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Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed financing to the Republic of Peru for the**

### **Strengthening Local Development in the Highlands and High Rainforest Areas Project**

#### **Note to Executive Board representatives**

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Executive Board —106<sup>th</sup> Session  
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**For: Approval**

## Contents

<b>Abbreviations and acronyms</b>	<b>ii</b>
<b>Map of IFAD-funded operations in the country</b>	<b>iii</b>
<b>Financing summary</b>	<b>iv</b>
<b>Recommendation for approval</b>	<b>1</b>
<b>I. Strategic context and rationale</b>	<b>1</b>
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities	1
<b>II. Project description</b>	<b>2</b>
A. Project area and target group	2
B. Project development objective	2
C. Components/outcomes	2
<b>III. Project implementation</b>	<b>3</b>
A. Approach	3
B. Organizational framework	3
C. Planning, M&E, and learning and knowledge management	3
D. Financial management, procurement and governance	4
E. Supervision	4
F. Exceptions to IFAD’s General Conditions for Agricultural Development Financing	4
<b>IV. Project costs, financing, benefits</b>	<b>4</b>
A. Project costs	4
B. Project financing	4
C. Summary benefit and economic analysis	4
D. Sustainability	4
E. Risk identification and mitigation	5
<b>V. Corporate considerations</b>	<b>5</b>
A. Compliance with IFAD policies	5
B. Alignment and harmonization	6
C. Innovations and scaling up	6
D. Policy engagement	6
<b>VI. Legal instruments and authority</b>	<b>6</b>
<b>VII. Recommendation</b>	<b>6</b>
<b>Annex</b>	
Negotiated financing agreement	7
<b>Appendix</b>	
Logical framework	

## **Abbreviations and acronyms**

AGRORURAL	Rural Agricultural Productive Development Programme
LRAC	local resource allocation committee
M&E	monitoring and evaluation
MEF	Ministry of Economy and Finance
PCU	project coordinating unit
PCC	project coordinating committee

# Map of IFAD-funded operations in the country

**Republic of Peru**  
IFAD-funded operations

*President's report*



02-05-2012



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

## Republic of Peru

# Strengthening Local Development in the Highlands and High Rainforest Areas Project

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Republic of Peru
<b>Executing agency:</b>	Ministry of Agriculture
<b>Total project cost:</b>	US\$36.5 million
<b>Amount of IFAD loan:</b>	SDR 12.9 million (equivalent to approximately US\$20.0 million)
<b>Terms of IFAD loan:</b>	Ordinary
<b>Contribution of borrower:</b>	US\$12.6 million
<b>Contribution of beneficiaries:</b>	US\$3.9 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## **Recommendation for approval**

The Executive Board is invited to approve the proposed financing to the Republic of Peru for the Strengthening Local Development in the Highlands and High Rainforest Areas Project, as contained in paragraph 39.

## **Proposed financing to the Republic of Peru for the Strengthening Local Development in the Highlands and High Rainforest Areas Project**

### **I. Strategic context and rationale**

#### **A. Country and rural development and poverty context**

1. Peru has been one of the best-performing economies in Latin America, enabling continuous recovery of Peru's per capita income,<sup>1</sup> growth in employment, decline in poverty rates and a small decline in inequality. It is estimated that from 2004 to 2010 about 4 million people exited poverty, with the poverty rate falling by 17.3 percentage points – from 48.6 to 31.3 per cent. However, poverty rates in rural areas remain high. Six out of 10 poor people in Peru reside in rural areas, and extreme poverty is mostly a rural phenomenon. Over 60 per cent of those living in the highlands or sierra region of the country are poor.
2. Agriculture in the sierra, on land situated between 800 and 4,000 metres, is mainly rainfed, and soil fertility is low. Production is intended largely for home consumption. In the lowlands of the selva region, agricultural activities are limited. At higher altitudes, however, coffee, cocoa, rice, maize, cassava and oil palm are grown.
3. Rural development is constrained by limited linkages to markets for rural products and the structural characteristics of rural areas, including: fragmentation of ownership; limited cooperation between producers; organizational weakness; geographical dispersion; vulnerability to external, market and climate shocks; limited access to financial services and innovations; absence of public goods and services such as electrification, rural roads, highways and telecommunications services; and the lack of appropriate national, regional, local, public and private institutions.

#### **B. Rationale and alignment with government priorities**

4. The proposed project is aligned with new policies for social inclusion, new directives for rural development and the country's National Strategy for Rural Development. The project is further aligned with IFAD's strategy for Peru, whose objectives include: (i) improved management knowledge and technical capacity of rural communities to further sustainable use and control of natural resources and physical assets; (ii) increased access to quality financial and non-financial services, public and private, and improved competitiveness and enhanced market linkages; and (iii) increased community involvement in decentralized policy and decision-making processes by regional and local governments.

