventional Mango

- **Objective:** Entry of the client in the Ancash corridor to source 30 CT of conventional mangos in 2010 and 50 CT in 2011 in order to meet international market demand.
- **Problem:** The fragmented property of Casma producers leads to poorly organized supply for a company that will begin to operate in the Ancash corridor for the first time.
- **ESC strategy:** The ESC will integrate the client with producers that have significant areas of production to source sufficient volumes to cover collection and transportation costs.

4. Client: Capas SAC	Product: Canary Bean

- **Objective:** Strengthen the canary bean value chain in the Ancash corridor by developing business linkages between Capas and 30 producers on 80 hectares of crop to ensure the sale of 10 containers.
- **Problem:** Insufficient collection of raw material to supply the client's processing plant with a quality product.
- **ESC strategy:** The ESC will support the expansion of supply. The company will supply guaranteed seeds for 80 hectares; lend inputs through its commercial branch Agrofortaleza up to a maximum of 20 percent of production costs; and provide advances for harvests, which will be regulated by a purchase agreement at market prices.

5. Client: Capas SAC	Product: Hard Yellow Corn

- **Objective:** Organize the hard yellow corn production supply so as to generate a greater volume to be sold in the local market.
- **Problem:** There is no production standard to cover costs and ensure commercial volumes.
- **ESC strategy:** The ESC will hire five consultants to register producers on 600 hectares and work with them to increase productivity and quality as required by the market.

6. Client: Character Trading SAC	Product: Aguaymanto

- **Objective:** Introduce Colombian aguaymanto on 12 hectares by working with farmers in the provinces of Huaraz, Carhuaz, Yungay, and Recuay. Provide post-harvest treatment and transport products to Lima for export, mostly to Germany and France.
- **Problem:** Lack of local aguaymanto suppliers which, coupled with lack of knowledge of crop management, result in inadequate development of the business line.
- **ESC strategy:** The ESC will organize the supply by assisting farmers in developing the crop. A consultant with expertise in the agronomic management of aguaymanto will be hired. To transport the final product in cardboard boxes for export, premises will be conditioned in the city of Carhuaz for the development of post-harvest procedures.

7. Client: Ecosoluciones	Product: Guinea Pig

- **Objective:** Increase the number of guinea pig producers to 500 to supply the company's fattening center. Provide suppliers with technical assistance in young guinea pig production from PRA II and with input financing from Ecosoluciones. The suppliers must sell a total of 400 animals weekly for further fattening and trading.
- **Problem:** Poor relationship with local guinea pig suppliers in Callejón de Huaylas due to the scattering of suppliers.
- **ESC strategy:** The ESC will identify potential guinea pig producers in Callejón de Huaylas in order to increase the number of suppliers. In addition, the ESC will organize the weekly supply of young guinea pigs per client requirements. Finally, the center will provide technical assistance to the producers identified in each zone of intervention to ensure the adequate commercial production of young guinea pigs.

8. Client: Eurofresh	Product: Organic Avocado

- **Objective:** Integrate organic avocado producers (both independent producers and producer associations) with Eurofresh to bring the company's export capacity to 20 containers in 2010 and 30 containers in 2011. The target production yield in the fields where technical assistance will be provided is 3,500 kg/ha/year.
- **Problem:** Insufficient volume of certified product to meet the demand of the final market.
- **ESC strategy:** The ESC will help to consolidate organic avocado supply through improved yields, reduced wastage due to non-commercial calibers, and increased number of new suppliers. At the same time, 60 additional hectares will be added to the initial 100 hectares, and new producers will be incorporated for organic certification.

9. Client: FRUDERSEL	Product: Papaya

- **Objective:** Introduce the papaya crop to 20 farmers on a staggered basis until reaching 60 hectares. With the production of the first 10 hectares, FRUDERSEL will collect and trade papaya in local markets, with a view to introducing the product to the markets of Lima in the medium term.
- **Problem:** The critical supply of papaya at the beginning of the season is minimal and there is a lack of knowledge of the local market.
- **ESC strategy:** The ESC will work with the FRUDERSEL plant to ensure the production of native papaya on 10 hectares to demonstrate business feasibility. In addition, the ESC will organize the supply by ensuring that farmers meet the agronomic conditions to develop the crop until 60 hectares are properly planted.

10. Client: FRUDERSEL	Product: Aguaymanto

- **Objective:** In the short term, introduce seven hectares of Colombian-type aguaymanto with 20 farmers in the province of Huari. FRUDERSEL will collect, transport, and trade the product in the supermarkets of Lima city.
- **Problem:** Absence of local suppliers who manage commercial plantations with selected seed from Colombia.
- **ESC strategy:** Based on the results obtained by the client company in the Huari zone, the ESC will develop a technological package to ensure the yield of eight tons per hectare. In addition, the ESC will organize the supply by ensuring that farmers meet the agronomic conditions to develop the crop.

11. Client: Molinera y Servicios don Capullo SAC	Product: Rice

- **Objective:** Increase the amount of quality fresh rice sourced from local producers to meet the standards required by consumers in the Ancash and Lima markets, and increase sales by 30 percent (compared to 2009 levels).
- **Problem:** The market is small and informal, and the profit margin is minimal.
- **ESC strategy:** The ESC will seek to gain new markets and consolidate the company's position in local markets and in Lima. The center will also organize the local supply and integrate it with the client company, as well as improve on-plant drying capabilities.

12. Client: Piscigranjas Municipales y Laguna de Canrash (Municipal and Canrash Lagoon Trout Farms)	Product: Trout

- **Objective:** Generate 49 m/year of good quality trout provided by producers linked to a value chain based on the requirements of the company Piscifactoría de Los Andes.
- **Problem:** Lack of organization and knowledge regarding the staggered sowing system, which creates production obstacles.
- **ESC strategy:** The ESC will provide technical assistance to guarantee product quality and timely supply to the client company. The ESC will also strengthen the commercialization channel through a purchase agreement between Piscifactoría de Los Andes and Municipal Fish Farms. Finally, the center will ensure compliance with the conditions of the purchase agreement, including prices, product deliveries, and settlements.

13. Client: Sociedad Agrícola Virú (SAVSA- Virú)	Product: Green Asparagus

- **Objective:** Increase the client's fresh green asparagus purchases to meet existing international demand.
- **Problem:** Weak negotiation power and lack of organization of small producers, which limits the possibility of trading larger volumes.
- **ESC strategy:** The ESC will strengthen business linkages among asparagus producers. In addition, 10 new producers with 50 hectares will be incorporated and their areas will be added to those already under production. Producers will participate in demonstrations in the fields of SAVSA-Virú and visit the processing plant to witness processing activities, understand how they will be paid, and interact with company officers in order to build relationships and trust.

Business Plans in Implementation

14. Client: Capas SAC	Product: Capsicum

- **Objective:** Organize producers from the valleys along the corridor and provide them with technical assistance in collecting special capsicums and selling them to the company.
- **Problem:** There are no special capsicum suppliers in the corridor and producers are unaware of post-harvest practices.
- **ESC strategy:** The ESC will organize the commercial supply in selected areas along the corridor and provide guidance on production and post-harvest management. The ESC will also undertake an assessment of producers' track records and investment capacity, as well as soil conditions.

15. Client: Grupo de Maricultores de Huarmey	Business: Scallop

- **Objective:** Provide technical support to producers for commercializing scallops in line with export quality standards.
- **Problem:** Insufficient knowledge of production and breeding techniques.
- **ESC strategy:** The ESC will establish beach installations; implement cultivation and lantern installation plans; and develop and grow scallops until commercial value is achieved.

Business Plans in Preparation

16. Client: Piscifactoria de Los Andes	Product: Trout

- **Objective:** Strengthen the relationship between the client company and local suppliers, build the suppliers' cultivation and harvesting capacity, and ensure a quality product in line with market requirements. The company expects to buy 20,000 kg of fresh eviscerated Ancash trout in 2010.
- **Problem:** Each potential supplier identified shows technological weaknesses in trout breeding and selection using ponds and cages.
- **ESC strategy:** The ESC will provide technical assistance to ensure quality and timely delivery to the client company. It will also strengthen commercial linkages through a purchase agreement between Piscifactoría de Los Andes and Municipal Fish Farms.

17. Client: SDG Alimentos Perú SAC	Product: Dried Lima Bean

- **Objective:** Organize and develop the supply of Lima bean along ESC valleys over a total area of 120 hectares.
- **Problem:** Poor organization of the supply, leading to inefficient collection.
- **ESC strategy:** The ESC will organize producers with support from specialized consultants, who will deliver technical assistance in coordination with the client company.

ECUADOR
COLOMBIA
BRASIL
BOLIVIA
CHILE
PACIFIC OCEAN
TUMBES
TUMBES
PIURA
PIURA
AMAZONAS
CHACHAPOYAS
LAMBAYEQUE
CHICLAYO
CAJAMARCA
CAJAMARCA
LA LIBERTAD
TRUJILLO
LORETO
IQUITOS
MOYOBAMBA
SAN MARTIN
PUCALLPA
UCAYALI
ANCASH
HUARAZ
HUANUCO
HUANUCO
PASCO
CERRO DE PASCO
JUNIN
HUANCAYO
CALLAO
LIMA
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LIMA
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HUANCAVELICA
AYACUCHO
MADRE DE DIOS
PUERTO MALDONADO
CUSCO
ABANCAY
CUSCO
APURIMAC
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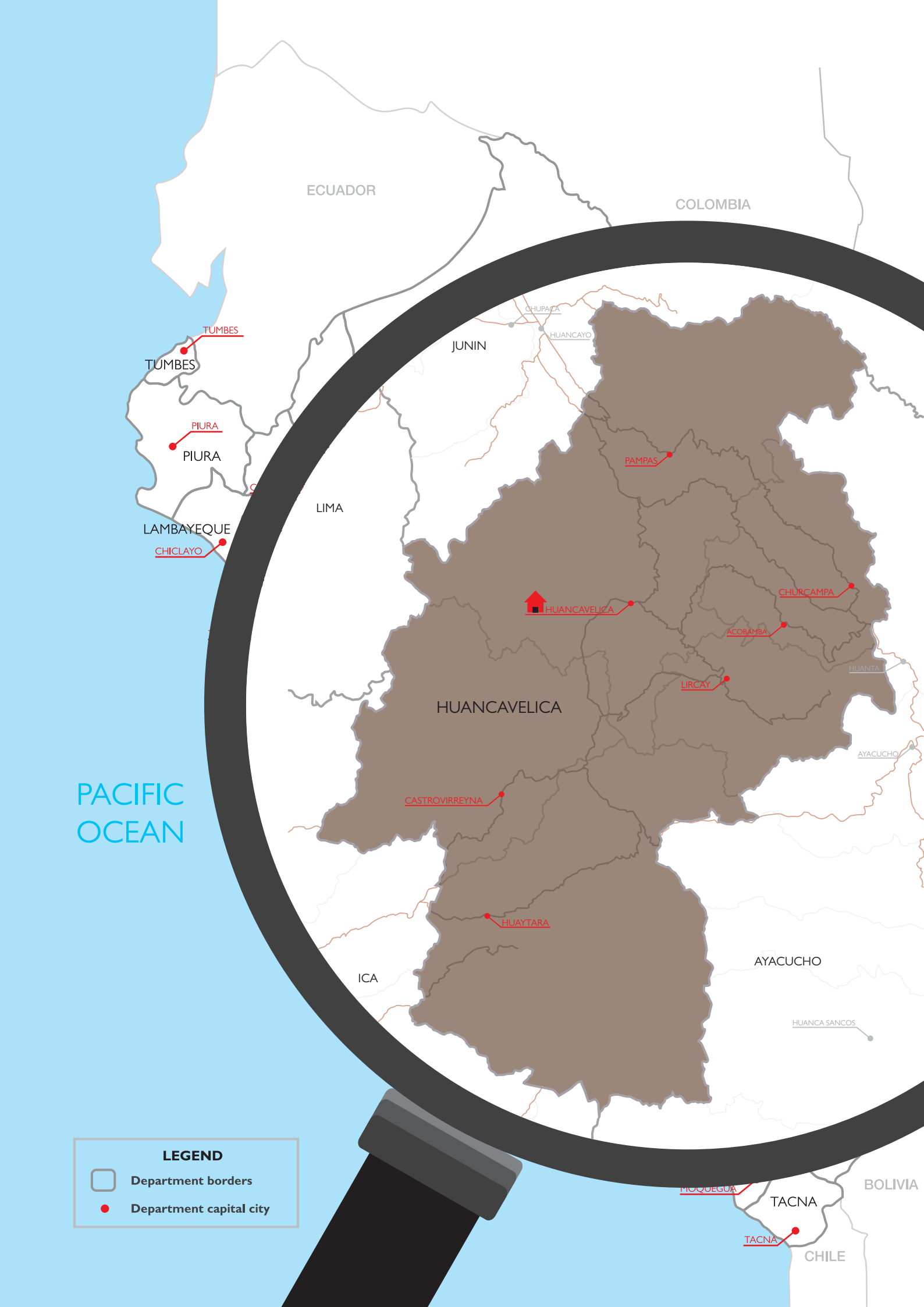
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CHURCAMPA
ACOBAMBA
HUANTA
LIRCAY
HUANCAVELICA
AYACUCHO
CASTROVIRREYNA
HUAYTARA
ICA
AYACUCHO
HUANCA SANCOS
PACIFIC
OCEAN
MOQUEGUA
TACNA
TACNA
BOLIVIA
CHILE
LEGEND
Department borders
Department capital city

3.2. HUANCAVELICA ESC

- **GDA resource partner:**

Compañía de Minas Buenaventura

- **Starting date:** September 28, 2009

- **Operator:** Universidad del Pacífico

Results

With $540,968 in net sales, the Huancavelica ESC contributed 13 percent of total project sales in FY 2010. However, Huancavelica sales met only 49 percent of the target for the ESC (see Table 3.2.1). The corresponding 49,174 days of work in this corridor accounted for 33 percent of total new jobs at the project level, but met only 52 percent of the employment target set for the ESC. No new investment was reported in Huancavelica in FY 2010.

Table 3.2.1. Huancavelica ESC: Sales, Jobs, and Investments
(October 2009-September 2010)

	Results	Targets
Net Sales	$540,968	$1,100,000
Net Days of Work	49,174	95,200

Businesses

The Huancavelica ESC has a portfolio of 12 business plans implemented in FY 2010. Two vicuña fiber businesses and two alpaca fiber ventures make up 64 percent of total sales, showing the comparative advantage of this region in producing South American camelid products (see Figure 3.2.1 and Table 3.2.2). Vicuña fiber production is exported in its entirety, accounting for almost all exports from the ESC (see Table 3.2.3). COOPRA's alpaca businesses have proven to be a highly labor-intensive activity. The dry broad bean (haba) business of the Acobamba Federation of Producers Associations is not only the third largest business supported by the Huancavelica ESC, but also the most important source of jobs, accounting for almost half of the employment generated in this corridor. White potato, native potato, and green peas from the Acobamba and Angaraes provinces complete the food portion of the ESC's product portfolio. Finally, handicrafts and artisans' fabrics from three different companies account for 10 percent of the corridor's sales.

A distinct feature of this ESC is the biodiversity component of its product portfolio: two business plans are geared toward the sustainable production of vicuña fiber, an endangered species of the high Andes, and two other businesses are focused on proper management of potato production.

Figure 3.2.1. Huancavelica ESC: Percentage of Net Sales per Product

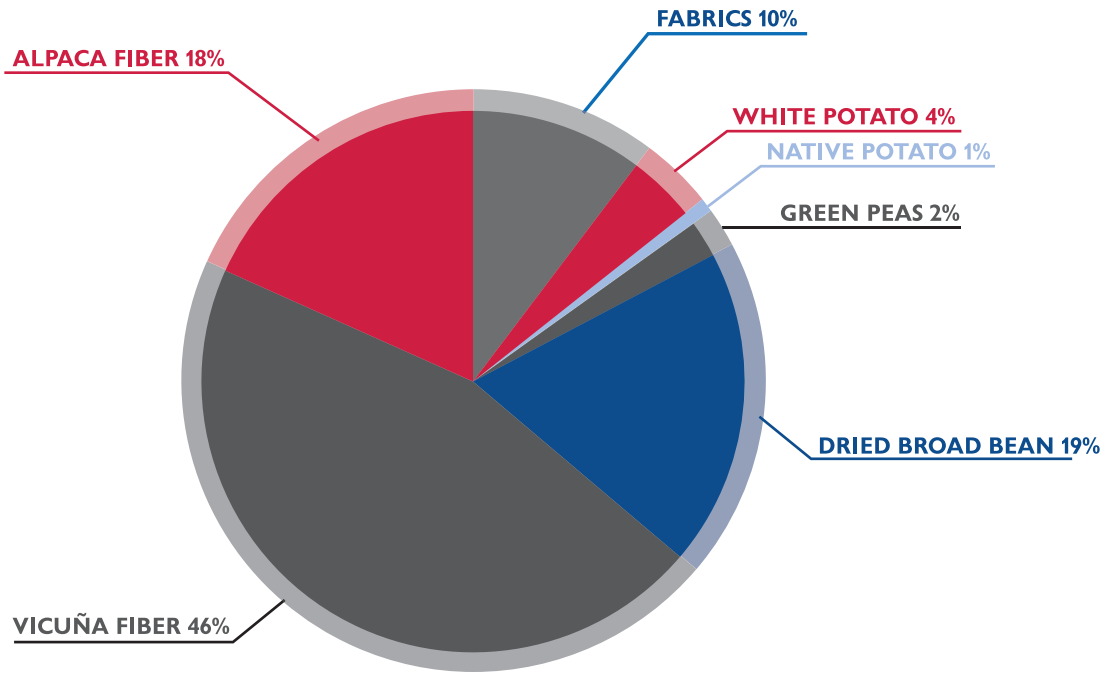

Table 3.2.2. Huancavelica ESC: Sales and Jobs per Client

Client	Product	Sub-Product	Net Sales	Net Days of Work
Asociación de Comités de Criadores de Vicuña de Huancavelica	Fiber and Wool	Vicuña Fiber	$141,568	134
Pelama Chubut S.A.	Fiber and Wool	Vicuña Fiber	$104,698	108
Federacion Asociacio. Product. Agropec. Acobamba (FAPAA)	Beans and Legumes	Dried Broad Bean	$102,106	23,510
Cooperativa Agropecuaria Rural Andina – COOPRA	Fiber and Wool	Alpaca Fiber	$99,048	18,099
Taller de Tejidos A Telar Tuky Ruracc	Fabrics	Fabrics	$43,284	4,711
Hitalo Agro EIRL	Potato	White Potato	$21,871	1,043
Grupo de Productores de Arveja Verde de la Zona de Acobamba	Beans and Legumes	Green Peas	$9,961	0
Artesanías Sumak Maki	Fabrics	Fabrics	$6,822	745
Asociación Qampaq Art	Fabrics	Fabrics	$5,629	608
Hitalo Agro EIRL	Potato	Native Potato	$4,184	170
Grupo de Productores de Arveja Verde de la Zona de Angaraes	Beans and Legumes	Green Peas	$1,798	46
Total			**$540,968**	**49,174**

The ESC provided vicuña breeders with technical assistance to improve the sustainable production of vicuña fiber and help them fulfill customs procedures to export fiber production. The customs procedures applied to vicuña fiber tend to be more complex given vicuña's status as an endangered species. The Huancavelica Association of Vicuña Breeders, which produces categorized fiber, accounted for 26 percent of the ESC's sales. The second largest business is a venture between four farmer communities in Huaytará and the Argentine special fiber producer Pelama Chubut, which accounts for 80 percent of special fiber production in Argentina. The company bought the fiber production directly from the communities, paying much higher prices than intermediaries in this industry. Thanks to assistance from PRA II, the farmer communities of Huaytará have made significant inroads in improving vicuña breeding conditions, including pasture and feeding. The project is also supporting the surveillance and guarding system to fight and prevent vicuña poaching in order to preserve this endangered species (see success story on page 120).

Figure 3.2.2. Huancavelica ESC: Percentage of Net Sales per Client

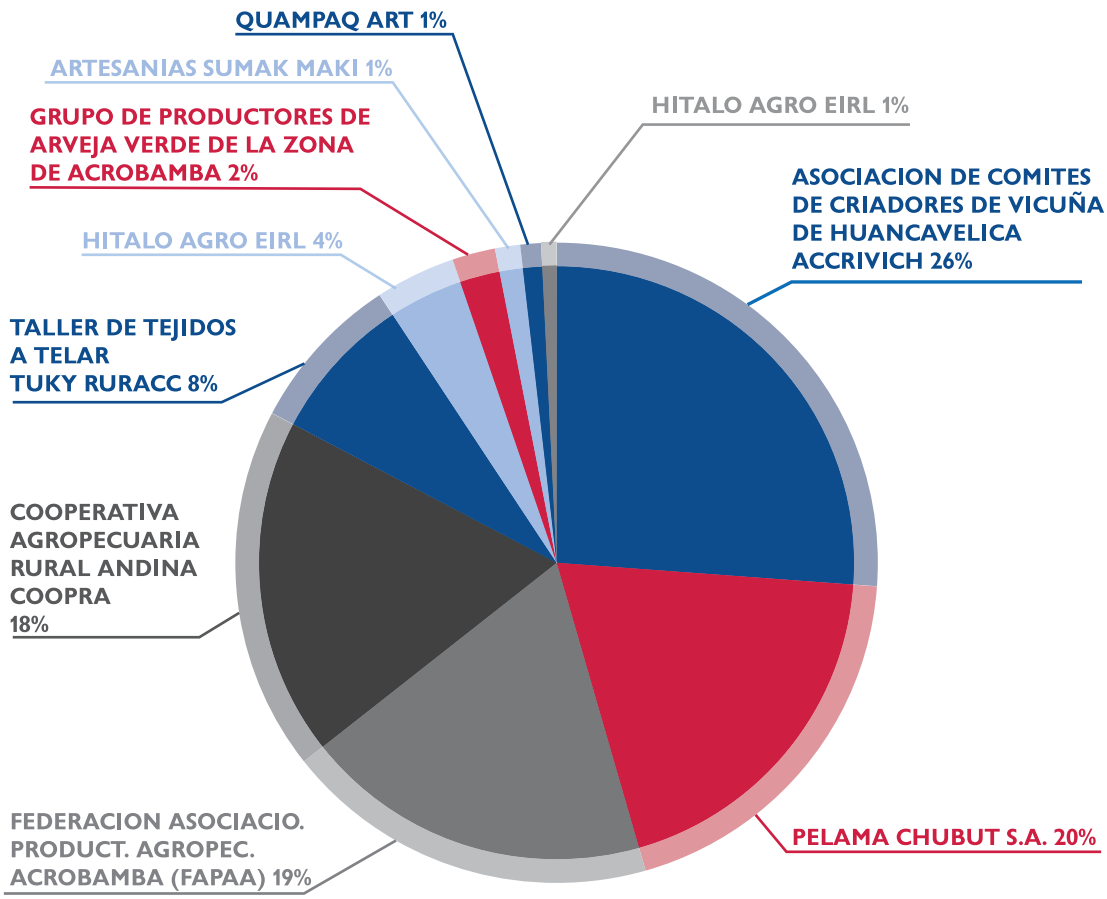

Table 3.2.3. Huancavelica ESC: Exports per Client and Product

Client	Product	Sub-Product	Net Sales	Export Value
Asoc.de Comités de Criadores de Vicuña ACRRIVICH	Fiber and Wool	Vicuña Fiber	$141,568	$141,568
Pelama Chubut S.A.	Fiber and Wool	Vicuña Fiber	$104,698	$104,698
Federación Asociacio. Product. Agropec. Acobamba (FAPAA)	Beans and Legumes	Dry Broad Bean	$102,106	-
Cooperativa Agropecuaria Rural Andina – COOPRA	Fiber and Wool	Alpaca Fiber	$99,048	-
Taller de Tejidos A Telar Tuky Ruracc	Fabrics	Fabrics	$43,284	-
Hitalo Agro EIRL	Potato	White Potato	$21,871	
Grupo de Productores de Arveja Verde de la Zona de Acobamba	Beans and Legumes	Green Peas	$9,961	-
Artesanías Sumak Maki	Fabrics	Fabrics	$6,822	-
Asociación Qampaq Art	Fabrics	Fabrics	$5,629	$603
Hitalo Agro EIRL	Potato	Native Potato	$4,184	
Grupo de Productores de Arveja Verde de la Zona de Angaraes	Beans and Legumes	Green Peas	$1,798	-
Total			**$540,969**	**$246,869**

Businesses in Huancavelica ESC Priority Zones

Net sales in the priority zones of Huancavelica corridor amounted to $35,666, covering only 12 percent of the FY 2010 net sales target in this area.

Table 3.2.4. Huancavelica ESC: Sales, Jobs, and Investment per Client
(in Priority Zones)

Client	Product	Sub- Product	Net Sales	Net Days of Work
Asociación Qampaq Art	Fabrics	Fabrics	$5,629	608
Cooperativa Agropecuaria Rural Andina – COOPRA	Fiber and Wool	Fabrics	$28,239	5,201
Grupo de Productores de Arveja Verde de La Zona de Angaraes	Beans and Legumes	Green Peas	$1,798	46
Total			**$35,666**	**5, 854**

2. Priority zones refer to the geographical scope where the resource partner (mining, energy or construction company) is located and where it has a particular interest in undertaking its corporate social responsibility and community development policy.

Prospects for Huancavelica ESC

The ESC is exploring new business development with products such as raspberries and tomatoes. The vicuña fiber business with Pelama Chubut and the farmer communities of Huaytará can be extended to other communities. Sustainability of the business may be further strengthened with the appointment by the Argentine company of a trade representative in Peru.

Huancavelica ESC Business Plans

1. Client: Artesanias Sumak Maki	Product: Knitted Clothes and Accessories

- **Objective:** Increase sales by approximately 30 percent by developing new accessories and diversifying the client portfolio.
- **Problem:** The output does not meet the quality standards of export markets. The company lacks personnel specialized in quality control needed to access export markets. Low working capital limits the ability to increase production volumes.
- **ESC strategy:** The ESC will help develop new products according to market trends, build staff capacity for quality control and finishing, and create linkages with the financial system to support value-chain management.

2. Client: Agrupación de Asociaciones de Productores de Acobamba	Product: Improved Green Pod Pea

- **Objective:** Increase the production of selected fresh peas to 900 MT.
- **Problem:** Weak product standardization and technical shortcomings at the post-harvest stage.
- **ESC strategy:** The ESC will strengthen best agricultural practices throughout the production cycle and improve investment management in coordination with financial service providers to ensure timely sowing.

3. Client: Agrupación de Asociaciones de Productores Agropecuarios de Angaraes	Product: Improved Green Pod Pea

- **Objective:** Increase the sales of green pod peas by 50 percent and standardize output in line with Lima's wholesale market demands.
- **Problem:** Insufficient working capital limits the purchase of improved seeds and inputs.
- **ESC strategy:** The ESC will provide producers with guidance on crop expansion and the use of improved seeds; strengthen best agricultural practices throughout the production cycle; and improve investment management to ensure timely sowing.

4. Client: Asociación de Comités de Criadores de Vicuña de Huancavelica (ACCRIVIH)	Product: Vicuña Fiber

- **Objective:** Increase sales of vicuña fiber by 50 percent.
- **Problem:** Community members lack the capacity to negotiate commercial conditions.
- **ESC strategy:** The ESC will link producers with buyer companies through purchase agreements, and with similar organizations to organize the supply. The ESC will also provide technical assistance in fence building and vicuña herding and roundup.

5. Client: Asociación Qampaq Art	Product: Clothes and Accessories

- **Objective:** Increase sales by approximately 100 percent through new product development and contacts with new clients.
- **Problem:** Deficiencies in the quality of new designs and product standardization (poor measurements and finishing).
- **ESC strategy:** The ESC will connect the company with new clients, establish purchase intent arrangements, and assess the company's production capacity, taking into consideration craftsmen's specializations, product quality, and delivery times.

6. Client: Cooperativa Agropecuaria Rural Andina (COOPRA)	Product: Categorized Alpaca Fiber

- **Objective:** Increase the sales of categorized alpaca fiber from COOPRA by 200 percent and standardize production to meet the technical standards of categorization.
- **Problem:** Weak commercial management resulting in unfavorable negotiation of price and payment conditions; lack of experience in categorization processes for alpaca fiber according to NTP 231.300; and limited working capital to collect a larger volume of fiber and develop efficient logistics in collection processes.
- **ESC strategy:** The ESC will support commercial management and the formalization of purchase agreements; build the capacity of technicians and trainers in shearing and categorization processes, respectively; and create linkages with the financial system to support value-chain management.

7. Client: Cooperativa Agropecuaria Rural Andina (COOPRA)	Product: Classified Alpaca Fiber

- **Objective:** Sell classified alpaca fiber to Arequipa's manufacturing industry in line with technical classification standards.
- **Problem:** Insufficient working capital limits the ability to collect a greater volume of fiber and develop efficient collection logistics.
- **ESC strategy:** The ESC will support commercial management practices and the formalization of purchase contracts; link the cooperative with the financial system; and build capacity in classification and quality control processes.

8. Client: Federación de Asociaciones de Productores Agropecuarios de Acobamba (FAPAA)	Product: Green Broad Bean

- **Objective:** Produce 200 MT of dried broad beans per year in line with market demands.
- **Problem:** Deficiencies at the fertilization, post-harvest, and storage stages. Insufficient working capital limits production.
- **ESC strategy:** The ESC will implement proper cultivation techniques; improve investment management to ensure timely sowing; and promote best agricultural practices throughout the production cycle.

9. Client: Hítalo Agro EIRL	Product: Selected Commercial Potato

- **Objective:** Purchase 600 MT of selected and treated commercial potatoes from producer associations in the provinces of Acobamba, Tayacaja, and Angaraes (Huancavelica region).
- **Problem:** Poor genetic quality of the seeds used by suppliers, who have limited working capital, leading to deficient harvest and post-harvest management (selection, storage, treatment, and packaging).
- **ECS strategy:** The ESC will provide guidance to producers on the use of seeds obtained in SENASA-authorized centers; promote best agronomical practices throughout the production cycle; and improve financial management through client guarantees.

10. Client: Hítalo Agro EIRL	Product: Commercial Native Potato

- **Objective:** Purchase 300 MT of selected commercial native potatoes from producer associations in the provinces of Acobamba, Tayacaja, and Angaraes (Huancavelica region).
- **Problem:** Poor product quality and non-selected varieties.
- **ESC strategy:** The ESC will work with producers to implement best agronomical practices throughout the production cycle and provide technical assistance in the selection process.

11. Client: Pelama Chubut	Product: Dirty Vicuña Fiber

- **Objective:** Gradually increase the purchases of vicuña fiber to achieve direct export of 100 percent of the fiber produced in Huancavelica's communities in three years.
- **Problem:** Insufficient technological capacity for efficient development of the chaku, (installation of fences, harnessing, roundup of vicuñas) and of selection and shearing processes, resulting in poor product quality (overly long or short locks, dandruff, dust).
- **ESC strategy:** The ESC will provide technical assistance for roundup, shearing, and fleece classification according to fiber color and fineness.

12. Client: Taller de Tejidos A Telar Tuky Ruracc	Product: Clothes and Accessories

- **Objective:** Increase sales by 30 percent on average as a result of entry to new markets and the development of new products such as accessories and home decoration items.
- **Problem:** Undiversified client portfolio. The company lacks the ability to develop its own products and has limited access to new markets, in addition to weak commercial capacity and lack of personnel specialized in product design and development.
- **ESC strategy:** The ESC will contact new clients and establish purchase intent arrangements; promote new products according to market trends; build capacity for commercial management as well as negotiation and sales techniques; and strengthen personnel capabilities in new product design and development.

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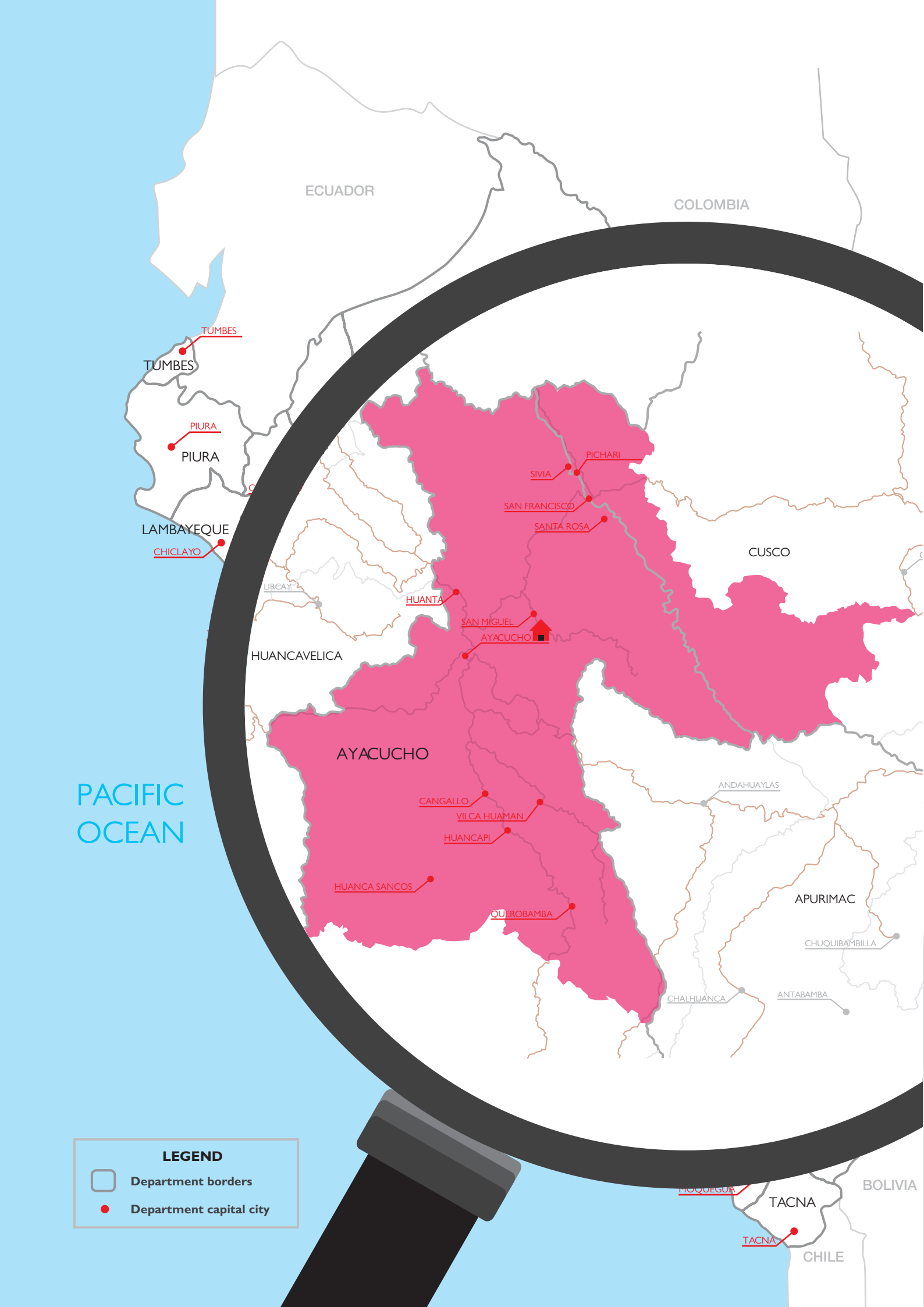
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CANGALLO
VILCA HUAMAN
HUANCAPI
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CHUQUIBAMBILLA
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OCEAN
LEGEND
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Department capital city
MOQUEGUA
TACNA
TACNA
BOLIVIA
CHILE

3.3. AYACUCHO ESC

- **Starting date:** April 5, 2010
- **Inauguration date:** June 9, 2010
- **Operator:** CARE Perú

Results

Despite the relatively late start of operations at the Ayacucho ESC and the fact that no target was set for this center, it generated $795,472 in net sales, 16,893 net days of work, and $56,808 in new investments in FY 2010, contributing 20 percent of overall project sales, 11 percent of total jobs, and 17 percent of total investments.

Table 3.3.1. Ayacucho ESC: Sales, Jobs, and Investments
(October 2009-September 2010)

Net Sales	$795,472
Net Days of Work	16,893
Investment	$56,808

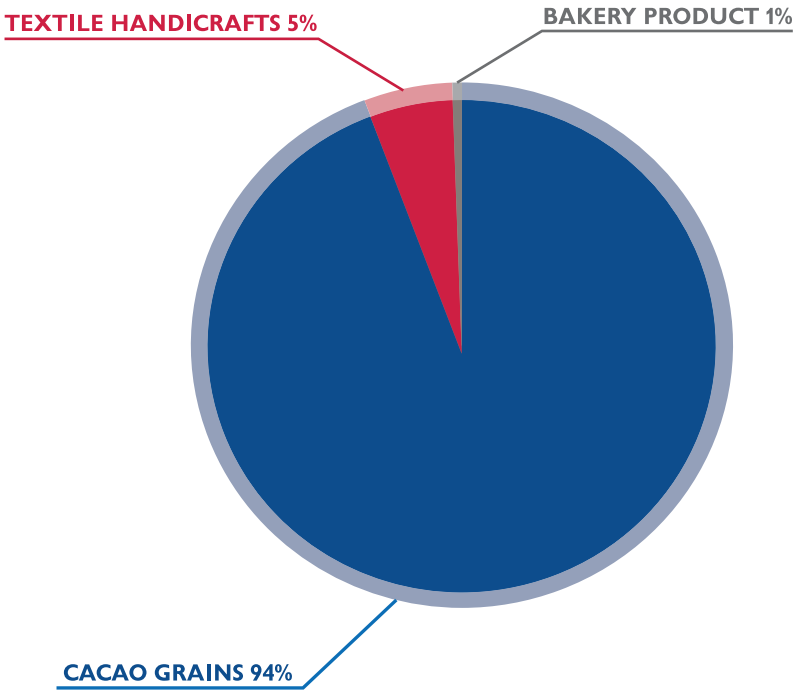
Businesses

The cacao grains business of *El Quinacho* Agricultural Cooperative accounts for 94 percent of the corridor's sales (see Table 3.3.2 and Figure 3.3.1). The other two businesses that produced results between April and September 2010 are *Macedonio Palomino*'s handicrafts, accounting for 5 percent of the corridor's sales, and the Masadorada bakery's bread and cake production.

Table 3.3.2. Ayacucho ESC: Sales, Jobs, and Investments per Client and Product
(October 2009-September 2010)

Client	Product	Sub-Product	Net Sales	Export Value	Next Day of Work	Investment
Cooperativa Cafetalera "El Quinacho"	Cocoa	Cacao	$748,902	$748,902	12,203	$51,770
Macedonio Palomino Torres	Household Goods, Handicrafts	GrainsTextile Handicrafts	$42,010	$42,010	4,512	-
Masa Dorada SAC	Processed Products	Bakery Products	$4,560	$0	178	$5,038
Total			**$795,472**	**$790,913**	**16,893**	**$56,808**

Figure 3.3.1. Ayacucho ESC: Percentage of Net Sales per Product



The Ayacucho ESC played a critical role in ensuring the collection of larger amounts of cacao slime by El *Quinacho* cooperative in San Martín and Sivia in order to source higher-quality cacao in terms of its fermentation degree. El *Quinacho* has demonstrated a strong commitment to environmental protection, organic management of cacao production, and corporate social responsibility. The support provided by the ESC is helping to extend organic certification to small producers' parcels. An important achievement has been the UTZ certification, which certifies that the supply chains of agricultural products are sustainable and meet the growth needs and expectations of farmers, the food industry, and consumers alike. Organic and fair trade certifications have allowed the El *Quinacho* cooperative to sell cacao at a premium in international markets. From June to September 2010, El *Quinacho* sold 53 percent of its production with the UTZ organic seal, 7 percent with the NOP fair trade organic seal, and 13 percent with the NOP organic seal. The 300-plus producers working in 1,244 certified hectares are the cooperative's most valuable asset.

Wari Urpi, a small company in Ayacucho owned by artisans Macedonio Palomino and his wife Luzmila Huarancca, participated for the second time in the annual Santa Fe International Folk Art Market in New Mexico on July 9-11, 2010. The event, considered the largest folk art market in the world, featured 147 artists from about 50 countries. Total sales at the fair exceeded $2 million. *Wari Urpi* sold more than 95 percent of the total merchandise exhibited, earning over $25,000. In addition, the Palominos made contact with handicraft sales companies in the United States and are sending samples to them and completing new orders. The PRA II project supported the participation of the Palominos as well as that of their business partners, Ana Bovet and Claudia Ceruti, by covering registration fees, product shipments, accommodations, and travel expenses.

Masadorada is a bakery owned by the Epileptics Association of Ayacucho, which has 250 members. The PRA II project has provided *Masadorada* with technical assistance on new product development, association management, and market development. In a short period of time, the bakery closed deals to source the military school *Basilio Auqui* and the National Prisons Institute with its products on a daily basis. More orders have followed suit, particularly for its star product, *panetón* Christmas cake (see success story on page 121).

Prospects for Ayacucho ESC

The Ayacucho ESC is working on two new business plans with the company *Soluciones Avanzadas en Agronegocios Wiracocha del Perú* to support the production of organic and conventional quinoa, which will yield significant results in the short term. In addition, the ESC is assisting the *El Batán* Women's Agribusiness Association with grains and cereals production. Existing and new cacao and coffee businesses in the Apurímac and Ene River Valley (VRAE) zone will also contribute to growing sales, jobs, and investments in this corridor.

Ayacucho ESC Business Plans

Business Plans with FY 2010 Results

1. Client: Cooperativa Agraria Cafetalera "El Quinacho"	Product: Dry Grain Cacao

- **Objective:** Standardize a larger volume of exportable output and comply with the cooperative's trade program.
- **Problem:** Lack of raw materials (cacao butter) for the new cacao butter processing centers located in Sivia and San Martín.
- **ESC strategy:** The ESC will help the client intensify efforts to organize the collection of a larger volume of cacao butter for the new processing centers located in Sivia and San Martín.

2. Client: Macedonio Palomino	Product: Handicrafts

- **Objective:** Secure at least two to five permanent buyers, which will enable the client to increase supply and hire skilled labor.
- **Problem:** The client needs additional personnel to cover labor flight to other areas and to make it possible to fulfill large orders and develop new designs.
- **ESC strategy:** The ESC will identify new markets and train new workers in the entire production process, with a view to improving quality and increasing production.

3. Client: Masadorada	Product: Bakery

- **Objective:** Enhance the bakery skills of Masadorada workers; secure permanent buyers; increase production and productivity; and open two outlets in the Ayacucho city center.
- **Problem:** The business is new and its activities are just starting, thus the market for its output is small. The business is run by members of the Epileptics Association of Ayacucho and their bakery skills are still limited.
- **ESC strategy:** The ESC will provide technical assistance for the production of bread and similar goods; help secure contracts to sell the output to public and private institutions; and improve the organization and administration of the business.

4. Client: Cooperativa Agraria Cafetalera "Valle Río Apurímac"	Product: Dry Grain Cacao

- **Objective:** Standardize a larger volume of exportable output and comply with the client's trade program.
- **Problem:** Lack of raw materials (cacao butter) for the new cacao butter processing center located in Naín.
- **ESC strategy:** The ESC will assist the client in intensifying efforts to organize the collection of a larger volume of cacao butter for the new processing center in Naín.

5. Client: Cooperativa Agraria Cafetalera "Valle Río Apurímac	Product: Dry Grain Coffee

- **Objective:** Standardize a larger volume of exportable output and comply with the client's trade program.
- **Problem:** Scarce raw materials (cherry coffee) for the wet processing plant in Kimbiri Alto.
- **ESC strategy:** The ESC will support the collection of a larger volume of cherry coffee, with a view to increasing the capacity of the wet processing plant by 30 percent.

6. Client: Soluciones Avanzadas En Agronegocios Wiracocha del Perú SAC	Product: Organic Red Quinoa

- **Objective:** Secure certification for 35 hectares of quinoa (red Pasancaya variety) and obtain 55 MT from PRA-assisted suppliers during the 2010-2011 season.
- **Problem:** The company does not have fields or producers who can meet the certification requirements.
- **ESC strategy:** The ESC will organize producers to obtain certification for their fields and initiate the production of organic goods. It will also provide technical assistance in production and implementation processes in line with certification requirements.

7. Client: Soluciones Avanzadas en Agronegocios Wiracocha del Perú SAC	Product: Conventional White Quinoa

- **Objective:** Establish 90 hectares of white quinoa and collect 150 MT during the 2010-2011 season from PRA-assisted suppliers.
- **Problem:** During post-harvest, the venting and selection process becomes one of the most sensitive bottlenecks.
- **ESC strategy:** The ESC will organize suppliers and provide technical assistance, with an emphasis on the post-harvest stage (venting and selection) to enhance quality.

Business Plan in Preparation

8. Client: Asociación de Mujeres Agroindustriales El Batán	Product: Grain and Cereal Processed Goods

- **Objective:** Integrate the client with the market and connect it with direct suppliers and/or producer chains that will supply raw material.
- **Problem:** The business reinitiated operations in May, but existing markets and sales are insufficient to cover production costs. Management skills are poor.
- **ESC strategy:** The ESC will connect the company with markets and provide technical assistance in management, marketing, and sales. The ESC will also assist in establishing linkages with raw material suppliers.

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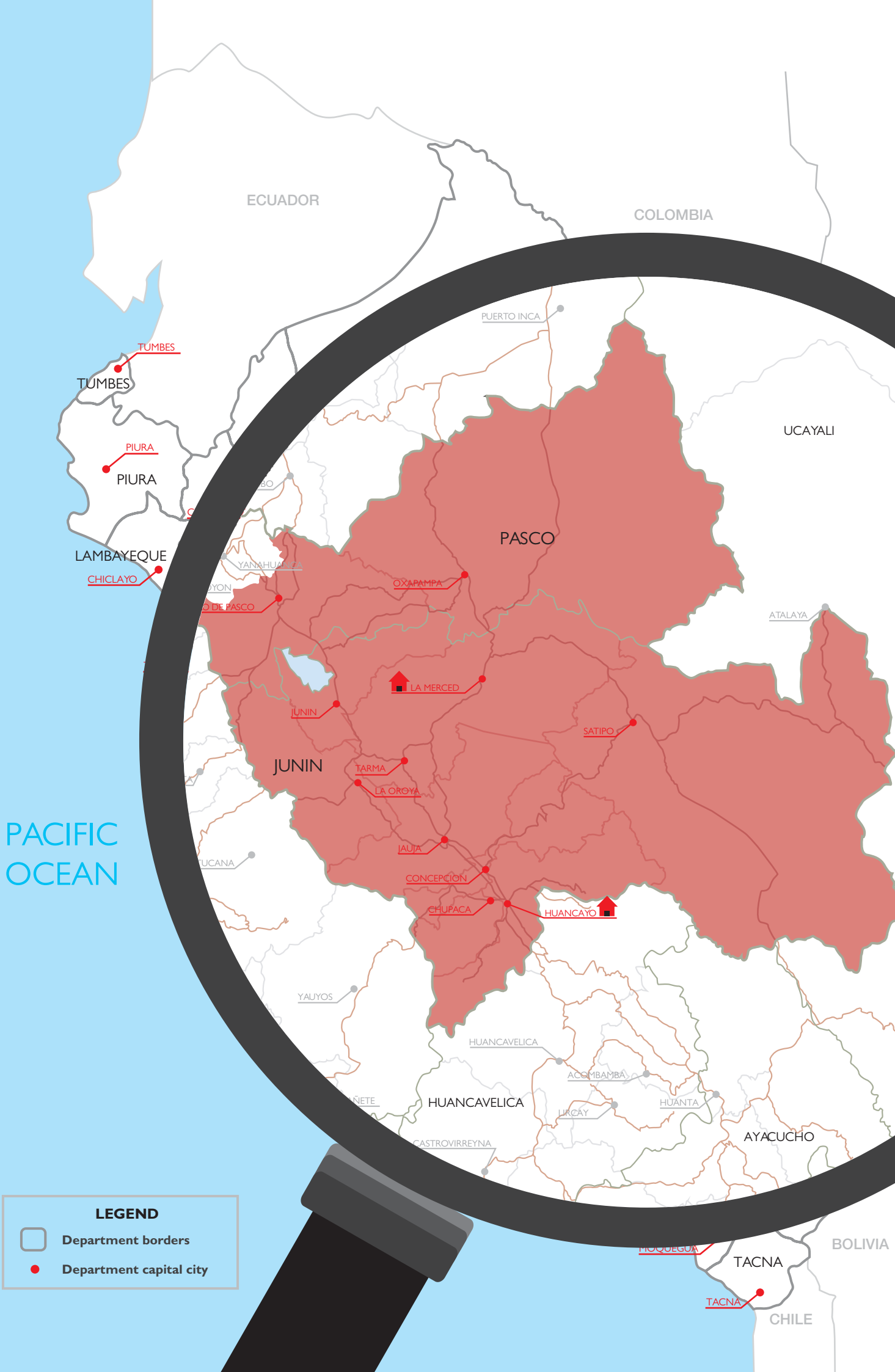
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3.4. JUNÍN-PASCO ESC

- **Starting date:**

  April 5, 2010

- **Operator:** CEAR

Results

The Junín-Pasco ESC had a relatively late start, initiating operations in April 2010. Though no results target were set for the center, it generated $480,372 in net sales and 7,263 days of work in FY 2010, accounting for 12 percent of total project sales and 5 percent of total new jobs.

Table 3.4.1. Junín-Pasco ESC: Sales and Jobs
(October 2009-September 2010)

Net Sales	$480,372
Net Days of Work	7,263

Businesses

Two businesses achieved rapid results in the Junín-Pasco corridor: Agromantaro's jalapeño chilies and Leocar's livestock (see Table 3.4.2 and Figure 3.4.1).

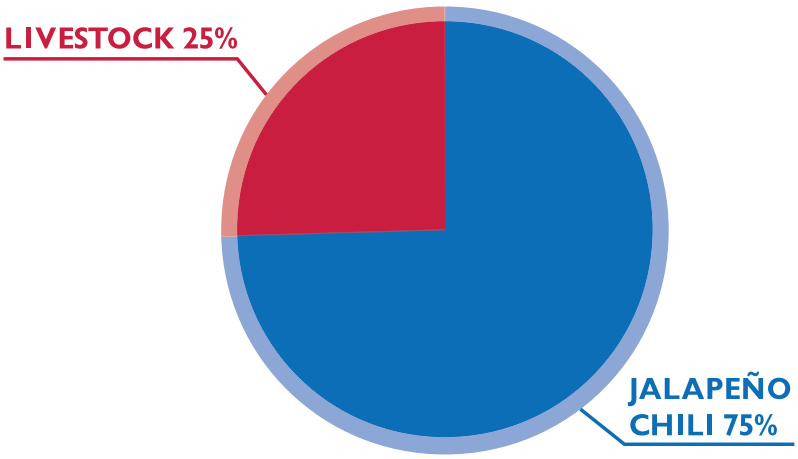
Table 3.4.2. Junín-Pasco ESC: Sales, Exports, and Jobs per Client and Product
(October 2009-September 2010)

Client	Product	Sub Product	Net Sales	Export Value	Net Days of Work
Agromantaro SAC	Pepper and Hot Chilies	Jalapeño Chili	$358,111	$358,111	4,786
Leocar EIRL	Livestock	Livestock	$122,261	$0	2,478
Total			**$480,372**	**$358,111**	**7,263**

Jalapeños chilies are a newly introduced product in Peru. The jalapeños chilies processed by Agromantaro are sold to McCain Foods Ltd Company and exported to the United States. The Junín-Pasco ESC and Agromantaro have successfully introduced drip irrigation technology in the Amazon forest area of Junín region. As a result, yields have increased by 75 percent. The ESC helped identify growers for this new product and organized the value chain. It also provided technical assistance on the application of USAID's PERSUAP requirements to jalapeño growing and helped meet financial needs for the growing seasons (see success story on page 122).

Leocar's standing cattle business experienced tremendous growth in a short period of time, increasing from a monthly production of 60 to 120 heads of cattle, with projections of 180 heads in the next few months. The company increased the number of heads of cattle at its fattening center from 700 to 1,000.

Figure 3.4.1. Junín-Pasco ESC: Percentage of Net Sales per Product



Prospects for Junín-Pasco ESC

Eight new businesses are being implemented in Junín-Pasco corridor with bright prospects: maca, hen eggs, hen poultry, trout, ginger, raw cacao snacks, artichoke and sheep cheese (see business plan summaries below). Koken Perú is selling maca, an important native biodiversity product, and its sales will be recorded by the beginning of the next fiscal year. Ecoandino's raw cacao snacks are innovative products based on the "raw foodism" trend, which encourages the consumption of uncooked food or of food processed at low temperatures. The dairy company Lactea is working with farmer communities in the high Andes to upgrade sheep genetics in order to increase productivity and improve the quality of milk to be used as raw material for high-quality specialty cheeses. The production of larger volumes of high-quality milk is expected to meet demand from Lactea's processing plant in the short term. With this business plan, Lactea is not only increasing the scale of its suppliers' production, but is also helping to reduce poverty in farming communities located at high altitudes.

Junín-Pasco ESC Business Plans

Business Plans with FY 2010 Results

1. Client: Agromantaro	Product: Jalapeño Chili

- **Objective:** Improve the supply of raw material and strengthen linkages between the company Agromantaro and small producers of jalapeño chilies located in the central jungle zone. Improve yields and quality in line with meet company standards.
- **Problem:** Difficulty in organizing the supply due to farmers' limited access to financing and poor knowledge of the business.
- **ESC strategy:** The ESC will work with farmers to improve their access to land, facilitate the development of a productive value chain, and build linkages to the financial system.

2. Client: Leocar EIRL	Product: Standing Cattle

- **Objective:** Increase the supply of standing cattle by improving the collection system in different zones of the country, establishing small collection centers, increasing the number of suppliers in new zones, and providing technical support in cattle management.
- **Problem:** Insufficient raw material (standing cattle) to meet market demand and poor quality of standing cattle acquired by the client company.
- **ESC strategy:** The ESC will develop a value chain linking the client, suppliers (cattle farmers), agro-veterinary companies, and some carriers.

Business Plans in Implementation

3. Client: Agromantaro	Product: Canned Artichoke

- **Objective:** Ensure the availability and improvement of raw material supply by identifying new areas suitable for artichoke growing, implementing lease agreements, and validating a new technological package for new varieties of thornless artichoke in the Mantaro Valley.
- **Problem:** Difficulty in finding new crop areas. Challenges in verifying and evaluating soil conditions, water availability, and road accessibility for the lands that the company has leased and the new areas to be leased. New crop areas are too scattered.
- **ESC strategy:** The ESC will hire a consultant to assist in identifying new crop areas to be leased by the company. An expert will also be hired to validate the technological package during two seasons.

4. Client: Corporacion World Foods	Product: Fresh Whole Ginger

- **Objective:** Increase the supply (volume) of fresh premium ginger in order to reach 1,100 tons of production in two years and to join the company's organic program.
- **Problem:** Poor capacity of ginger producers to offer the company a premium product, namely ginger with pungency content 5-7 (on a scale of 1 to 10), yellow; minimum weight of 250 g; free from wounds (cuts or traces of plagues and diseases); product washed with running water and delivered in plastic cages. Low yields per hectare (90 percent of ginger suppliers are at 20 to 22 mt/ha). The objective is to increase current production by 35 percent, and for 80 percent of the production be premium ginger.
- **ESC strategy:** The ESC will provide technical assistance to producers in coordination with the client company. The center will identify new ginger suppliers and engage them in the conventional and organic production process through the creation of a value chain designed to enhance the production process, with a focus on increasing yields; improving sanitation, harvest, and post-harvest; and implementing an efficient collection system.

5. Client: Ecoandino SAC	Product: Cacao Raw Snacks

- **Objective:** Increase the supply of raw material (A grade and low fermentation organic cacao) to 120-500 tons in two years.
- **Problem:** The integration of new hectares of cacao in an organic and sustainable business model has yet to be achieved. Other problems include low yields per hectare and lack of knowledge of post-harvest management.
- **ESC strategy:** The ESC will work with the company to identify new cacao producers and engage them in the organic certification process; train them in production processes, particularly post-harvest management; and improve the organic cacao collection system through the establishment of collection centers in strategic zones.

6. Client: Koken Perú SRL	Product: Maca Flour

- **Objective:** Grow company sales by increasing the supply (volume) of raw material (maca) per requirements set by the head of the plant. Support sales growth by also expanding crop areas (value chains), enhancing productivity, and improving post-harvest management.
- **Problem:** Weak organization of the maca value chain for organic certification. Deficient post-harvest treatment of the product.
- **ESC strategy:** The ESC will promote and develop efficient value chains, with clear responsibilities and economic benefits for all stakeholders. The ESC will also help to expand the company's crop areas while promoting increased productivity, timely management, and efficient post-harvest.

7. Client: Lactea SA	Product: Sheep Cheese

- **Objective:** Improve the supply of raw material by connecting Lactea with groups, associations or farming communities that have sheep availability, pasture areas under optimal edafoclimatic conditions, and willingness to develop a genetic reconversion program.
- **Problem:** Lack of raw material (sheep milk), weak relationship with communities to involve them in genetic reconversion, and poor technological transfer for genetic reconversion.
- **ESC strategy:** The ESC will facilitate the development of value chains involving the company, cattle farmers (groups, associations or communities), and other agents, and will formalize strategic alliances.

8. Client: Piscigraja Bernuy	Product: Fresh Trout

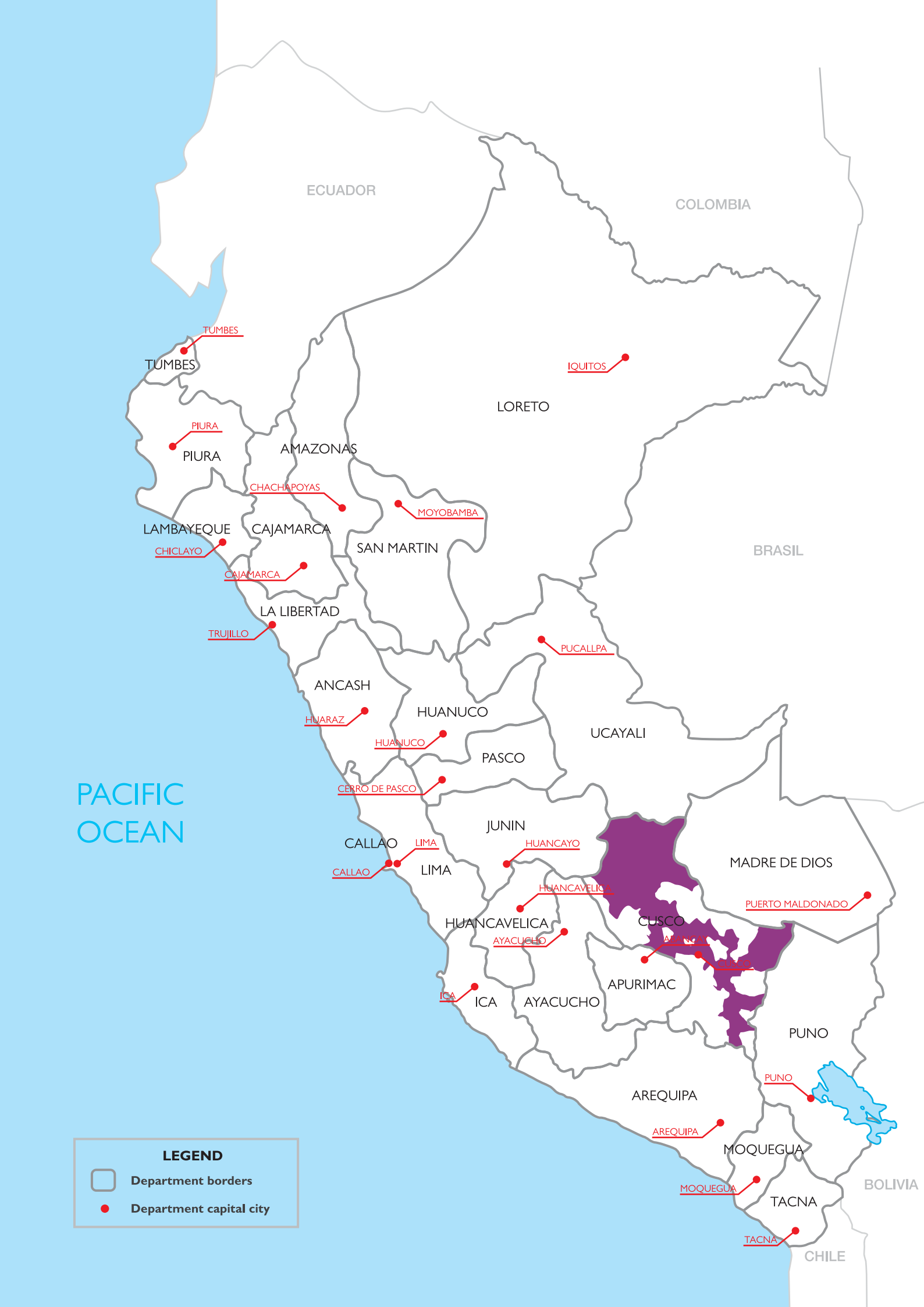
- **Objective:** Increase the volume of production and supply of quality trout for commercialization as fresh, whole and eviscerated trout to fulfill the unmet demand of the regional market, exporter companies, and trading companies in supermarkets.
- **Problem:** Poor capacity to provide technical assistance to small trout farmers linked to the company. In general, trout provided by these farmers does not meet quality standards.
- **ESC strategy:** The ESC will help the company expand the number of suppliers and improve its own production by increasing the number of floating cages in Lulicocha lagoon and opening an operations center in Pun Run lagoon.

9. Client: Ponedoras Chanchamayo	Product: Eggs

- **Objective:** Increase, on a staggered and sustainable basis, the production of pink and fresh eggs to fulfill unmet demand in the central jungle.
- **Problem:** Lack of technical knowledge in the management of laying hens to avoid high mortality rates, both during the raising phase (until 20 weeks of age) and the laying phase (from 21 to 72 weeks of age). Lack of technical knowledge to achieve the ideal body weight of hens at the beginning of the laying, which must be 1.6 kg at 18 weeks of age.
- **ESC strategy:** The ESC will help adjust the production technology for laying hens on the coast to the conditions of the central jungle, while promoting the creation of a value chain for the product hard yellow corn, an important feeding input for hens.

10. Ponedoras Chanchamayo	Product: Hen Poultry

- **Objective:** Obtain hens that, after passing through the production cycle, report the lowest mortality rates, ideal body weight for the beginning of the laying, and laying persistence so that at the end of the production cycle, they can be released to the market with the adequate weight of approximately 2.4 kg.
- **Problem:** Lack of technical knowledge in the management of laying hens to avoid high mortality rates.
- **ESC strategy:** The ESC will help adjust the technology of production on the coast to the conditions of the central jungle. For that purpose, production indicators should be similar to those obtained on the coast and should show the potential to make this new venture profitable.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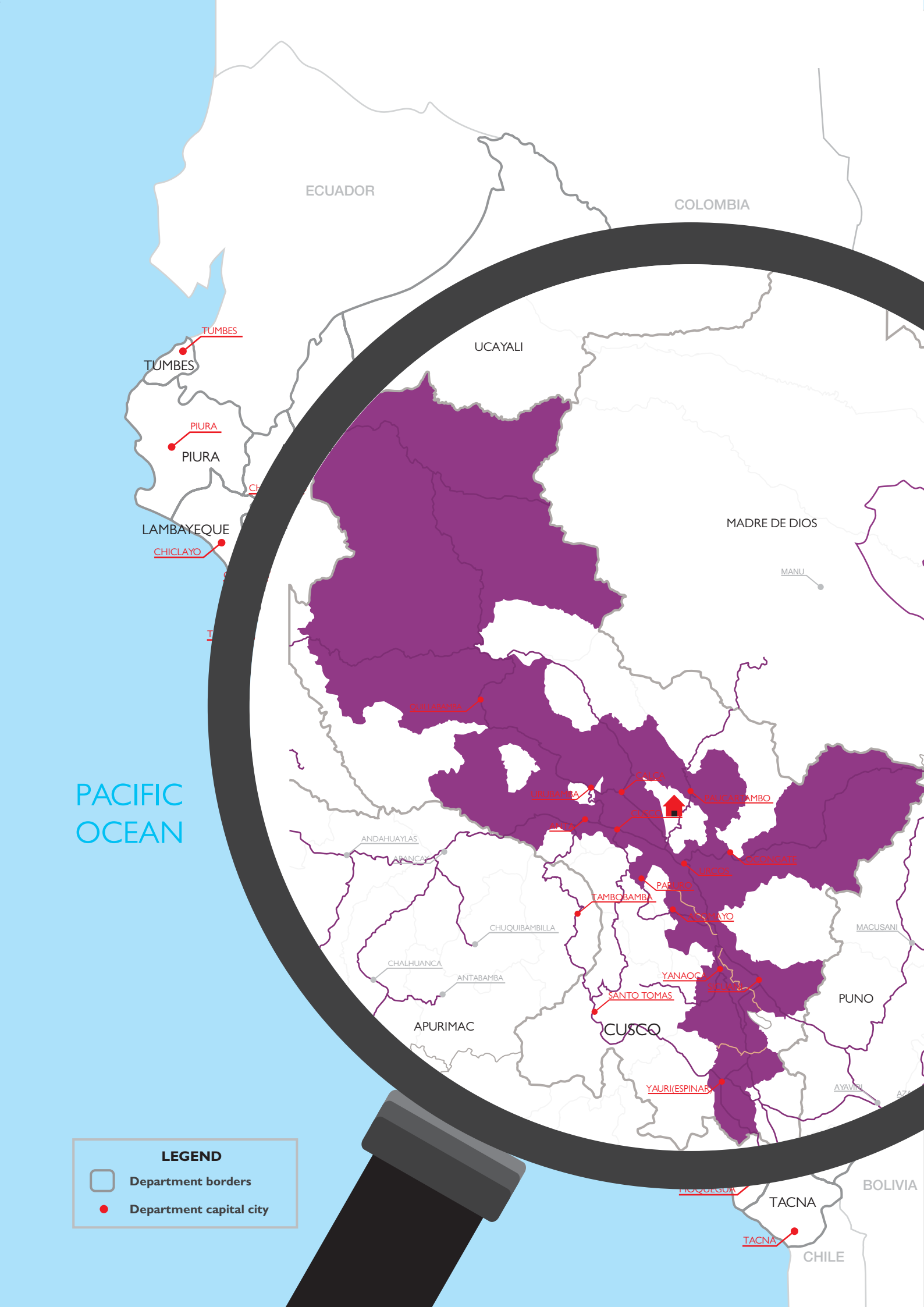
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3.5. CUSCO ESC

- **GDA resource partner:**

ODEBRECHT

- **Starting date:** March 15, 2010

- **Inauguration date:** May 12, 2010

- **Operator:** CARE Perú

Results

The only business in Cusco corridor that produced results in FY 2010 was Tesoros Trading Company, with $1,619 in net sales and exports of textile handicrafts, and 175 days of work involved. No result targets were set for this ESC.

Table 3.5.1. Cusco ESC: Sales and Jobs
(October 2009-September 2010)

Net Sales	$1,619
Net Days of Work	175

Table 3.5.2. Cusco ESC: Sales, Exports, and Jobs per Client and Product

Client	Product	Sub - Product	Net Sales	Export Value	Net Days of Work
Tesoros Trading	Household Goods, Handicrafts	Handicrafts	$1,619	$1,619	175
Total			**$1,619**	**$1,619**	**175**

Business Prospects for Cusco ESC

The Cusco ESC is working on nine new businesses, all of them with limited or no environmental impact. Three business plans involve work with craftswomen associations, and one promotes the cultivation of amaranth, a biodiversity product. The ESC's role in building business linkages will be critical to facilitate the implementation of the business plans, which require exporting companies to source their production inputs from groups of small producers such as craftspeople and agricultural growers. This type of assistance will be needed by client companies such as Royal Knit and Ayni Art (textile handicrafts), Tesoros Trading Co. (textile handicrafts and pottery), and Exportadora Agrícola Orgánica (amaranth).

The dairy company *Laive* is interested in establishing a strategic alliance with the Colca cheese processing plant owned by the Ocongate municipality to purchase all of its paria cheese production. As a prerequisite, *Laive* expects the transfer of plant management to the private sector or the adoption of an alternative private management scheme. The ESC is helping to facilitate the process of developing this business. In addition, the dairy company *Gloria* seeks to source fresh cow milk from the production areas of Cusco and is willing to establish a collection unit if supply volumes exceed 5,000 liters per day. The ESC is helping to identify milk producers who could supply the company.

The Cusco ESC is also providing assistance to *Cerámicas Kantu*, which seeks to penetrate the Brazilian market with its innovative decorative tiles for construction finishes, and is helping the company identify sources of financial support for this effort. Likewise, the ESC is supporting the Association of Alpaca Producers *Señor de Koyllorriti* in collecting categorized alpaca fiber to be sold to industrial buyers and is helping to identify sources of finance for working capital.

Cusco ESC Business Plans

Business Plans with FY 2010 Results

1. Client: Tesoros Trading Company	Product: Textile Handicrafts

- **Objective:** Expand the client's supply by incorporating textiles made by Ausangate craftspeople. The target is to sell 2,500 units in the first year, which would translate into an annual sales growth of 20 percent.
- **Problem:** Weak competitiveness of craftswomen associations with regard to finishing, productivity, and organizational capacity. Current traditional designs are not in line with contemporary trends, which require stylization of Andean iconography.
- **ESC strategy:** The ESC is looking into hiring consultants (for about two months each) to help build the associations' competitiveness with regard to product development, output quality, costs, productivity, and organizational capacity. The ESC will also assist in developing an output mix consistent with the client's market through the establishment of a permanent commercial consultancy.

Business Plans in Implementation

2. Client: Alsur SAC	Product: Thornless Artichoke

- **Objective:** Reinforce commercial linkages and increase the number of suppliers of thornless artichokes.
- **Problem:** Difficulties in identifying adequate areas for growing thornless artichokes. Lack of product management knowledge, leading to low supply.
- **ESC strategy:** The ESC will provide specialized technical assistance to identify new production areas and enhance the knowledge of new producers.

3. Client: Asociación de Productores Señor de Koullority	Product: Alpaca Fiber

- **Objective:** Enhance commercial linkages and create added value for alpaca fiber to increase producers' income.
- **Problem:** Weak organizational capacity of the suppliers' association and restrictions in the collection of fiber (suppliers deliver the fiber only against cash payments).
- **ESC strategy:** The ESC will connect the association with a buyer that can offer the best purchasing conditions; provide technical assistance to meet the buyer's requirements, including categorization and classification techniques; strengthen and formalize the suppliers' collection center; and support business management (development of modules for fiber categorization and classification) and commercial linkages.

4. Client: Ayni Art	Product: Textile Handicrafts

- **Objective:** Increase sales through commercial linkages with qualified producer associations in order to respond to international market demand.
- **Problem:** Small portfolio of qualified and organized suppliers.
- **ESC strategy:** The ESC will help to develop small collections for specific clients through support for the production process (administrative, cost management, and other basic skills), follow-up, and quality control (sampling and quality control of knitting techniques) based on current trends, traditions, and color charts. The ESC will also support the organizational development of producer associations (information about procedures and requirements for tax compliance and formalization of associations, issuance of receipts for SUNAT, opening of bank accounts, etc) and build effective commercial linkages between the client and suppliers.

5. Client: Cerámicas Kantu	Product: Decorative Tiles

- **Objective:** Increase access to new markets and investors interested in Kantu's commercial growth, especially in the Brazilian and Colombian markets.
- **Problem:** Lack of information on market entry, commercial operations, and distribution in other Latin American countries, mainly Colombia and Brazil. In addition, a capital increase is necessary for more effective entry into new markets.
- **ESC strategy:** The ESC will capitalize on the project's network of contacts to identify investment fund decision-makers who can become alternative partners. The possibility of hiring a consultant to help identify buyers in the Brazilian market is under consideration (subject to coordination with Odebrecht).

6. Client: Exportadora Agrícola Orgánica SAC	Product: Amaranth

- **Objective:** Expand production to newly identified areas to obtain larger volumes of amaranth (kiwicha), under the supervision of the client's operations managers in charge of controlling the production process, from sowing to delivery of final product for export.
- **Problem:** Difficulties in identifying appropriate cultivation areas. Problems related to the organization of supply given the small size of the client's current portfolio of suppliers.
- **ESC strategy:** The ESC will assist in identifying new growing areas and will co-finance a process coordinator with knowledge of the area and the product. The center will also launch a producer/supplier relationship-building process and facilitate stakeholder participation and communications.

7. Client: Gloria SA	Product: Fresh Milk

- **Objective:** Connect dairy producers in Anta, Cusco, Canchis, and Espinar to Gloria as part of a fresh milk supply chain to ensure the provision of 5,000 kg/day in the first year, 10,000 kg/day in the second year, and 15,000 kg/day in the third year.
- **Problem:** The collection of fresh milk entails higher costs since it needs to be transported to the Majes concentration plant (Arequipa).
- **ESC strategy:** The ESC will identify milk basins with significant potential in the Cusco corridor (supply base), link suppliers to the company, and provide technical assistance to suppliers to improve productivity in dairy farming.

8. Client: Laive SA	Product: Cheese

- **Objective:** Establish fully integrated commercial linkages between Laive and the Colca de Ocongate plant under a joint venture aimed at ensuring the commercialization of 15,000 kg of cheese in the first year and 32,000 kg in the second year.
- **Problem:** The property and management of the Colca plant, the major cheese supplier in Ocongate, are being transferred. The plant is currently under the oversight of the municipality of Ocongate, a political entity that lacks the knowledge to transfer ownership and management in a manner that ensures business sustainability.
- **ESC strategy:** The ESC will provide specialized advisory services to the municipality of Ocongate to transfer the ownership and management of the Colca plant; enter into a joint venture with Laive; and provide technical assistance to improve the quality of cheese production up to the client's standards.

9. Client: Royal Knit	Product: Textile Handicrafts

- **Objective:** Increase sales by 30 percent through the development of new products and contacts with new clients.
- **Problem:** Limited skilled and organized labor for manufacturing of accessories using looms and marquetry finishes (knitting technique to create different color patterns). Weak commercial linkages.
- **ESC strategy:** The ESC will help Royal Knit strengthen relationships with old and new clients, and provide the company with technical assistance to enhance the skills of its workforce. As most of the company's output is for export, the ESC will focus on improving business management and product development (production times, follow-up and quality control procedures), including assistance to suppliers.

10. Client: Tesoros Trading Company	Product: Pottery

- **Objective:** Ensure lead traceability of less than 90 ppm in exported goods, in compliance with U.S. market standards, in order to position the company in the American market.
- **Problem:** Glazed pottery in Cusco has a high lead content due to the inputs used and inadequate production practices.
- **ESC strategy:** The ESC will provide specialized consulting services in best production practices for glazed pottery in line with U.S. quality standards as well as assistance with commercial linkages. of the central jungle. For that purpose, production indicators should be similar to those obtained on the coast and should show the potential to make this new venture profitable.

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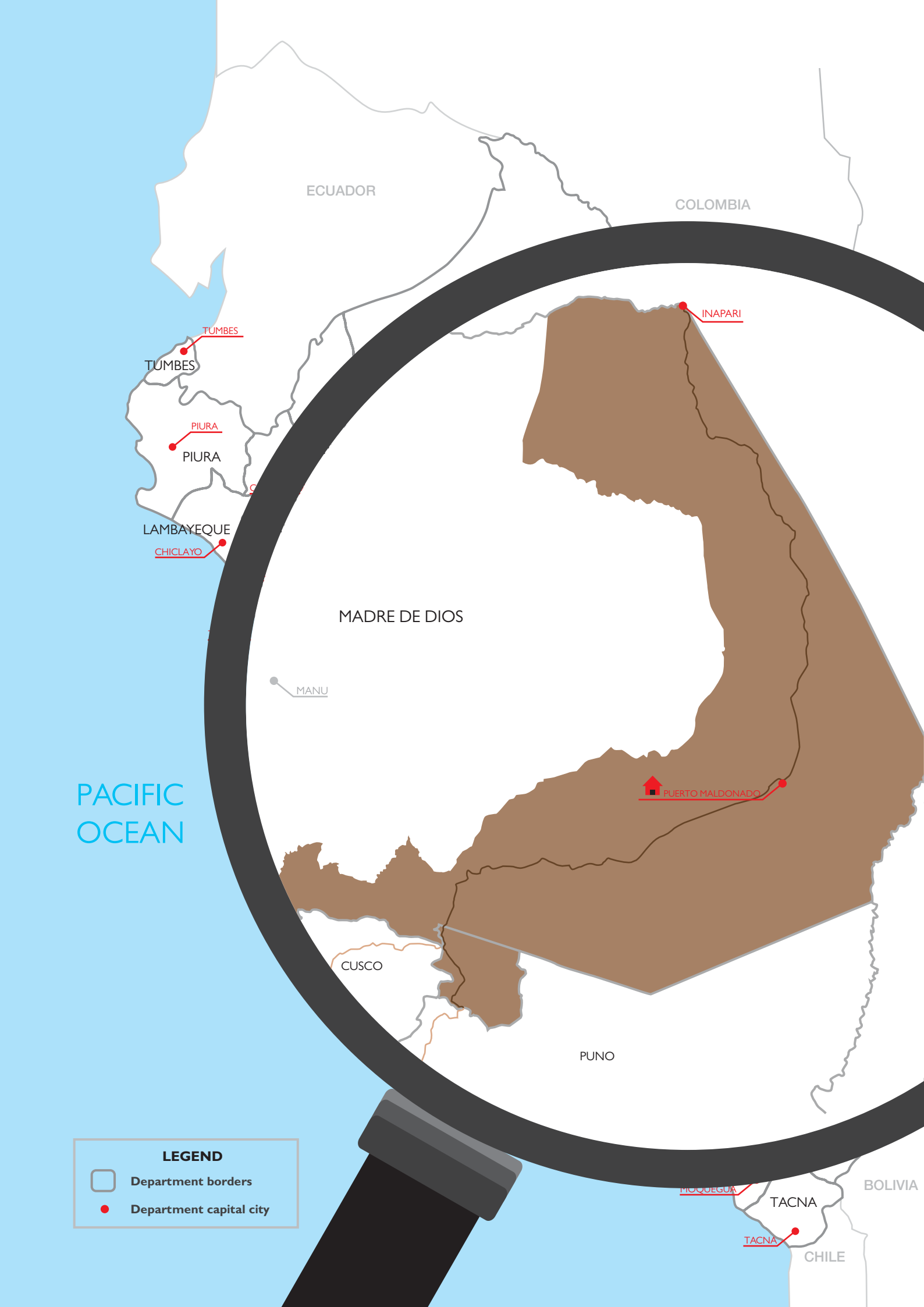
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3.6. MADRE DE DIOS ESC

- **GDA resource partner:**

ODEBRECHT

- **Starting date:** March 15, 2010

- **Inauguration date:** May 13, 2010

- **Operator:** CARE Perú

Prospects for Madre de Dios ESC

The Madre de Dios ESC is working on four business plans to increase or improve the production of wood and wood products. The PRA II project is helping the client company *Aserradero Espinoza* to upgrade its swan timber production by drying it and certifying it for export. The company is setting up a drying chamber for that purpose. *Aserradero Espinoza* sources timber from certified woods and holds the Forest Stewardship Council (FSC) certification.

The Madre de Dios ESC is also working with *ASHIBE* company to improve the quality of its vegetable leather blankets and to access export markets. *ASHIBE* sources raw material from managed woods. In addition, the project is providing *Bélgica Native Community* with technical assistance to increase the sales of standing timber through linkages with new buyers in order to extract new species while ensuring that forest operations meet forest certification standards. *Enchapes Sur Oriente*, which also sources timber from managed woods, is working to increase the production of decorative veneers and to access export markets.

Madre de Dios ESC Business Plans

1. Client: Agroforestal Nareuda SRL (AFROFORNA)	Product: Natural Rubber Sheets

- **Objective:** Launch the production of rubber sheets and gradually improve the client's production and quality levels. The monthly production targets are 1,500 kg of sheets during the first six months and 3,000 kg by the end of the first year.
- **Problem:** The company lacks specific buyers for its output. It has no experience in identifying and planning the establishment of shiringa cultivation areas (latex for the production of rubber sheets is extracted from the shiringa tree) and in producing good quality sheets.
- **ESC strategy:** The ESC will build linkages with APECAUCHO (the Peruvian Rubber Association), a trade union comprising more than 40 companies that use natural rubber sheets. The center has already put the client in contact with two companies (Industrias en Vulcanizado Industrial SAC and Industrial Cóndor SAC) that are interested in purchasing its entire rubber production.

2. Client: Artes en Shiringa la Iberiana SRL (ASHIBE)	Product: Vegetable Leather

- **Objective:** Access export markets for vegetable leather blankets and improve quality.
- **Problem:** Certain technical aspects must be improved to meet the demands of the buyer (ALLPA SAC).
- **ESC strategy:** The ESC will identify export companies interested in the product and connect them with ASHIBE, in addition to providing assistance to improve quality.

3. Client: Aserradero Espinoza SA	Product: Sawn Timber

- **Objective:** Expand sales through increased value of dried timber certified for export. Reduce transportation costs from Puerto Maldonado to Lima by 30 percent.
- **Problem:** Failure to operate the drying furnace, which prevents the company from capitalizing on opportunities to export dry timber to certified timber markets and to reduce transportation costs to the port of Callao.
- **ESC strategy:** The ESC will identify consultants to implement the drying chamber; provide technical assistance in the drying process; train the company's specialized personnel; and assess growing plots and the custody chain to help address the certification firm's observations and preserve FSC certification.

4. Client: Comunidad Nativa Bélgica	Product: Native Textiles

- **Objective:** Secure market entry of native textiles with Yine design through improved quality and higher production levels to meet market demand. Women from this native community manufacture the textiles only for self-consumption, but are interested in producing them for commercial purposes. Production will initially consist of blankets (60 units per month).
- **Problem:** The women lack a distinct market for native textiles with Yine design and quality does not meet the demands of potential buyers.
- **ESC strategy:** The ESC will identify companies interested in buying the textile handicrafts produced by the community's women and build effective commercial linkages. To reach the required output and quality, the ESC will engage a consultant specialized in native textiles to train the women.

5. Client: Comunidad Nativa Bélgica	Product: Standing Timber

- **Objective:** Increase the sales of standing timber through linkages with new buyers for the extraction of other species in addition to those that the community has already sold to the company Maderyja, while maintaining the forest certification standards that buyers demand.
- **Problem:** The community only has buyers for hard flooring timber, which accounts for 30 percent of its potential. In addition, community members have no knowledge of forest operations and management (directed felling, cutting, dragging, and other operations).
- **ESC strategy:** The ESC will identify companies interested in investing in and buying the community's standing timber in addition to the output committed to Maderyja. The center will hire consultants to provide technical assistance to ensure compliance with forest certification standards and to build community capacity in forest management.

6. Client: Enchapes Sur Oriente SAC	Product: Decorative Veneering

- **Objective:** Production of large volumes. The company seeks to produce 10,000 m2/month during the first three months and to reach 30,000 m2/month starting in the fourth month.
- **Problem:** Weak commercial linkages and machinery calibration problems in the industrial processing of veneers.
- **ESC strategy:** The ESC will hire the necessary specialists to resolve current technical problems and provide assistance with commercial linkages.

7. Client: Recolectores Orgánicos de la Nuez Amazónica (RONAP)	Product: Peeled Chestnuts for Export

- **Objective:** Achieve the company's first export of peeled chestnuts to organic and fair trade (FLO) market niches. This would represent a significant increase in sales (the company currently sells only in the local market). The export value of the first container under the business plan is $106,000.
- **Problem:** The client has no experience in the export of peeled chestnuts. Although the current output reaches demanding markets through an export company, the client obtains lower prices. The client lacks personnel with the ability to deliver technical assistance for the export of chestnuts and for obtaining the necessary financing from import companies and banks.
- **ESC strategy:** The ESC will identify specialized consultants who can help resolve technical and financing problems in order to facilitate access to the export market for organic peeled chestnuts with FLO certification. Follow-up assistance will be provided until the first export is achieved.

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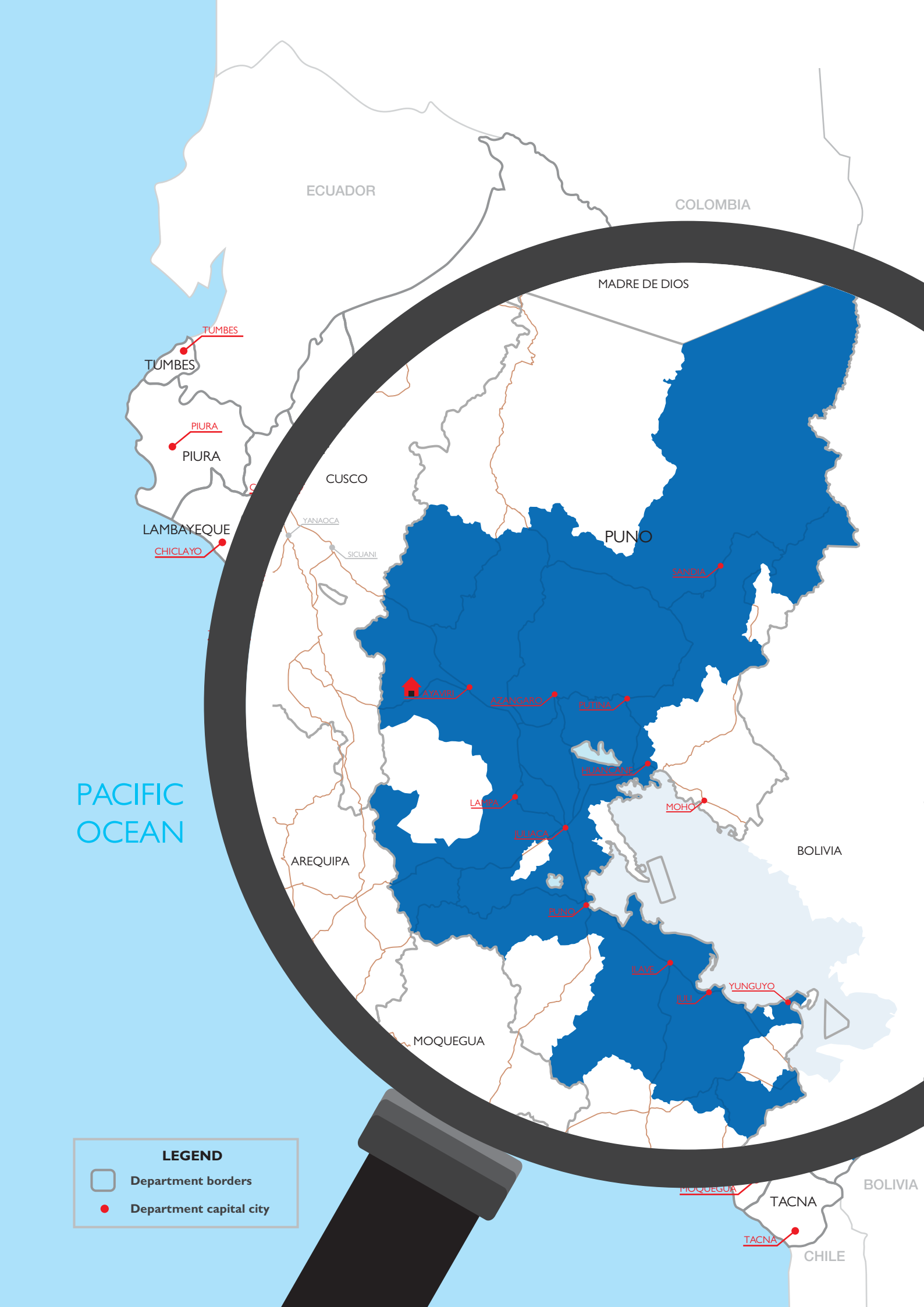
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3.7. PUNO ESC

- **GDA resource partner:**

- **Starting date:** April 12, 2010

- **Inauguration date:** May 5, 2010

- **Operator:** CARE Perú

Prospects for Puno ESC

The Puno ESC is working on a diversified business plan portfolio including products such as trout, organic coffee, Andean cheese, lambswool, handicraft fashion accessories, and biodiversity products, specifically quinoa (both conventional and organic) and alpaca fiber.

The center provides a wide range of technical assistance to small producers and is helping to integrate them with client companies. Farmers supplying the *Arapa* client company receive capacity-building assistance in trout farming, including good environmental practices. To support *Transandina's* trout business plan, the ESC is encouraging the adoption of sound management practices in compliance with standardization and traceability norms. Higher productivity is the goal for *Cecovasa's* organic coffee business and *NIISA*'s organic quinoa, while market development is the challenge for *El Altiplano*'s conventional quinoa business and *Don Bosco's* Andean cheese, which also require assistance with quality control. Developing craftswomen's skills and techniques to obtain fine-finish clothes is the main requirement of *Gran Pajatén* while *Sumac Perú* requires assistance with the design and market development of alpaca garments.

Members of the *Kenamari Social Interest Agricultural Association* will work to increase their earnings by upgrading production from raw to categorized alpaca fiber with assistance from the PRA II project. *Spar Ajoyani*, which is already producing categorized alpaca fiber, needs to adopt a collection and storage management system in order to increase fiber quality. On the other hand, members of the *Regional Association of Corriedale Sheep Producers* will be trained in techniques to properly shear their sheep in order to increase lambswool productivity and quality. Finally, the Puno ESC is providing paria cheese producers from Ayaviri, Umachiri, and Orurillo with technical assistance to improve product quality in line with the quality standards and volumes required by the dairy company *Laive*.

Puno ESC Business Plans

1. Client: Arapa	Product: Conventional Trout

- **Objective:** Build the capacity of trout farmers in the management of raw materials (cultivation, segmentation, feeding, pigmentation, texture, and extraction), and meet buyer requirement for good environmental practices at the lake (waste management).
- **Problem:** Trout farmers lack the necessary management capabilities and monitoring system to ensure adequate environmental control of Lake Arapa.
- **ESC strategy:** The ESC will hire a consultant to carry out an environmental assessment of the lake; identify problems affecting trout production; and make recommendations for cultivation control and reduction of negative environmental impact. Additional consultants will be hired to support the implementation of measures highlighted in the assessment.

2. Client: Asociación Regional de Productores de Ovinos Corriedale – Puno	Business: Lambswool

- **Objective:** Train existing and new shearers on the Tally-Hi (high yield) method, which is less time-consuming and yields quality results at a lower cost, and improve wool conditioning to add value and obtain better prices in export markets.
- **Problem:** 70 percent of the members of Regional Association of Corriedale Sheep Producers use unsuitable shearing methods, resulting in time loss, wastage, and physical damage to the animals. The adoption of better shearing methods would result in less shearing time per animal, less wastage, and longer and better quality wool locks.
- **ESC strategy:** The ESC will engage an expert in best shearing practices for three months, help organize the sheep wool supply, and provide technical assistance on the Tally-Hi shearing method and the conditioning of sheep wool for sale.

3. Client: Cecovasa	Product: Organic Coffee

- **Objective:** Increase field yields in the nine areas comprising the organic coffee program, from 12 qq/ha to 18 qq/ha over the next two years.
- **Problem:** Low productivity (12 qq/ha). New farmers have poor management capabilities.
- **ESC strategy:** The ESC will hire three specialists in organic coffee to provide assistance in pruning, fertilization, and control of fungal diseases. The specialists will train the 217 producers in the 9 areas identified in the business plan, reinforce management and control of organic crops, and prevent penalties and expulsions from the program.

4. Client: El Altiplano SAC	Product: Conventional Quinoa

- **Objective:** Strengthen direct commercialization of the company's own production with identified clients in the domestic and international markets.
- **Problem:** The company lacks commercial contacts to sell and export directly to foreign markets. In addition, there are post-harvest problems due to an excess of impurities carried forward from the harvesting stage.
- **ESC strategy:** The ESC will conduct an aggressive search for commercial contacts through participation in fairs, business meetings, and leveraging of contacts in Lima and abroad. In addition, the center will hire three experts to provide assistance during post-harvest periods in each season.

5. Client: Granja Don Bosco	Product: Andean Cheese

- **Objective:** Positioning in extra-regional markets over competitors. Emphasis on quality standards and critical point control to enter more demanding and competitive markets. Increase sales by 20 percent in the first year and 40 percent in the second year.
- **Problem:** Since markets require effective quality control systems, critical point control within the production process is key.
- **ECS strategy:** The ESC will improve milking and management practices, as well as upgrade critical point control through technical assistance aimed at reducing product contamination hazards and meeting competitive quality standards.

6. Client: Gran Pajatén	Product: Handicrafts

- **Objective:** Increase sales by 10 percent in the first year and 20 percent in the second year. Improve female labor productivity to meet client demands regarding measurements, cleanliness, and finishing.
- **Problem:** Craftswomen need to develop skills and techniques to produce fine-finish clothes and meet client demands regarding measurements and sizes.
- **ESC strategy:** The ESC will hire a knitting and finishing expert to provide technical assistance to the craftswomen.

7. Client: Laive SA	Product: Paria Cheese

- **Objective:** Link producers of paria cheese from the districts of Ayaviri, Umachiri, and Orurillo with Laive. Ensure producers comply with the company's requirements regarding quality and volume, and are able to supply 9,600 kg in the first year and 14,400 kg in the second year.
- **Problem:** 50 percent of suppliers from the basins of Ayaviri, Umachiri, and Orurillo are unaware of Laive's production and quality standards.
- **ESC strategy:** ESC-Puno has identified producers that can potentially meet Laive's quality standards, and will provide them with technical assistance for the production of paria cheese. In addition, the ESC will hire specialists in stable management and best milking practices to ensure the provision of good quality fresh milk to cheese plants.

8. Client: NIISA Corp	Product: Organic Quinoa

- **Objective:** Sell 100 hectares of certified organic quinoa to different clients.
- **Problem:** Weak technical control both in the production process and at the post-harvest stage.
- **ESC strategy:** The ESC will hire two experts in post-harvesting and technical control to improve productivity and provide assistance for collection activities and purchase logistics. The center will also facilitate commercial linkages.

9. Client: Kenamari Social Interest Agricultural Association (SAIS)	Product: Categorized Alpaca Fiber

- **Objective:** Increase the incomes of small alpaca fiber producers from SAIS in Antauta by up to 40 percent over the next two years by upgrading production from raw to categorized fiber.
- **Problem:** Poor shearing quality leading to uneven cuts; fleece cuts shorter than 5 cm; shearing at skin level; shearing with knives, cans, or glass shards; and contamination by strange substances. Insufficient knowledge of the Peruvian Technical Norm (NTP) and of suitable shearing and collection techniques.
- **ESC strategy:** The ESC will introduce modern shearing techniques to replace traditional practices, optimize resources, and increase the added value of the fiber. The center will also provide technical assistance to strengthen the administration and management of the supply center and build commercial linkages with new markets. In addition, the ESC is looking into the possibility of hiring an expert in fiber production and trade.

10. Company: SPAR Ajoyani	Business: Categorized Alpaca Fiber

- **Objective:** Provide targeted technical assistance to train 50 percent of the members of the alpaca producers association (SPAR Ajoyani) on collection and storage of categorized fiber, with a view to improving product quality and increasing incomes.
- **Problem:** 80 percent of the association's members lack knowledge of efficient management models for the collection and storage of categorized fiber. Innovation in this area would add value and increase sales by 20 percent.
- **ESC strategy:** The ESC will engage an expert in the organization of alpaca fiber supply for three months to provide technical assistance on management of a categorized fiber collection center. Assistance will include establishing calendars for fiber collection, organizing the election of a special collection committee, and providing training in storage management.

11. Client: Sumac Perú	Product: Handicrafts

- **Objective:** Establish direct commercial linkages with exclusive buyers of alpaca clothes with the assistance of a consultant or designer with knowledge of fashion trends and commercial contacts. Improve finishing and quality of items produced by the craftswomen that supply the client company.
- **Problem:** The company needs to access new markets, build direct commercial linkages, and eliminate dependence on market brokers. A designer with knowledge of current fashion trends could make a significant contribution in this regard.
- **ESC strategy:** The ESC will hire a consultant specialized in commercial linkages with international markets, especially Europe, with a view to shortening the value chain. The designer can be hired jointly by PRA and PROMPERU, with which discussions are being held. The ESC will also provide targeted technical assistance to Antauta's craftswomen associations.

12. Client: Transandina del Perú SAC	Product: Conventional Trout

- **Objective:** Improve trout standardization through the implementation of a traceability system to ensure positioning in the domestic and foreign markets. Increase sales by 30 percent over the next two years, taking into account the client's outlook for the Pomata and Lagunillas regions.
- **Problem:** Producer/supplier associations have weak management capabilities, and producers are unaware of trout standardization and traceability norms, resulting in limited access to foreign markets.
- **ESC strategy:** The ESC will engage two specialists to establish a management system that ensures compliance with standardization and traceability norms; create a brand related to the area of origin; and develop innovative packaging designs to enhance presentability and increase sales.

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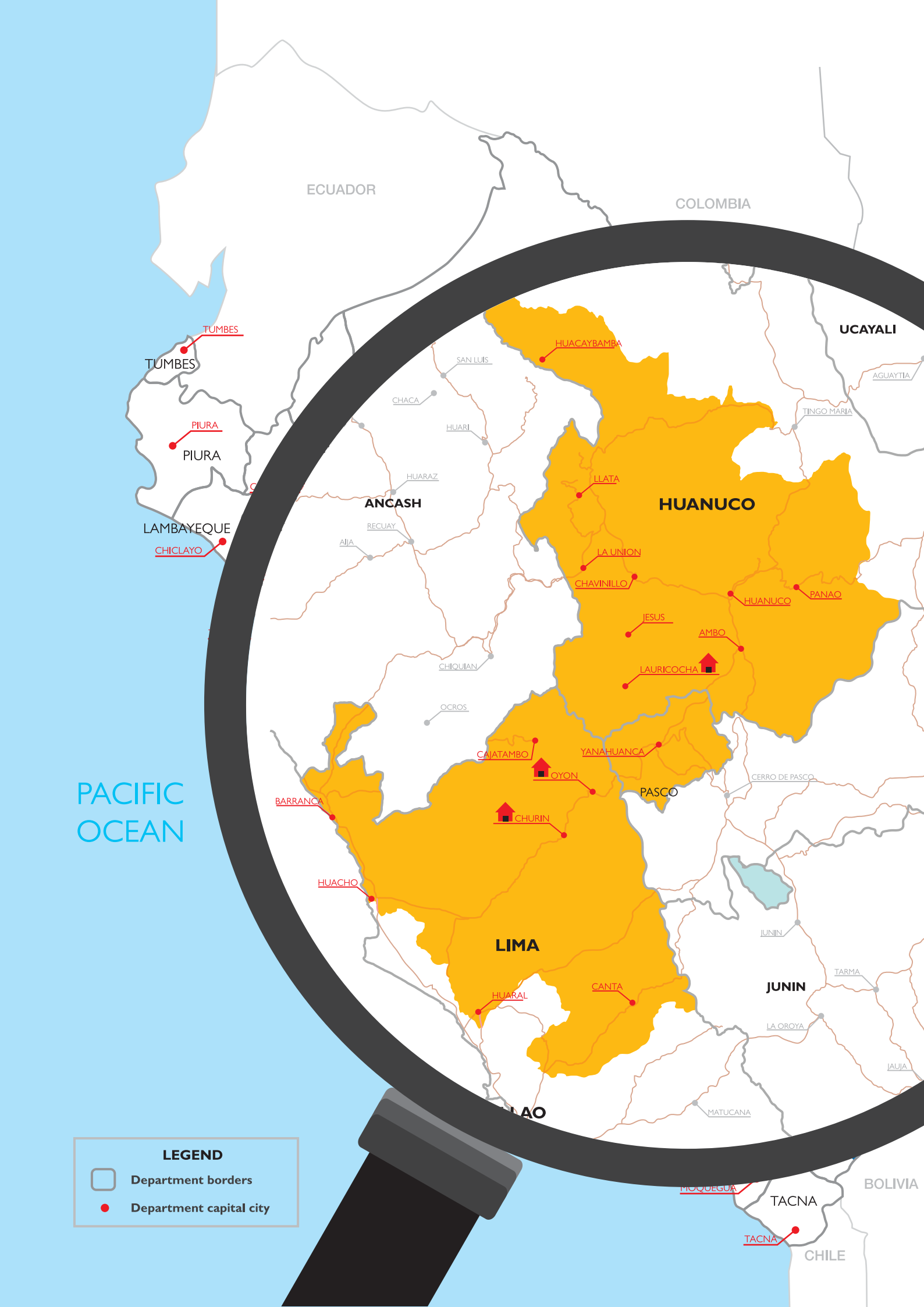
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3.8. SIERRA NORTE DE LIMA-HUÁNUCO ESC

- **GDA partners:**

Compañía de Minas Buenaventura

GOBIERNO REGIONAL DE LIMA

EMPRESA MINERA Los Quenuales S.A.

COMPAÑIA - MINERA - RAURA 1960

- **Starting date:** July 1, 2010

- **Inauguration date:** November 9, 2010

- **Operator:** IDESI

Prospects for Sierra Norte de Lima-Huánuco ESC

The Sierra Norte de Lima-Huánuco ESC has worked closely with the client company *Exportaciones e Importaciones Felles* to develop new suppliers and automate the peach selection process to reduce product manipulation. The company's processing plant started operating in October 2010 and there are high expectations that the product life will increase significantly. The ESC has also been working on designing new business plans for products such as trout, anchovy, amaranth, native potato, cherimoya, cheese, and alpaca fiber.

Sierra Norte de Lima-Huánuco ESC Business Plans

Business Plans in Implementation

1. Client: Importaciones y Exportaciones Felles IRL	Product: Table Peach

- **Objective:** Increase sales of table peaches in the Ecuadorian and domestic markets. Secure entry into the Ecuadorian market through quality improvements.
- **Problem:** A selection and classification plant is necessary to improve presentability and ensure adequate delivery times.
- **ESC strategy:** The ESC will provide technical support to assist the company in acquiring and implementing a selection plant. The center will also strengthen the supply chain by improving fruit production and quality, identify new suppliers to increase collection volumes, and establish linkages with at least one Colombian buyer.

2. Client: JF Equipos/Grupo Redondos	Product: Eviscerated Trout

- **Objective:** Install a trout breeding center and a processing center in Oyón aimed at commercializing up to 240 MT of trout per year.
- **Problem:** The client lacks adequate environmental knowledge of the area where trout farming will take place; has difficulties in relating with local stakeholders; and is unable to identify a specific area to build and implement the production and feeding centers.
- **ESC strategy:** The ESC will assist in identifying an optimal area for trout farming, negotiating its acquisition, and establishing constructive relationships with local communities, which are generally unsupportive of large investments

Business Plans in Preparation

3. Client: Agrohidro SRL	Product: Salty Anchovy

- **Objective:** Commercialize 50 MT of salty anchovy in the target market.
- **Problem:** The company is new and has limited knowledge of the area; it is not familiar with potential suppliers of raw material and does not have a suitable location to develop its processes. It must adjust its technology to make it more attractive to consumers.
- **ESC strategy:** The ESC will assist the company in identifying potential production areas and suppliers, and will adjust production processes to achieve outputs that meet market requirements.

4. Client: Agroindustrias Pilco SRL	Product: Amaranth

- **Objective:** Commercialize 80 MT of amaranth in the target market.
- **Problem:** The company is new and has limited knowledge of Huánuco's production areas. There has been infrequent growth of amaranth in Huánuco and farmers are not familiar with it.
- **ESC strategy:** The ESC will assist the company in identifying potential production areas and fields; promote cultivation both directly and in association with farmers; and provide technical support in sowing, harvesting, and post-harvest activities.

5. Client: Agro Negocios 268	Product: Native Potato

- **Objective:** Commercialize 100 MT of native potatoes from the Jesús and Cauri area.
- **Problem:** Poor knowledge of the area and of farmer attitudes. Scattered and unorganized supply.
- **ESC strategy:** The ESC will identify suitable production areas, identify a group of farmers and organize them to become suppliers of the client company.

6. Client: Comunidad Campesina de Chinchetingo	Product: Cheese

- **Objective:** Make the Chinchetingo cheese plant operational and commercialize 1,500 kg of cheese per month.
- **Problem:** Buenaventura mining company donated the plant, but it is practically inactive, processing only 40 liters of milk daily. Lack of a distinct market and supplier chain.
- **ESC strategy:** The ESC will promote the concession or sale of the plant to a private operator with the ability to run the plant and turn it into the engine of the farming industry in the area.

7. Client: Productores Asociacion de Chirimoya de Calidad Optima	Product: Organic Cherimoya

- **Objective:** Certify 200 hectares of cumbe-type Cherimoya in the community of Huanangui. Achieve a 20 MT/ha yield to enter the export market.
- **Problem:** Farmers are unaware of organic agriculture standards and practices, and lack a standardized technological package, resulting in uneven field yields.
- **ESC strategy:** The ESC will support the establishment of internal inspection committees to obtain organic certification. The center will also help to standardize the technological package to produce quality fruit and achieve a uniform quantity based on market demand.

8. Client: Productores de los Valles Interandinos del Perú SRL	Product: Table Peach

- **Objective:** Commercialize 150 MT of table peaches in the domestic and Ecuadorian market.
- **Problem:** The company is new and comprises a group of farmers who will commercialize fruit from their own fields and from neighboring suppliers (community of Liple-Navan). They are not familiar with trade processes or market behavior.
- **ESC strategy:** The ESC will link producers to a domestic buyer and a foreign one. The center will also organize producers and provide them with technical assistance focused on the post-harvest stage (venting and selection) to obtain a quality product.

9. Client: Prosur	Product: Alpaca Fiber

- **Objective:** Enable communities in the area of operations of Raura and Buenaventura mining companies to sell their classified or categorized fiber directly to the client company. The goal is to trade 10,000 kg of fiber.
- **Problem:** Alpaca shepherds sell individually to wool gatherers, thus obtaining low prices for their output.
- **ESC strategy:** The ESC will organize supply and build the capacity of alpaca shepherds in shearing as well as adequate fiber selection and categorization so they can sell directly to the client company.

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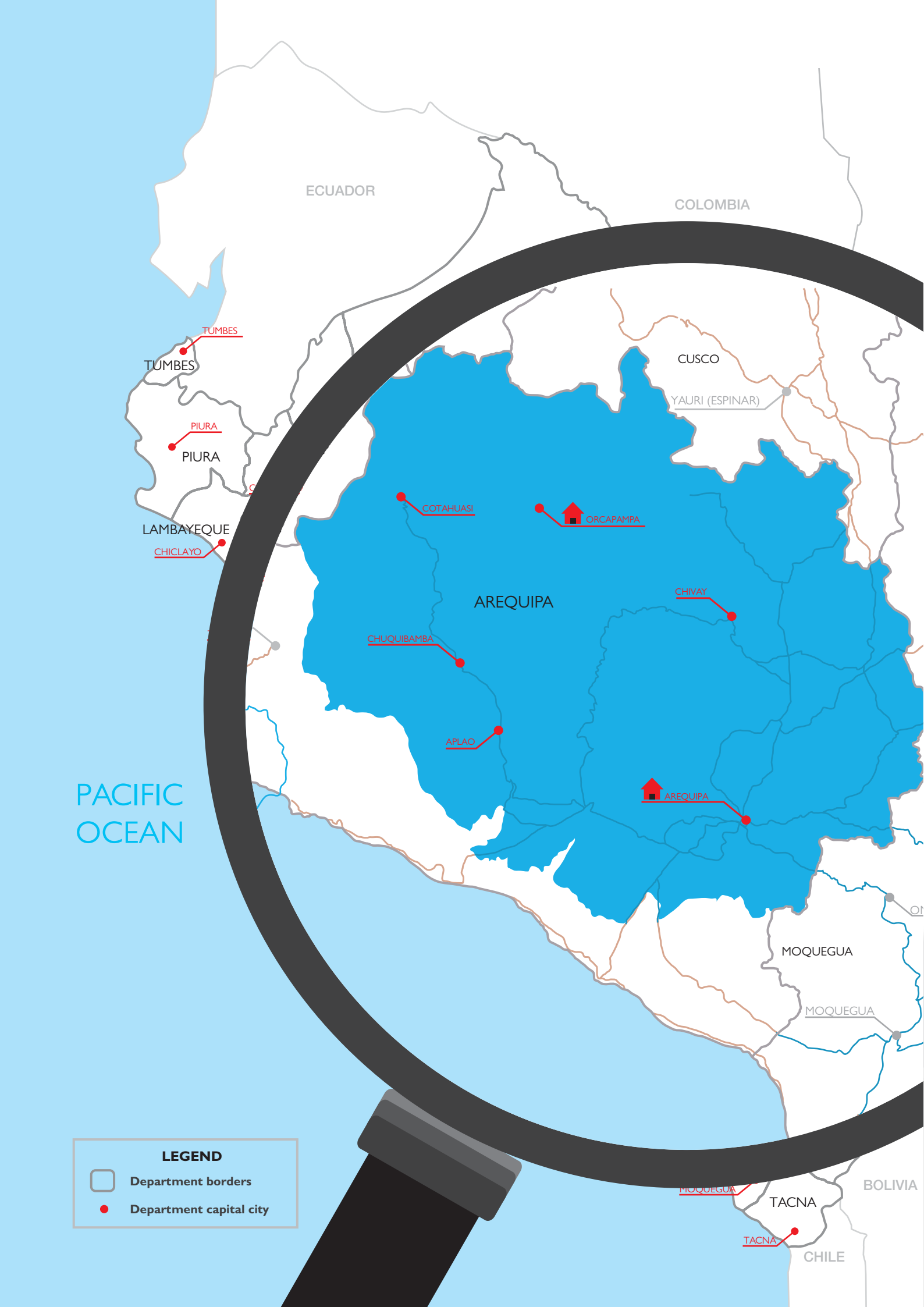
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3.8. AREQUIPA ESC

- **GDA resource partner:**

- **Starting date:** August 24, 2010

- **Inauguration date:** November 18, 2010

- **Operator:** RECURSOS

Prospects for Arequipa ESC

The Arequipa ESC started operations just one month before the end of FY 2010. Two business plans were designed in this short period of time. The first one will provide the *Tolconi Alpaca Producers Association* with technical assistance in fiber categorization and will link its members with industrial companies in the region. The second business plan aims to increase the sales of the client company *Orkokrafft* through technical assistance in product development.

Arequipa ESC Business Plans

Business Plans in Preparation

1. Client: Asociación de Productores Alpaqueros de Tolconi	Product: Categorized Alpaca Fiber

- **Objective:** Increase by 50 percent the sales of categorized alpaca fiber of the Tolconi Alpaca Producers Association, standardizing the production according to technical categorization standards over a two-year period.
- **Problem:** Poor knowledge of alpaca fiber categorization techniques according to the Peruvian Technical Standard (NTP) and lack of commercial management expertise.
- **ESC strategy:** The ESC will link Arequipa's industrial companies for alpaca fiber with the supply of Tolconi producers, and will provide technical assistance in alpaca fiber categorization to trade a product with higher added value.

2. Client: Orkokrafft	Product: Apparel and Accessories (Handicrafts)

- **Objective:** Increase Orkofrafft sales by 20 percent based on new product development and contacts with new clients.
- **Problem:** Deficiencies in the quality of new designs and product standardization (measurements and finishing).
- **ESC strategy:** The ESC will connect the company with new clients, as well as provide technical assistance in the design and development of hand-knitted and loom-knitted apparel.

4. MAINSTREAMING ENVIRONMENTAL PROTECTION, BIODIVERSITY, GENDER, LABOR STANDARDS, AND INCLUSION OF THE DISABLED

During FY2010 PRA II worked on mainstreaming environmental protection, biodiversity preservation, gender, respect for labor standards, and inclusion of the disabled in PRA's activities. Although some work on gender equity and environmental protection had been done during the Project's first phase, a deeper approach has been incorporated in the second phase. Thus, early in calendar year 2010, the Methodology to Incorporate Gender Approach in PRA and the Environmental Management and Biodiversity Conservation Plan were submitted, discussed, and approved by USAID. They provide comprehensive guidelines for work on gender and the environment. As part of those methodologies, thorough formats have been designed to measure the initial situation and the subsequent impact of project activities on the situation of gender equity, the environment and biodiversity. Formats have also been designed for respect of labor standards and the inclusion of the disabled.

4.1 Environmental Protection

The Economic Service Centers (ESCs) have worked towards the reduction or elimination of the possible environmental impacts identified in the elaboration of the business plans in order to assure economic and environmental sustainability. Induced improvements have been achieved to a great extent thanks to the best practices applied for the preservation of water, soil, air, biodiversity, and human health.

For the period November 2009- September 2010, the ESCs that show some results on environmental protection are: Ancash, Huancavelica, and Ayacucho, primarily in the use of PERSUAP (Pesticide Evaluation Report and Safer Use Action Plan) and the management of good practices for organic products.

4.1.1 Training on PERSUAP Use and Implementation and Best Production Practices

Special attention has been paid to implementing the project's Environmental Management Plan in the Ancash corridor. A total of 407 individuals received related training (see Table 4.1.1). Eleven businesses received at least one training service and were advised on implementing processes to prevent or avoid environmental damage. Workers from eight businesses were trained on PERSUAP; laborers from three businesses were trained in good livestock management practices or trout farming practices; and workers from two businesses were trained on first aid and biological controllers. As a result of these training activities, there is increased awareness of pesticide toxicity, security measures to put in place in the work environment, and the proper use and collection of containers so as to mitigate polluting factors and protect human health.

Table 4.1.1. Ancash Producers Trained by PRA on Use of PERSUAP and Good Practices

Client	Product	No. of Trainees	Topic
Agro Exportadora del Peru	Mango	37	PERSUAP and GAP
Agro Exportadora del Peru	Avocado	43	PERSUAP and GAP
Eco Soluciones	Guinea Pig	96	PERSUAP and Good Livestock Management Practices
Eurofresh Peru	Organic Avocado	104	PERSUAP, GAP, and Improvement of Labor Health Conditions
Corporacion Capas	Canary Bean	09	PERSUAP and GAP
Sociedad Agricola Viru	Asparagus	35	PERSUAP and GAP
SGD Alimentos Peru	Lima Bean	26	PERSUAP and GAP
Frutas Derivadas de la Selva	Papaya	32	PERSUAP and GAP
Piscingranjas Municipales Piscigranja de Canrash	Trout	26	Good Practices on Trout Farming
Total		**407**	

Specific actions undertaken by producers are the cleaning of product cases or containers three times, the use of protecting devices such as boots and gloves, keeping fields free from plastic containers, the ability to recognize the toxicity level of pesticides according to the labels' color, and knowing how to properly apply pesticides: doses and application procedures (wind direction, appropriate time of the day for application). In the Huancavelica corridor, 96 individuals from COOPRA were trained on the adequate use of natural resources and alpaca herds' management.

Table 4.1.2. Huancavelica Producers Trained by PRA on Use of Natural Resources

Client	Product	No. of Trainees	Topic
Cooperativa Agropecuaria Rural Andina - COOPRA	Categorized alpaca fiber	12	Adequate use of natural resources
Cooperativa Agropecuaria Rural Andina - COOPRA	Categorized alpaca fiber	84	Alpaca herds' and natural resources management

4.1.2 Organic Product Development: the Cases of Avocado in Ancash and Cacao in VRAE-Ayacucho

Ancash ESC is working with EUROFRESH, an exporting firm specialized on organic avocado, in providing technical assistance to improve the company's production supply. Thanks to PRA's support, EUROFRESH has improved and optimized the processes and associated parameters for avocado's organic production. Thus, 34 producers who participate in the organic program were trained on biological controllers, and the design and implementation of GLOBAL GAP (Good Agricultural Practices) strategies. Global GAP is an organization that implements standards to build consumers' trust on the way agricultural production is done, minimizing negative impacts on the environment, reducing the use of chemical inputs, and ensuring a responsible behavior to preserve laborers' good health and physical security (see success story on page 59). By adopting the GLOBAL GAP standards, the growing of organic avocado contributes to the environment preservation and ensures that labor standards are properly in place. The result is the production sustainability which will, in turn, have a demonstration effect to grow other products such as sweet potato and passion fruit in the same corridor.

In the case of the Ayacucho-VRAE corridor, the support provided by the ESC to cacao producer Cooperative El Quinacho is helping extend the organic certification to small producers' parcels. An important achievement has been the UTZ certification, which certifies that supply chains of agricultural products are sustainable and meet the growth needs and expectations of farmers, the food industry, and the consumers alike. The UTZ CERTIFIED code of conduct includes elements such as data recording and management, responsible and documented use of agrichemicals, labor rights protection, and access to health and education services by laborers and their families.

4.2 Biodiversity

Businesses with biodiversity conservation issues are those related to vicuña fiber and native potato in Huancavelica, and tara in Ancash.

In the case of vicuña fiber, the Huancavelica ESC is working with Argentine company Pelama Chubut. Farmer communities of Huaytará have made significant inroads in improving vicuña breeding conditions (pasture and feeding). The project is also helping the surveillance and guarding system to fight and prevent vicuña poaching in order to preserve this endangered species (see success story on page 120).

Thanks to assistance from the Huancavelica ESC, the native potato business of Hitalo Agro has not posed any risk to biodiversity. The ESC worked with small suppliers to preserve the native potato varieties in this zone, taking into account storing methods and the special characteristics of this species, including foliage form, flower color, tuber form, peel color, and pulp color.

Agrifood's tara business has resulted in the economic integration of Pomabamba, Piscobamba, and Yungay provinces, where tara was planted on 100 hectares, with the participation of 200 producers who are potential suppliers to this company for the next few years. The reforestation program will contribute to propagating this species, with a focus on preserving tara and its associated biological diversity.

4.3 Gender

Of the 148,231 days of work generated by the project during FY 2010 in five corridors, 32% was undertaken by women. This proportion is higher, at 42%, in the priority zones of Ancash, Cusco, and Huancavelica corridors. Female jobs are higher in handicrafts and textiles businesses (80% of women's participation), jalapeño chilies' processing (62%), and alpaca fiber categorization and classification (60%). Of the 27 client companies that worked jointly with the project and reported results in FY2010, only 2 –Molinería y Servicios Don Capullo and Asociación Qampaq Art- are managed by women.

Businesses started in Ancash with Piscigranjas Municipales y de Canrash with PRA support have opened job opportunities for women in this area given the demand by these companies for skillful labor to eviscerate trout at commercial scale. Had the trout been sold without being processed, few women would have had job opportunities. The ESC facilitated the generation of 170 days of female work in 2010.

In February 2010, the PRA project presented a grant proposal in response to a call by US Secretary of State Office of Global Women's Issues to submit projects or initiatives to strengthen women's leadership and increase economic opportunities for women in developing countries. In May the grant was awarded to this project. The proposal aims at expanding economic opportunities for 950 women artisans from Ayacucho by tapping into demand for their high quality textiles through focalized training to resolve issues that have inhibited productivity, including domestic violence. Beneficiaries are female Quechua speakers who have few economic opportunities beyond subsistence agriculture. Many of them have suffered the consequences of political violence during the 20 years of Shining Path's presence in the area. The project is a joint venture by

the small family owned textile business Wari Urpi (PRA's client), the NGO Centro de Investigación Social de Ayacucho (CEISA), and the University of Huamanga. Wari Urpi will build on PRA's methodology to incorporate new artisans into its textile production chain, helping them develop new products and markets. At the same time, CEISA will work to strengthen the women's capacity to exercise their rights, to combat violence and to minimize their social vulnerability, thus empowering women artisans to participate more actively in the economic life of their families and communities. The participation of the Universidad Nacional San Cristóbal de Huamanga (University of Huamanga) will help ensure that the lessons learned from the project are passed on to other artisan groups working in Ayacucho. PRA will provide overall technical direction and monitoring of the project. The main expected results are new sales exceeding US$350,000, 600 new jobs in the value chain, and a higher degree of women artisans' self-esteem, among other benefits.

4.4 Labor Standards

In Ancash client company FRUDERSEL (papaya and aguaymanto) is improving working conditions by allowing its workers to take two free days after 15 days of continuous work.

On the other hand, working conditions have improved at COOPRA cooperative, which produces classified alpaca fiber. The ESC provided technical assistance on health and hygiene, and the prevention of respiratory diseases. Producers now wear masks and eye protectors to avoid air pollution resulting from their work with alpaca fiber. In addition, physical damage from this activity has been reduced through better techniques for lifting and carrying the fiber bales.

4.5 Inclusion of the Disabled

PRA is helping bakery Masadorada, owned by the Epileptic Association of Ayacucho and run by its president and ten other members who are single mothers. The Project is providing Masadorada with technical assistance to improve its production and marketing capabilities and is helping the bakery expand its sales of bread and panetón (Christmas cake) in local and regional markets (see success story on page 121).

SUCCESS STORY

USAID builds alliances to expand the impact of its PRA model to boost competitiveness and fight poverty in Peru

PRA rapidly exceeds the life of project's GDA leverage target in first year of second phase operations

Photo : PRA Project 2010

PRA Champion Roque Benavides at PRA second stage launch event: "USAID opened the access door to opportunities for Sierra people. This is not only about funding but empowering people to manage and use their own potential. And that is what the PRA Project does. So I am very happy that finally, after insisting so much in the need of a second phase for PRA, we are witnessing this new start. This is the type of activities we require and we have to support: proven programs to promote entrepreneurship and micro and small enterprise growth so much needed in our country".

After its first phase, which lasted just under 10 years, and having achieved significant results, such as more than US$300 million new sales and 82,000 new jobs created, the Poverty Reduction and Alleviation Project (PRA) started its second phase in September 2009 with the bar set very high in terms of sales, jobs and investment targets for a five-year period. But the key main challenge for this new stage was ensuring sustainability of PRA's Economic Service Centers over the long run. Building Global Development Alliances (GDAs) with resource partners was a new fundamental task to be heavily undertaken by the Project. The Project was required a leverage of at least US$4 million in GDAs or private-public partnerships over the life of the project.

During the first year of operations in this second phase, the Project worked very hard to commit and leverage financial resources from 9 private organizations: mining companies Buenaventura, Antamina, Minsur, Raura, Los Quenuales, Barrick, and Poderosa; the Clinton Foundation; and Odebrecht Perú construction company. By the end of FY 2010, USAID had signed 7 memoranda of understanding with these partners for a total of US$4.26 million leveraged funds. Additional committed funds amounting to US$878.5 thousand will be available through two more MOU with USAID to be signed by the end of calendar year 2010. Funds leveraged from private resource partners are 142% those provided by USAID.

A key success factor for such a rapid fulfillment of the GDA target has been the project's ability to demonstrate its successful collaboration with mining companies Buenaventura and Antamina during PRA's first phase and their permanence over time. A second key success factor has been the assertive advocacy of the benefits of the USAID-PRA model by PRA champions, such as Roque Benavides, Buenaventura's General Manager, a renowned business leader committed to local economic development and the fight against poverty. Since the first alliance of USAID and Buenaventura was signed in 2002, his continuous support to the project has been critical in disseminating the impact of a demand-driven economic development project in diminishing the levels of poverty in rural areas of Peru.

A third key success factor is PRA's value proposition to prospective partners which shows the possible outcomes and synergies that can be attained by working together in boosting production by small and micro producers in poor areas and articulate them with markets as a means to help them overcome poverty. The 4 strengths of this value proposition are: 1. a valuable expertise build over a nine-year first phase period; 2. an operating model based on solid principles: demand-driven approach, private sector-led, decentralized implementation throughout regional corridors, and result oriented; 3. accountability; and 4. USAID's long standing and strong capabilities and support.

SUCCESS STORY

Going organic is changing the lives of avocado growers in Ancash and Lima

Providing an upscale segment of the market with a healthier product is certainly resulting in higher income for organic avocado growers but, more than that, organic certification is improving their living standard and helping them take care of the environment

Photo : CSE Ancash 2010

By applying Global GAP (Good Agricultural Practices) standards, the growing of organic avocado contributes to the environment preservation and ensures that labor standards are properly in place.

Marcelino Muñoz and his son Celso are avocado growers who own a 1.4 ha land parcel in Vilcahuaura (Lima region). They are members of the Avocado Producers Association who were swindled by a short term opportunistic buying company in the 2007-2008 agricultural season, an action which left a trace of mistrust towards new avocado exporting companies.

Having identified a great opportunity in the growing demand for certified organic avocado in international markets, the PRA Project came in to articulate the value chain and restore confidence by bringing in not only technical assistance but also a purchasing company that growers could rely on: *Eurofresh Perú*, a subsidiary of *Eurofresh Vegetales y Frutas*, a Spanish trader that operates in the European market.

PRA is providing technical assistance for the organic certification of 100 ha of avocados in Huaura in Lima region, and Casma and Santa in Ancash region. In addition, PRA will incorporate new producers and a new production area (180 more ha), and will provide technical assistance to increase productivity. Working closely with small producers, *Eurofresh Perú* is providing the organic certification and is also supplying financial support to buy manure. In the first year of this project, 34 avocado growers have been trained on biological controllers and the design and implementation of *Global GAP* (Good Agricultural Practices) strategies. *Global GAP* standards aim to build consumers' trust on the way agricultural production is done, minimizing negative impacts on the environment, reducing the use of chemical inputs, and ensuring a responsible behavior to preserve laborers' good health and physical security.

Celso Muñoz has gladly embraced the challenge of organic certification. He is using compost instead of chemical fertilizers, and natural biocides instead of conventional synthetic products. From the weeds he removes, he prepares mulch for the soil. He and other growers have installed signs on the roads and on working areas. So far, his production's yield has increased to 17 ton/ha in the 2008-2009 season, well above the national average of 10 ton/ha.

The application of *Global GAP* standards require that toilet facilities and warehouses are set up in the fields. Growers have replicated this requirement at their dwellings, improving their toilet premises and properly separating production inputs in spaces apart from the rooms of the households.

The first results of this initiative for the period November 2009-September2010 are encouraging: US$526,504 in exports, 57 new jobs, and a new investment of US$192,235 in the *Eurofresh Perú* processing plant located in Huacho, Lima region.

SUCCESS STORY

Farmer communities in the Peruvian Andes sustainably manage vicuña fiber production for international market while preserving endangered species

Helping farmer communities of Huaytará, Huancavelica, improve productivity and quality of vicuña fiber is not only generating a greater income for their families. It is also contributing to the conservation of the vicuña by ensuring that "a sheared vicuña is a saved vicuña"

Photo Credit: CSE Huancavelica

Photo Credit: CSE Huancavelica

Vicuña, one of the finest fibers of the world, provides a significant source of income to farmer communities in Huancavelica. Sheared alive vicuñas are returned to the wild and will not be sheared for several years, preserving this biodiversity resource and symbol of Peruvian natural wealth .

Unlike the llama and the alpaca which are domesticated South American camelids, their vicuña relative is a wild species that live at large in the high Andes at an altitude between 3,200 and 4,800 meters. The vicuña is the national animal of Peru and the animal icon of its biodiversity wealth. Vicuña fiber is one of the finest in the world. Made up of 10-12 micron fine fibers, vicuña fiber lasts three times longer than alpaca fiber, with an average lifetime of 15 years. Given the high prices that this fiber commands in world markets, poaching has been a common threat to vicuña's survival, making this an endangered species, now protected by law.

Vicuña fiber produced in Huancavelica region is longer and therefore has a higher quality- than the average length required by the market and has tremendous potential to improve the living standard of the members of the farmer communities of this region at an altitude between 3,700 and 4,200 meters. To contribute to that end, the PRA Project is working on improving the production, management, and trade brokerage capabilities of four communities in Huaytará, which group 750 people. The Project is providing technical assistance on techniques to improve the capture and shear of vicuñas, and the classification of fleeces according to the color and fineness of the fiber. PRA is also helping communities organize and work jointly in consistently increasing their production supply over time, and upgrading their quality standards. The Project is providing technical assistance to strengthen communities' access to working capital for the vicuña collection season, when the *chaku* (herding, capturing and shearing) takes place, running from May to October. The Government of the Huancavelica Region and Buenaventura Mining Company are also participating in this initiative. The former is investing in fences for the capture and Buenaventura is providing funds for technical studies and investing in improvement of fences and equipment for the catch of vicuñas. Fences will also prevent poaching and will help delimitation of areas for the improvement of natural pasture and better feeding conditions for vicuñas. The Project is also supporting the surveillance and park-guarding committee of the Huaytará area.

PRA is working with Argentine company Pelama Chubut as the client firm which is directly purchasing the fiber from the communities, at prices which are 20% higher than those offered by other buyers in the domestic market. Pelama Chubut –which accounts for more than 80% of the Argentine production of special fibers- then processes the vicuña fiber in its manufacturing facilities in Argentina and exports the products to European and Asian markets. After facing some difficulties in obtaining permits for exporting the fiber and passing customs procedures, the communities managed to complete the first exporting operation in 2010. PRA plans to expand the scope of this project to other twelve communities of Huaytará and Huancavelica provinces.

SUCCESS STORY

Helping epileptics help themselves in the Peruvian Andes

USAID is helping epileptics in Ayacucho build capabilities to seize untapped market opportunities to overcome poverty and improve their quality of life

Photo : CSE Ayacucho 2010

Gino Nieto, president of the Epileptics Association of Ayacucho and general manager of Masadorada, is surrounded by his fellow team members –also epileptic-. Panetón, the star product, appears in its box in the middle of part of their product line. Ingenuity is evident in their creations: the monument and the church on the table are actual cakes. Running a successful growing business is bringing high hopes and great enthusiasm.

Masadorada (a word that results from joining the words "dough" and "golden" in Spanish) is a bakery owned by the Epileptics Association of Ayacucho which groups 250 members, many of them children, who suffer from this disorder. Gino Nieto, president of the Association, and ten members who are single mothers run the bakery and produce different types of bread, cakes, sweets, appetizers, and *panetón*, a typical Christmas cake originated in Italy and highly consumed in Peru during the national independence festivities (July) and the Christmas season.

Masadorada operates in its own premises and, in spite of having modern baking machinery and equipment, it only used 5% of its capacity. After having identified great market potential for Masadorada's products, USAID's PRA Project began helping it build its own production, managerial, and marketing capabilities by providing technical assistance in new product development, organization management, and market development. In a very short time, Masadorada has signed contracts to supply bread on a daily basis to different organizations and is negotiating deals to provide significant amounts of its star product: the *panetón*, in both big and individual sizes.

In July 2010, Masadorada started providing military school Basilio Auqui with 650 units of bread daily. Three months later, Masadorada became subcontractor of "Tres Estrellas", currently meal caterer of the National Prisons Institute for Yanamilla Prison in Ayacucho, with a daily supply of 9,000 units of bread. But a greater expansion of Masadorada's production is coming for the Christmas season: the National Program for the Family Wellbeing (INABIF), an organization of the Ministry of Women and Social Development, will source *panetón* from Masadorada not only for its workforce in Ayacucho but also for the *wawa wasis* (kids' houses in Quechua language), the program units which provide protection to children at risk and living in poverty conditions, in Puquio and Cora Cora. Telecommunications company Claro has also ordered over 1,000 *panetones* for its personnel in Ayacucho, Huancavelica, and Ica, and will add the purchase of individual size *panetones* for children included in their corporate social responsibility activities. To celebrate its anniversary, CACVRA, the Agricultural Coffee Cooperative of the Apurímac River Valley, is also demanding over 2,000 *panetones* from Masadorada.

Earnings made from bread and *panetón* sales by Masadorada will be used in activities to benefit the 250 members of the Epileptics Association of Ayacucho. Masadora's articulation with the market and its subsequent sales growth –with the support of USAID's PRA Project– has brought hope to the epileptics in Ayacucho. Moreover, it has given ten single mothers –also epileptic– a valuable means to make a living for themselves and their families and at the same time to lend a hand to others suffering from the same disorder.

SUCCESS STORY

Jalapeño chili: a delicacy grown and processed in central Peru for the U.S. market

USAID is boosting productivity of a newly introduced product in Peru, the jalapeño chili. Introducing drip irrigation technology has resulted in higher yields, reduced investment costs, better water usage and less waste in the central Amazon forest. Harvested jalapeños are processed in Agromantaro's plant in Concepción (central Andes), reinforcing a value chain that benefits growers and producers in poor areas of Peru.

Photo :CSE Junín -Pasco

Jalapeño chilies harvested in the Amazon forest of Junín are processed at Agromantaro's facilities in the highland of Junín, one of the most modern plants in the Peruvian Andes, according to the highest quality standards, and then exported to the American market.

After having identified a growing demand for artichokes in international markets, during its first phase, the PRA Project helped organize a greater supply of artichokes in the Mantaro Valley, Junín region. PRA made sure that the new production met the quality required by exporting companies. Artichokes growing areas expanded from 60 to 420 ha in four years. The Project's action gave way to a more attractive business environment in the region and triggered Agromantaro's decision to set up a processing plant for artichokes and other vegetables in Concepción, Junín, involving a US$1 million investment. The plant is one of the most modern premises in the Peruvian Andes and it itself has generated 200 new jobs.

Building on the success of the production and export of artichoke bottoms and hearts, and having identified another market opportunity, Agromantaro started the venture of producing jalapeño chilies in Chanchamayo and Satipo provinces located in the Amazon forest area of Junín region. Once harvested, the jalapeños are then processed in Agromantaro's plant, reducing its spare capacity and increasing overall production turnover. The resulting jalapeños are high quality preserved chilies which are sold to McCain Foods Ltd. Company in 22 lb containers destined to the American market.

As the jalapeño was a newly introduced product, not many producers in the region were acquainted with its cultivation and growth. During its second phase which started by late September 2009, the PRA Project has worked on identifying growers and organizing the value chain, providing technical assistance before and after the harvest, applying USAID's PERSUAP (Pesticide Evaluation Report and Safer Use Action Plan) requirements to the jalapeño growing, and identifying financial needs for the growing seasons. Agromantaro, on the other hand, not only has ensured the purchasing of all the jalapeño production but has also provided the technological innovation package and has helped in the provision of technical assistance and the search for financial support.

These joint activities undertaken by the PRA Project and Agromantaro have greatly reduced the risks of introducing a new product in this geographical area. So far 16 small producers are growing jalapeños in 30 ha, an extension which the Project plans to double in a year's time. Drip irrigation has been a major technological innovation introduced in this central *selva* area and is already revolutionizing productivity: yields increased from 40 ton to 70 ton/ha and have surpassed the maximum yield achieved on the coast (40 ton/ha). Drip irrigation not only optimizes water usage and reduces waste but also allows jalapeño growth during the summertime, the most favorable season for this activity. Technology has also reduced investment costs by 30% attracting new producers to grow this new product. The Project expects a jalapeño production of 2.25 million pounds for the first year, and 3.5 million pounds for the second year.

6. COMMUNICATIONS AND OUTREACH

FY 2010 was prolific in events, particularly inaugurations, as it was the starting year of PRA's second phase. The project also participated in several conferences and workshops to share experiences and lessons learned. A July 2010 meeting with the exporters' community was especially important to position PRA II in this business sector and to identify potential client companies in the Sierra and Selva. In addition, PRA II's participation in the international fair EXPOALIMENTARIA was a unique opportunity to showcase the project's diversified product line under the innovative concept of the "Andean Amazonian supermarket." Press articles, a new brochure, and the first Phase II bulletin complete the set of communication and outreach tools used during the fiscal year.

6.1. Project Launch and ESC Inaugurations

Event	Date	Press Coverage/Photographs
PRA II Launch Event (Lima)	Jan 21	Lima's TV Perú (channel 7) nightly news report on the event: http://www.youtube.com/watch?v=q0mkQM8k5RA Photographs of the event: http://www.youtube.com/watch?v=DXm2W4ikcs0&feature=related
Puno ESC Inauguration (Ayaviri)	May 5	Photographs of the event: http://www.youtube.com/user/ProyectoPRAII#p/u/6/4Bj5TbEn3hU
Cusco ESC Inauguration (Cusco)	May 12	Photographs of the event: http://www.youtube.com/user/ProyectoPRAII#p/u/15/u6Sbg75uDVk
Madre de Dios ESC Inauguration (Puerto Maldonado)	May 13	Photographs of the event: http://www.youtube.com/user/ProyectoPRAII#p/u/4/_yT6Qao47Wg
Ayacucho ESC Inauguration (Huamanga)	June 9	Video of the opening ceremony: http://www.youtube.com/user/ProyectoPRAII#p/u/13/i5KayBktykE

PRA II Launch event. National Mining, Oil and Energy Society
January 21, 2010

Deputy Chief of Mission U.S. Embassy James Nealon talks to Peru's Channel 7

"The first stage was a resounding success. Today we are launching the second stage, and we are confident that it will be equally successful"

From left to right: PRA Chief of Party, José Iturrios; Clinton Giustra Sustainable Growth Initiative Peru's Director, Camilo León; Minsur's Chief of Community Relations, Luis Romero; Antamina's Corporate Affairs Vice President, Pablo de la Flor; Deputy Chief of Mission, US Embassy, James D. Nealon; USAID Peru's Mission Director, Paul Weisenfeld; Sierra Exportadora's President, Gastón Benza; and President of Lima Regional Government, Nelson Chui; after MOU signing for Ancash, Huancavelica, and Puno corridors.

Puno ESC Inauguration.
Ayaviri, May 5, 2010

From left to right: Transandina Comercial's General Manager, René Zevillanos; Virgen de Alta Gracia Art Center's Director, Irma Luque; USAID Peru's Deputy Mission Director, Andrew Herscowitz; Ayaviri Deputy Mayor, Julieta Diaz; Sierra Exportadora's General Manager, Sergio Calderón; Minsur's Chief of Community Relations in Puno, Sonia Jauregui; and PRA Chief of Party José Iturrios.

From left to right: Asociación Odebrecht's Executive Director, Delcy Machado; PRA Chief of Party, José Iturrios; Cusco Regional Government's Economic Deveopment Manager, Jean Paul Benavente; USAID Peru's Chief of the Office of Economic Growth and the Environment, Steve Olive; President of the South Chambers Association, Fernando Ruiz Caro; and Ayni Art's Georgina Ávalos.

Cusco ESC Inauguration.
Cusco, May 12, 2010

Madre de Dios ESC Inauguration
Puerto Maldonado, May 13, 2010

From left to right: PRA Chief of Party, José Iturrios; USAID Peru's Chief of the Office of Economic Growth and the Environment, Steve Olive; President of Madre de Dios Regional Government, Santos Kaway Komori; Asociación Odebrecht's Executive Director, Delcy Machado; and business community representatives Kurt Holle, Rocío Ortega and Jorge Torres.

From left to right: USAID Peru's Deputy Chief of the Office of Economic Growth and the Environment, Martin McLaughlin; Head of PRA Ayacucho ESC, Gabina Tealdo; PRA Chief of Party, José Iturrios; renowned artisan Macedonio Palomino; Ayacucho Regional Government representative, Juan Pablo Carreño Miranda; Exporters Association's President of the Colorants Committee, Daniel Nakamura; and CACVRA Cooperative Administration Council President, Gregorio Pariona García.

From left to right: Raura's Gonzalo Freyre; Buenaventura's Roque Benavides; USAID/ Peru Mission Director, Richard Goughnour; President of Regional Government of Lima, Luis Custodio; ASOPRODES (Los Quenuales)' Manuel Oswaldo Rondón and Alfredo Casas

6.2. Conferences and Media Coverage

Conference and Press Coverage	Date
Cónclave Altoandino Organized by the Ministry of Production, Lima PRA Meeting with the Exporters' Community ADEX, Lima Martin McLaughlin interview on the cable channel Canal N (June 28, 2010): http://www.youtube.com/user/ProyectoPRAII#p/u/16/cXNkg8IUvpU José Iturrios interview on cable channel Canal N (June 29, 2010) 1st part: http://www.youtube.com/user/ProyectoPRAII#p/u/0/BOn9qERJg90 2nd part: http://www.youtube.com/user/ProyectoPRAII#p/u/1/afWqwOxUDbk	July 1
"The PRA Project: Expanding Markets to Reduce Poverty" Organized by Universidad de San Martín de Porres' Instituto del Perú, Lima José Iturrios' presentation and video: http://www.institutodelperu.org.pe/index.php?option=com_content&task=view&id=1111&Itemid=116	August 4
II Congreso Empresarial del Centro del Perú – CEC2010 "Fijando las bases del desarrollo de la Región Central" Organized by CONFIEP and the Huancayo Chamber of Commerce, Huancayo	Sept. 3-4
"Bridging the Gap on Bio Trade: Enhancing Synergies Between Development Assistance and National Priorities" Organized by UNEP-UNCTAD Capacity Building Task Force on Trade, Environment, and Development, BioTrade Peru, and the Ministry of International Trade and Tourism, Lima	Sept. 20
Semana de la Calidad ("The Quality Week – The National Quality Award Event") Organized by the National Quality Management Committee, Lima	Sept. 28

Meeting with the Exporters Community

ADEX, July 1, 2010.

Meeting with the Exporters Community
ADEX, July 1, 2010.

From left to right: Agromantaro's Emilio Pinedo, Agrocondor's Daniel Nakamura, PRA's José Iturrios, and USAID Peru's Martin McLaughlin.

From left to right: PRA Deputy Chief of Marketing and Business Development Services, Inés Ardiles; and the Heads of Economic Service Centers: Pedro Camacho (Ancash), Fanny Mosquera (Huancavelica), Gabina Tealdo (Ayacucho), Javier Arenas (Sierra Norte de Lima), Juan Muñoz (Junín-Pasco), Ana Ibarra (Puno), Carlos Trujillo (Madre de Dios), and Ana María Andrade (Cusco).

Semana de la Calidad
Lima, September 28, 2010.

Semana de la Calidad
Lima, September 28, 2010.

From left to right:
Agromantaro's General Manager, Augusto Fernandini; CECOVASA's Commercial Manager, Miguel Paz; and Wari Urpi's Macedonio Palomino.

PRA's José Iturrios.

Semana de la Calidad
Lima, September 28, 2010.

6.3. Trade Fairs: PRA II at EXPOALIMENTARIA PERU 2010

The PRA II project participated as an exhibitor in the second edition of the EXPOALIMENTARIA international trade fair for the food industry, organized by the Exporters Association (ADEX) and held at the grounds of the Ministry of Defense on September 22-24, 2010. This presented an opportunity to showcase a diversified line of products from the Sierra and Selva corridors, where PRA II operates, under the concept of the "Andean Amazonian supermarket." Producers from Ayacucho, Huancavelica, and Sierra Norte de Lima provided information on their products and growing areas. Star products included Cecovasa's international award-winning Tunki special organic coffee from Puno, aguaymanto from Ancash, giant corn from Huancavelica, Mistura gastronomic festival award-winning giant cherimoya from Sierra Norte de Lima, and high value-added specialty cheeses from Puno and Junín.

A unique feature of PRA II's exhibition was to offer tastings of appetizers and small dishes made from products supported by the project as a means to show not only their nutritional value, but also their potential as ingredients for fine cuisine. Chefs de cuisine Isabel Álvarez and Flavio Solórzano from the renowned restaurant El Señorío de Sulco, and the recent winner of Mistura's Young Cook Award, Carlos Delgado, presented small dishes made from ingredients such as quinoa, aguaymanto, avocado, native potato, artichoke, Andean cheese, trout, passion fruit, purple corn, copoazu, cocona, and arazá. Deputy Chief of Mission of the U.S. Embassy Bruce Williamson and Minister of Production Jorge Villasante visited the booth and had a tasting of the dishes. The booth activities were covered by El Comercio newspaper and EFE news agency in an article titled "El éxito de la comida peruana depende de la calidad de sus insumos" ("The success of Peruvian cuisine depends on the quality of its ingredients"). The article was published in several print outlets and can be found online:

- http://noticias.latino.msn.com/internacionales/articulos.aspx?cp-documentid=25701922
- http://www.noticias.com/exito-de-comida-peruana-depende-de-la-calidad-de-sus-insumos-afirma-experto.654745
- http://www.publimetro.com.mx/clasificados/el-exito-de-la-comida-peruana-depende-de-la-calidad-de-sus-insumos-afirma-un-experto/ejix!1372008/
- http://www.google.com.pe/#hl=es&source=hp&biw=1276&bih=880&q=El+%C3%A9xito+de+la+comida+peruana+depende+de+la+calidad+de+sus+insumos%2C+afirma+un+experto&btnG=Buscar+con+Google&aq=f&aqi=&aql=&oq=&gs_rfai=&fp=35b1e3e1f9803c69

The concept of the "Andean and Amazonian supermarket" was used repeatedly by El Comercio newspaper in its coverage of EXPOALIMENTARIA (the articles can be found on the annex).

Chef Carlos Delgado and USAID Deputy Chief of the Office of Economic Growth and the Environment Martin McLaughlin were interviewed by TV Perú (channel 7) and the cable channel Canal N. Their interviews can be seen in the following clips:

- http://www.youtube.com/watch?v=t20xWFgVYTE
- http://www.youtube.com/user/ProyectoPRAII#p/u/9/27zyy_QEUSU

EXPOALIMENTARIA PERU

Lima, September 22-24, 2010.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

From left to right: Deputy Chief of Mission, US Embassy, Bruce Williamson; Deputy Mission Director, USAID, Andrew Herscowitz; PRA Chief of Party, José Iturrios; and El Señorío de Sulco Chef de Cuisine, Flavio Solórzano.

From left to right: Deputy Chief of the Office of Economic Growth and the Environment, USAID, Martin McLaughlin; Deputy Mission Director, USAID, Andrew Herscowitz; Deputy Chief of Mission, US Embassy, Bruce Williamson; and El Señorío de Sulco Chefs de Cuisine, Flavio Solórzano and Isabel Álvarez.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

EXPOALIMENTARIA PERU

Lima, September 22-24, 2010.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

From left to right: PRA Chief of Party, José Iturrios; Deputy Mission Director, USAID, Andrew Herscowitz; Deputy Chief of Mission, US Embassy, Bruce Williamson; Huancavelica ESC Assistant, Sonia Gómez; El Señorío de Sulco Chefs de Cuisine, Flavio Solórzano and Isabel Alvarez; and Masadorada's General Manager, Gino Nieto.

Minister of Production, Jorge Villasante, admires Mistura gastronomical festival award winning giant cherimoya produced by Artemio Román Salazar from Sierra Norte de Lima corridor.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

EXPOALIMENTARIA PERU

Lima, September 22-24, 2010.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

Mistura gastronomical festival's Young Cook award winner Carlos Delgado and his wife Iliana Aponte.

EXPOALIMENTARIA PERU
Lima, September 22-24, 2010.

Huancavelica giant corn producer Yolanda Fernández Vilcahuamán.

EXPOALIMENTARIA PERU

Lima, September 22-24, 2010.

Sonia Gómez, PRA Huancavelica ESC Assistant, showing colorful typical outfit. She became the icon of PRA booth at EXPOALIMENTARIA and appeared on different articles on the press.

Rosa María Palacios interviewing USAID's Deputy Chief of the Office of Economic Growth and the Environment, Martin McLaughlin; and El Señorío de Sulco's Chef de Cuisine, Isabel Álvarez, at Radio Capital.

The fair attracted buyers, distributors, and importers interested in the food industry (agribusiness, fishing, inputs and materials, packaging and services, and machinery and equipment for the food industry), both from Peru and overseas. The number of fair-goers was estimated at 21,000, exceeding by far the 14,000 visitors expected. More than 700 buyers participated (twice as much the expected number), including 15 representatives of major supermarket chains.

Following the echoes of PRA's participation at EXPOALIMENTARIA, Martin McLaughlin and Isabel Álvarez were interviewed on September 28, 2010, by Radio Capital journalist Rosa María Palacios on the importance of Peruvian products from the Sierra, their quality, and their export prospects.

6.4. Other Press Articles

Article Title and Publication	Date	Links
"Papaya Encontró Nueva Oportunidad en la Sierra" *Expreso* *"El Regreso de la Papaya"* *El Comercio, Mi Empresa supplement,* page 15	February 28, 2010	http://www.expreso.com.pe/edicion/index.php?option=com_content&task=view&id=96411&Itemid=34 http://elcomercio.pe/impresa/notas/regreso-papaya/20100228/420652
"El Proyecto PRA de USAID Perú: Ser Competitivo para Reducir la Pobreza" COMEX Peru *Negocios Internacionales* magazine	March 10, 2010	http://www.comexperu.org.pe/archivos/revista/Marzo10/Economia_151.pdf
"Aliados en la Reducción de la Pobreza" *El Comercio, pages B12-B13*	August 6, 2010	*See the annex of selected press articles.*

6.5. Brochure

In August 2010, PRA II issued a brochure in the form of a folder containing basic background information about the project as well as informative sheets on each ESC. The project team selected a practical format that makes it possible to add new sheets as additional ESCs are inaugurated.

6.6. Bulletin

In September 2010, the first issue of PRA II's bulletin was produced, covering the main events since the launch of the project's second phase. The bulletin features articles on the role of resource partners in their respective corridors, ESC operations, prospects for implementing public-private partnerships, and the outcome of PRA II's meeting with the exporters' community.

USAID | PERU | PROYECTO PRA

Proyecto PRA: Una Alianza Público-Privada para la Reducción de la Pobreza en el Perú

Un total de US$ 4.3 millones comprometidos en siete Memorandos de Entendimiento (MDE) firmados entre USAID, ocho socios privados y dos socios del sector público, han permitido la puesta en marcha de siete Centros de Servicios Económicos del Proyecto PRA en igual número de corredores en la sierra y selva peruana.

USAID ha lanzado la segunda fase del Proyecto PRA buscando ampliar su impacto y sostenibilidad, comenzando para ello a actores privados y públicos a unirse a este esfuerzo. La respuesta no se ha hecho esperar y durante el primer año de gestión del proyecto se ha logrado la firma de siete Memorandos de Entendimiento (MDE) entre USAID y ocho socios privados comprometiendo estos últimos un total de US$ 4.3 millones, lo que nos ha permitido a la fecha cofinanciar la apertura de siete Centros de Servicios Económicos del Proyecto PRA en siete corredores: el CSE Huancavelica con Compañía de Minas Buenaventura; el CSE Ancash con Compañía Minera Antamina, la Iniciativa Clinton-Giustra y Minera Barrick para el Desarrollo Sostenible; el CSE Cusco y el CSE Madre de Dios con Odebrecht Ingeniería y Construcción; el CSE Puno con MINSUR; el CSE Sierra Norte de Lima-Huánuco con la Compañía Minera Buenaventura, la Empresa Minera Raura y la Compañía Minera Los Quenuales, además del Gobierno Regional de Lima y el CSE Arequipa en alianza con Compañía de Minas Buenaventura. Así mismo se acaba de firmar un MDE con Sierra Exportadora. Estos socios públicos y privados no sólo aportan sus recursos para el funcionamiento de los CSEs del PRA en sus respectivas localidades, sino principalmente su experiencia de trabajo en responsabilidad social y desarrollo sostenible que han venido llevando a cabo en estas zonas del Perú y que se suma y complementa con el conocimiento, experiencia y credibilidad de USAID.

"La meta de USAID siempre ha sido apoyar el esfuerzo peruano, responder a las necesidades del pueblo y fomentar el desarrollo económico y social. Estoy feliz de haber encontrado socios como el Gobierno Regional de Lima y los empresarios de Buenaventura, Raura y Quenuales, socios que también comparten estos objetivos. Ellos son nuestros socios estratégicos en los corredores económicos, donde generan trabajo y por lo tanto ingresos en el marco de una dinámica de mercado."

Richard Goughnour
Director de USAID / PERU

6.7. Upcoming Events

Event	Date	Location
Signing of MOU between USAID and Sierra Exportadora	October 28, 2010	Lima
Opening ceremony of Sierra Norte de Lima-Huánuco ESC	November 9, 2010	Oyón
CADE 2010 (Annual Executives Conference)	November 11-13, 2010	Cusco-Urubamba
"Hecho a Mano para Hoteles 2010" (Artisan Fair)	November 16-18, 2010	Lima
Opening ceremony of Arequipa ESC	November 18, 2010	Arequipa
Signing of MOU between USAID, Barrick, and Poderosa to fund operations of La Libertad ESC	December 14, 2010	Trujillo

8. PROBLEMS, SOLUTIONS, AND LESSONS LEARNED

The PRA project faced the unique challenge of simultaneously fulfilling several targets that should have been sequential: leveraging resources from alliance partners, opening the ESCs in the corridors, and generating new sales, jobs, and investments—all in the first year of Phase II. As building alliances takes time, the project would have benefited from a 6- to 12-month period dedicated to leveraging resources before inaugurating any ESC, which would have made for a more focused effort and systematic approach. In view of the unprecedented challenge of achieving results on all fronts simultaneously, two ESCs were opened solely with USAID funds (Junín-Pasco and Ayacucho) and prior to securing other funding sources. Nevertheless, launching these centers without private resource partners proved to be an appropriate decision as both ESCs reported results in FY 2010.

The project began its technical activities without a previous operating system for developing new alliances. To embark on the intense alliance-building process with prospective partners, the PRA II team had to rapidly design and develop a set of new tools in the form of procedures and documents to facilitate the process from A to Z. Through these efforts, the team enhanced its expertise in key elements of building effective GDAs, including:

- In-depth analysis of: (a) business potential in the partners' geographic areas of interest, (b) costs of setting up new ESCs to serve target areas (start-up costs, long-term personnel, technical assistance, etc), and (c) co-financing schemes over a two- or three-year period
- Preparation of formal documents such as MOUs
- Due-diligence examinations

Once MOUs were signed, the PRA II team designed grant agreements between resource partners and project operators in the regions, and established the necessary procedures to operationalize the agreements as quickly as possible. Throughout the alliance-building effort, the team simultaneously worked to systematize the process through a continuous focus on rapid design and implementation of improved documents, procedures, and tools, which helped to accelerate the formation of strategic partnerships.

While PRA II succeeded in securing more resources than the life-of-project GDA leverage target, difficulties emerged in engaging alliance partners in some corridors. The team was unable to build alliances in the Ayacucho and Junín-Pasco corridors despite approaching several mining and energy companies. A change in strategy is under way in the case of Ayacucho. For that corridor, O'Brien and Associates International, a U.S.-based subcontractor under the PRA contract, and the project team examined U.S. market trends for handicrafts, cocoa, coffee, and Andean grains—all products that present a comparative advantage for Ayacucho—and identified potential partners and client companies that might be interested in partnering with USAID to source from local producers and help them develop new products to meet market demand. This new strategy is a work in progress.

In its activities with the ESCs, PRA II also faces the challenge of mainstreaming gender, environmental protection, biodiversity preservation, respect for labor standards, and inclusion of the disabled, which will make it possible to gauge impact on quality of life and poverty reduction. Such mainstreaming efforts are already under way. The project team has designed business plan formats that incorporate these dimensions, and the monitoring and evaluation unit is working with ESC promoters to determine how such variables are affected by USAID-assisted businesses in the corridors. Intensive training on PERSUAP, good agricultural and livestock management practices, and the adoption of labor standards was provided in some corridors,

and biodiversity preservation issues were addressed in the design and implementation of some new businesses. In addition, an unprecedented project with epileptics in Ayacucho marks the start of activities with disadvantaged populations. All these efforts will be properly systematized to improve project practices and maximize results.

Moving forward, the PRA II team will focus on consolidating the gains achieved thus far. Developing more alliances implies the availability of additional resources to attract new partners and increased capacity in terms of human resources. The project will seize opportunities to develop new alliances when they arise. However, the next strategic steps for PRA II are to focus on maximizing new sales, jobs, and investments to ensure the highest social returns on the funds already leveraged.

ANNEX

Selected Press Articles

Sugerencias: economia@comercio.com.pe

sectorial

POR IANA MÁLAGA

PROYECTO PRA

ESTE AÑO ENTRÓ EN SU SEGUNDA ETAPA

DEL 2002 AL 2008 LA AGENCIA DE LOS ESTADOS UNIDOS PARA EL DESARROLLO INTERNACIONAL (USAID) FINANCIÓ UN PROYECTO QUE ARTICULÓ A PEQUEÑOS PRODUCTORES CON COMPRADORES INTERESADOS. HOY EL PROYECTO SE AFIANZA EN EL SECTOR PRIVADO PARA GENERAR EL DESARROLLO SOSTENIBLE DEL PAÍS

42.500 pequeños productores lograron organizarse y acceder al mercado en la primera fase del proyecto PRA.

COMPAÑÍAS MINERAS COMPROMETIDAS HAN INVERTIDO US$3,7 MILLONES PARA IMPULSAR CRECIMIENTO ECONÓMICO EN SUS ZONAS DE INFLUENCIA

Aliados en la reducción de la pobreza

Salvo por algunas variables, los programas sociales del Estado destinados a reducir la pobreza se han diseñado bajo un corte asistencial. En estos casi nunca se ha visto a sus beneficiarios como personas que, si se les brinda la debida asistencia técnica y capacitación, pueden salir del círculo de la pobreza con los pocos recursos que tienen. Peor aun, el desconocimiento de la zona impide que muchas empresas del Perú jamás vean la posibilidad de hacer negocios con pequeños campesinos o artesanos de la sierra y selva del Perú.

Teniendo en cuenta esta realidad, en el 2002 la Agencia de Estados Unidos para el Desarrollo Internacional (Usaid) diseñó un plan estratégico para mejorar el impacto de un programa de asistencia alimentaria que se ejecutó en años previos. Así se creó el proyecto de Reducción y Alivio a la Pobreza (PRA) que, como su nombre lo indica, busca reducir los niveles de pobreza que se registran en ciertas zonas del país al insertar a sus pobladores en los circuitos del mercado para que puedan elevar sus ingresos y mejorar su nivel de vida.

¿Y cómo opera el proyecto? José Iturrios, jefe del proyecto PRA, explica que la lógica comienza por crear oficinas denominadas centros de servicios económicos (CSE). Estas oficinas se asientan en corredores regionales donde se ha identificado que, pese a la pobreza del territorio, hay potencial para impulsar determinados negocios. De hecho, en la primera etapa del PRA (que se ejecutó del 2003 al 2008) se formaron 11 corredores económicos en diferentes zonas del país (ver infografía) y se logró articular la demanda de empresas de varios rubros con pequeños productores de la zona.

Otro punto por considerar es que los centros de servicios económicos son operados por ONG (como CARE Perú y ADRA) y otras instituciones que tienen experiencia en impulsar el desarrollo de cadenas productivas. Así, la función básica de los CSE es ofrecer información sobre nuevos mercados, asistencia técnica y organización de oferta a empresas privadas que tienen interés en tomar contacto con pobladores dedicados a la agricultura, ganadería o artesanía para vender sus insumos al mercado local u otros países.

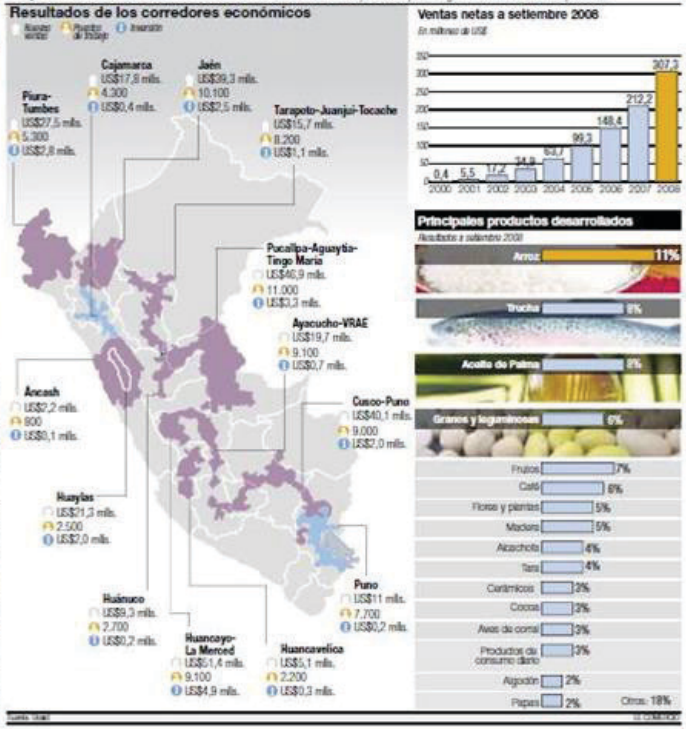
CLAVES

Tratado comercial

- Para la segunda fase del PRA se buscará impulsar la venta de flores tropicales, sacha inchi, hierbas aromáticas, que se pueden vender a Estados Unidos y con las ventajas arancelarias del TLC.
- El 80% de los negocios que se generaron en la primera etapa del PRA son agropecuarios.
- Los corredores económicos son zonas donde, en los últimos años, hay un crecimiento de la población y se tienen carreteras y vías de acceso a ciudades de mayor desarrollo.

Experiencia de corredores económicos

En la primera etapa del proyecto PRA se demostró que en zonas consideradas de pobreza se pudieron generar ventas de diferentes productos.



EL PUNTO CLAVE

"Todas las intervenciones se hacen en función de la demanda. Por ello, primero tenemos que reconocer el compromiso de una empresa en comprar determinados productos (con contrato de por medio) y con el precio justo) y que sus proveedores puedan cumplir con los plazos de entrega establecidos", dice Ana María Andrade, representante de CARE Perú y jefa del Centro de Servicio Económico del corredor Cusco-Madre de Dios, que hoy viene impulsando la comercialización de kiwicha, café, alcachofa y artesanías de la zona.

También se trata de que las empresas se involucren en la capacitación de los productores con los que piensa trabajar y que sus jefes de planta certifiquen que ellos cumplen con estándares de calidad internacionales.

Eso sucedió con Agro-Cóndor, empresa nacional que se dedica a la exportación de cochinilla, tara, achiote, cúrcuma y maíz morado, productos que en otros países son demandados para elaborar colorantes naturales y textiles. Daniel Nakamura, gerente general de la empresa, cuenta que gracias al PRA en el 2007 ellos se articularon con 120 productores de zonas deprimidas de Ayacucho a quienes se compró 30 toneladas de corona de maíz morado por un valor de US$135,000. "Lo importante de esta experiencia es que con el apoyo del proyecto los agricultores lograron cumplir con los tiempos de entrega según lo establecido en el contrato" dice Nakamura. Y es que según este empresario el problema de las zonas más pobres de la sierra y selva del Perú es que allí los agricultores están dispersos en pequeñas hectáreas y tienen muy poco nivel de asociatividad. "Pese a este problema, nuestros proveedores de Ayacucho se lograron organizar y mejorar la calidad de sus productos en una zona donde nunca se había logrado comprar maíz morado de exportación", agrega Nakamura.

EXPORTACION. El PRA busca que compradores del extranjero se interesen en comprar productos andinos, como la kiwicha y la quinua, o amazónicos como el sacha inchi, con creciente demanda.

LÍNEA DE BASE. En la segunda etapa del PRA se medirá el impacto que esta ha ganado en la reducción de la pobreza extrema.

CAMBIO DE MODELO

Iturrios refiere que, en su primera etapa, el proyecto PRA fue financiado por USAID con una inversión de US$35 millones. Y así se logró articular 220 empresas y generar US$307 millones en ventas. "También se logró exportar más de US$140 millones de productos que antes no tenían demanda en el mercado internacional, como trucha, alcachofa, tara, artesanías, café, quinua y kiwicha", precisa Iturrios. Pero hoy el proyecto ha cambiado de esquema, pues dado el crecimiento económico del Perú, cabe la posibilidad de que en los próximos años el Gobierno de Estados Unidos reoriente sus fondos a otros países que necesitan mayor apoyo.

Steve Olive, jefe de la Oficina para el Desarrollo Económico de USAID, explica que en la segunda etapa del PRA (que va del 2010 al 2014) se ha buscado el apoyo financiero de compañías (la mayoría mineras) que vienen impulsado el crecimiento económico de sus zonas de influencia. "Creemos que el sector privado tiene mayores condiciones para generar empleo y reducir la pobreza que hay en ciertas zonas de forma sostenible", dice Olive.

Si bien en la primera etapa del proyecto se tuvo el apoyo inicial de Compañía de Minas Buenaventura en Huancavelica y el Fondo Minero Antamina (FMA) en Áncash, en la segunda fase otras empresas como Odebrecht, Minsur, Los Quenuales, Compañía Minera Raura, Barrick y Fundación Clinton se han sumado a esta iniciativa. Y de acuerdo con el interés de cada socio, hoy el PRA se va a ejecutar en los siguientes corredores

> El proyecto trata de que las empresas se involucren en la capacitación de los productores con los que trabajan, y certifiquen que cumplan los estándares de calidad internacionales

económicos: Áncash, la zona del VRAE en Ayacucho, Cusco-Madre de Dios, Junín-Pasco, Huancavelica, Puno, La Libertad y la sierra norte de Lima.

Deloy Machado, director de Responsabilidad Social de Odebrecht Perú, cuenta que en la segunda etapa del PRA ellos decidieron invertir US$400,000 para impulsar el crecimiento del corredor Cusco-Madre de Dios, donde la empresa construyó los tramos 2 y 3 de la carretera Interoceánica Sur. "Decidimos aliarnos, pues creemos que USAID tiene la debida experiencia para lograr articular a compradores o intermediarios con los 120 criadores de cuyes, 250 artesanos y 500 productores de fibra de alpaca que venimos apoyando en esta zona", dice Machado.

Al respecto, Iturrios dice que para esta segunda fase ya se ha logrado comprometer US$3,7 millones de inversión por parte de los socios estratégicos mencionados, mientras que USAID otorgará un cofinanciamiento de US$14 millones en los próximos cinco años.

De esta manera se articulará a unos 5,000 pequeños productores de zonas deprimidas de la sierra y selva, y generará alrededor de US$90 millones en ventas. "Buscamos que unas 300 empresas se interesen en hacer negocios con agricultores, ganaderos y artesanos a quienes le podrían comprar sus insumos para distribuir tanto en el mercado interno como en el exterior", adelanta.

Aunque en esta segunda etapa el PRA busca afianzarse en el sector privado, los representantes de USAID creen que el Estado también debe generar las condiciones para ello. "El sector público debe seguir construyendo carreteras e infraestructura, y acelerar el otorgamiento de licencias a los dueños de pequeños negocios para que el proyecto logre seguir exponiéndose en zonas de extrema pobreza", finaliza Olive. ■

ECONOMÍA ...

SE REDUCIRÁ ARANCEL EN METALMECÁNICA, ENTRE OTROS SECTORES

Gobierno busca corregir distorsiones arancelarias

Hay productos con arancel cero pero sus insumos pagan impuestos de aduana

La reducción de aranceles anunciada por el ministro de Economía y Finanzas, Ismael Benavides, buscará corregir algunas distorsiones existentes, afirmó el ministro de Comercio Exterior, Eduardo Ferreyros.

"Este trabajo se realiza desde hace dos meses y lo que se busca es identificar los productos que tengan una protección efectiva negativa, es decir estamos identificando aquellos que tienen arancel cero pero el insumo (con el que se prepara) tiene algún arancel", apuntó. Dejó en claro que este trabajo lo lidera el Ministerio de Economía y Finanzas con los otros sectores.

Sobre este punto, el ministro de la Producción, Jorge Villasante, consideró que en pocos días podrán hacer los anuncios oficiales de la lista de desgravación arancelaria. Adelantó que la desgravación abordaría algunas partidas del sector metalmecánica.

Por su parte, el titular de Agricultura, Rafael Quevedo, sostuvo que aún no tenía oportunidad de coordinar con su colega de Economía y Finanzas, sobre las reducciones en su sector.

OSCAR ROCA

EN VITRINA. Alimentos peruanos de todo tipo se ofrecen a supermercados del mundo.

El Perú apuesta con sus productos orgánicos en la UE

El Perú postula para ingresar en la lista de "países terceros" que elabora la Unión Europea para identificar los productores que pueden enviarse a su territorio –con facilidades– productos orgánicos, reveló el presidente de la Comisión de Agro de la Asociación de Exportadores (ÁDEX), Carlos Lozada Zingoni.

El funcionario consideró que una manera de impulsar el tema sería que el Perú publicara el reglamento de la Ley 29196 (Ley de Promoción de la Producción Orgánica o Ecológica). La Unión Europea tomará la decisión en los próximos meses.

EXPORTACIONES

De otro lado, Quevedo informó que las agroexportaciones peruanas, especialmente de café, uvas, espárragos, páprika, mangos y alcachofas, que representan el 52% de lo exportado, habían logrado llegar a 147 países durante el 2009.

"En el período enero-julio de este año se realizaron exportaciones a 138 países, pero esta cifra seguramente se ampliará", comentó durante la inauguración de la Expoalimentaria 2010, organizada por la Asociación de Exportadores (ÁDEX).

Ferreyros consideró que esta feria especializada podría crecer el próximo año un 20% en sus ventas. En tanto, el director de Comercio Exterior de Prom-Perú resaltó que llegaron a la feria los compradores top de los cinco continentes. ■

puntodevista

*Profesor d

ECONOMÍA • • •

EN PRÓXIMOS AÑOS SEGUIRÁ EL CRECIMIENTO

Se duplicaron en 10 años las empresas agroexportadoras

Este 2010 se espera llegar a los US$3 mil millones de exportaciones

MARIENELLA ORTIZ

Las 145 mil nuevas hectáreas de frontera agrícola que generarán los proyectos de irrigación anunciados para la costa y los recientes mercados mundiales que se abrieron con los acuerdos comerciales, permitirán que dentro de unos tres años se dupliquen los ingresos por agroexportaciones, afirmó el presidente de la Asociación de Exportadores (ÁDEX), Juan Varilias.

Así, las agroexportaciones pasarán de US$3.000 millones (en que cerrarían este año) a los US$6.000 millones. Todo un salto para el Perú que camina a consolidarse como un importante abastecedor de alimentos del mundo, según destacó.

Por lo pronto, el número de las empresas agroexportadoras se duplicó en la última década: ya suman 1.600 en todo el país debido al 'boom' que se ha producido en el sector, resaltó el viceministro de Comercio Exterior, Carlos Posada, durante el Segundo Seminario Internacional de Frutas y Hortalizas Frescas y Procesadas, de Expoalimentaria 2010.

"El Perú se ha logrado posicionar en un lugar expectante desde el punto de vista de otros países cercanos", comentó.

Ratificó que la cifra de cierre de las agroexportaciones este año serán de US$3.000 millones, como lo adelantara en su momento el Ministerio de Agricultura. Dicha cifra supera en casi US$600 millones a lo vendido en el 2009.

Por su parte, el presidente de la Comisión de Agro de ÁDEX, Carlos Lozada Zingoni, comentó que solo en exportaciones de frutas y hortalizas se llegaría a los US$1.800 millones.

"Si bien el producto estrella es el espárrago, que registra un buen crecimiento, es la uva de mesa la que ha duplicado su exportación. Asimismo, los envíos de mango están creciendo; la granada es un cultivo muy interesante, y los cítricos tienen una posición expectante. En general se está haciendo un muy buen trabajo", resaltó.

Solo entre enero y julio de este año las exportaciones de frutas y hortalizas llegaron a los US$713,7 millones, con un crecimiento de 21% respecto al año anterior. "Esto debido al incremento de las áreas de cultivo, el desarrollo de nuevos mercados, de nuevos productos, y porque el empresariado peruano sigue apostando por ese sector, invirtiendo y haciendo un esfuerzo de comercialización en los mercados más exigentes", apuntó Lozada.

Para el 2011, Varilias estima que la tasa de crecimiento sería de 20% para el conjunto total agroexportador.

NUEVOS MERCADOS

Como parte de su ponencia, Víctor Noriega, encargado de la dirección general de Competitividad Agraria del Ministerio de Agricultura, dijo que los agroexportadores tenían el reto de aprovechar la apertura comercial que nos brindan los acuerdos comerciales.

En especial recomendó trabajar el mercado asiático donde se ha detectado una gran demanda de alimentos. Hizo hincapié en algunos mercados, como el japonés, que paga bien por las frutas.

También resaltó que desde este año se abrió el mercado estadounidense a la palta hass y que recién en el 2011 se incrementarán los volúmenes de envíos a ese país.

Posada agregó que el impulso de entidades públicas y privadas ha hecho que el Perú logre tener accesos arancelarios preferenciales para el agro. Además la posición del Perú en el continente es estratégica en el aspecto comercial, insistió. ■

OSCAR FOCA

DE TODO. Los extranjeros se admiraron por la gran variedad de productos y presentaciones en la Expoalimentaria.

LAS CIFRAS

19% crecieron las exportaciones agropecuarias en el primer semestre respecto al mismo periodo del 2009.

US$320 millones se exportó solo en julio en productos agrícolas, casi un 40% más que en julio del 2009.

US$389 millones se exportaron en espárragos el 2009; es el principal producto de la agroexportación.

61% crecieron las exportaciones de uva en el 2009.

Expoalimentaria congregó a 20 mil asistentes en tres días

Ya al segundo de los tres días que duró la Expoalimentaria 2010 (acabó ayer) se había cumplido la meta de asistencia de 14 mil personas, según el presidente de ÁDEX, Juan Varilias. Estimó que la cifra final fue de 20 mil concurrentes a la sede de esta feria, en el Pentagonito (San Borja).

Además, llegaron 700 compradores de diferentes partes del mundo a esta feria, de las cuales al menos 15 representaban a importantes supermercados. Estas empresas vinieron con la expectativa de comprar todo tipo de productos: agrícolas o industrializados.

Además llegaron al país agregados comerciales de los ministerios de Relaciones Exteriores trayendo a grupos de empresarios; mientras Prom-Perú y el Ministerio de Agricultura se encargaron de traer a empresarios del interior del país. Al respecto, Carlos Posada, viceministro de Comercio Exterior, resaltó la gran creatividad en la presentación de los productos.

Finalmente, la feria sirvió para cerrar negocios, así como para establecer los primeros contactos para otras empresas.

"Día Uno" Supplement, El Comercio daily newspaper, Lima.
September 27, 2010

AGRO :: FERIA EXPOALIMENTARIA

ÓSCAR ROCA

OFERTA. EN EL EVENTO SE OFRECIERON PRODUCTOS FRESCOS E INDUSTRIALIZADOS.

Supermercados de fuera llegaron de compras a Lima

EMPRESAS DE EE.UU. YA HAN CERRADO NEGOCIOS CON PROVEEDORES LOCALES DE ANCHOVETA, ALCACHOFAS, PIMIENTOS, PRODUCTOS LÁCTEOS Y OTROS ALIMENTOS

"El Perú tiene de todo", comenta Paulo Douglas, representante del grupo Casino, propietario de Almacenes Éxito de Colombia. Él llegó como tantos otros representantes de supermercados del mundo a la Expoalimentaria 2010, organizada la semana pasada por la Asociación de Exportadores (ADEX), para evaluar sus nuevos pedidos para el 2011.

Actualmente compran un aproximado de US$2 millones en alimentos peruanos, pero considera que esa cifra crecerá un 20% en el 2011. Solo a la empresa San Fernando compran pavos por un monto de US$1 millón. Durante su visita a Lima exploró compras de azúcar, jugos, mantequillas y otros alimentos gourmet.

Otra empresa importante como Goya Foods cerró compras de anchoveta en conservas con la empresa Pesquera Hayduk. El primer contenedor saldrá en octubre. A Danper comenzarán a comprarle alcachofas y pimientos, con lo cual cambiarán su proveedor de España. Solo en lo que queda del año cerraron contrato por 7 u 8 contenedores, por un valor aproximado de US$300 mil.

Joseph Pérez, vicepresidente de esta empresa que provee de alimentos a 30 mil puntos de venta en EE.UU., comentó que actualmente los productos de origen peruano representan el 20% de su oferta. Al menos son 60 productos referentes del Perú, agregó.

En tanto, el director de compras globales del supermercado estadounidense Supervalu, Sean Reber, comentó que estuvieron buscando proveedores de algunos alimentos únicos y competitivos, sobre todo de frutas. Señaló que ya compran alcachofas al Perú. Resaltando que este es un proveedor importante junto con España con envíos de 30 o 40 contenedores anuales.

Por primera vez estuvo presente en la feria Supermercados del Sur de Chile. Su representante, Diego Silva, dijo que el próximo año comenzarán a comprar algunos snacks y productos lácteos.

EXPECTATIVAS

Una reunión para grandes

- ADEX, Prom-Perú y el Ministerio de Relaciones Exteriores organizaron la Expoalimentaria que se espera haya generado negocios por más de US$100 millones.
- El presidente de Adex considera que esta feria se convertirá en el referente de compras de alimentos en la región.

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