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<sup>1</sup> Per capita income was US\$4,200 according to the Atlas method and US\$8,120 in terms of international purchasing power parity.

## II. Project description

### A. Project area and target group

5. The project area includes the central and northern sierra and a small portion of the high rainforest region in the department of San Martín. It comprises provinces and districts in the departments of Lima, Cajamarca, Amazonas and San Martín. In total, the area covers 12 provinces and 85 districts with an area of 20,226.6 km<sup>2</sup>.
6. According to the 2007 National Population and Housing Census, the population in the project area comprises 513,708 people, of whom 73 per cent (361,113) are considered rural by the National Institute of Statistics and Informatics. Of these, 374,722 live in districts of the sierra and 138,986 in the high rainforest area. The target population is defined as mainly subsistence smallholders and small-scale producers with limited physical, financial and human capital and restricted access to markets.

### B. Project development objective

7. The purpose of the project is to contribute to rural poverty reduction in the areas of intervention. Its development objective is to deepen the effectiveness, efficiency and relevance of public investments from central, regional and local governments to improve the well-being of the rural population and increase the value of their natural, physical, human, social and financial assets.
8. Specific objectives include:
  - (a) Strengthening the capabilities and skills of groups and associations of poor rural people to participate fully in local development and increase productivity and competitiveness, including full access to citizenship;
  - (b) Transferring funds to groups of organized rural families and associations of rural men and women to enable them to competitively: (i) improve their natural resources and human settlements; (ii) access grant funding to carry out profitable business ventures in a wide range of initiatives; and (iii) mobilize savings and provide access to microinsurance, especially for rural women;
  - (c) Improving the management capacity of local governments to meet the relevant demand of poor rural people, in order to promote self-development and leverage resources available to municipalities working with the project;
  - (d) Strengthening the institutional capacity of the implementing agency to: deepen a territorial and microwatershed approach; mobilize additional private investment to complement project investments adequately; implement an intercultural approach; institute monitoring and evaluation (M&E) mechanisms; introduce a gender dimension into its projects; and further strengthen its operational capacity at the district level.

### C. Components/outcomes

9. Implementation of the project involves three main components and project management.
10. **Valuing assets of small-scale farmers.** This component includes two subcomponents: (i) strengthening capacities for natural resource management and (ii) funding of territorial management plans.
11. **Providing access to financial and non-financial services.** This component includes five subcomponents: (i) increasing the availability of technical assistance services; (ii) strengthening capacities and valuing assets for market linkages; (iii) deepening inclusive financial services for small-scale rural producers; (iv) building up the partnership and leadership skills of small-scale rural producers; and (v) reinforcing community leadership.

12. **Strengthening capacity for local development through a territorial approach.** This component includes three subcomponents: (i) building the capacities of staff involved in local development; (ii) strengthening partnerships among local governments; and (iii) furthering ownership of the local resource allocation committee (LRAC) model.

### III. Project implementation

#### A. Approach

13. Central elements of the approach include, inter alia: strengthening of local democratic organizations; increasing the capital held by poor rural people and providing access to services; furthering linkages to local markets for goods and services; reinforcing the ability of beneficiaries to directly manage public funds; strengthening the supply of private or public services; promoting linkages between farmers, artisans and small-scale entrepreneurs; deepening urban/rural linkages; instituting direct participation of beneficiaries in decisions on the use of resources, including financial transfers; valuing the assets of poor rural people; recovering local knowledge and culture; and strengthening negotiation skills among poor rural people, the rest of society and public and private organizations.

#### B. Organizational framework

14. The project will be inserted within the organizational hierarchy of the Rural Agricultural Productive Development Programme (AGRORURAL) under the responsibility of its executive director.
15. Direct responsibility for implementation will be entrusted to a project coordination unit (PCU) to be located at AGRORURAL headquarters in Lima. The PCU will operate as a central implementing nucleus (NEC) and will be staffed by: (i) a project coordinator, (ii) an administrator, (iii) an accountant, (iv) a development and social inclusion specialist, (v) an M&E specialist, and (vi) staff responsible for implementation of each of the three project components.
16. At the operational field level, project implementation will be the responsibility of AGRORURAL regional directorates and zonal offices in the project area. A total of six such agencies will be involved.
17. **Project guidance.** In order to provide guidance during implementation, a project coordinating committee (PCC) will be established. The PCC will be composed of the vice-minister of the Ministry of Agriculture, as chairperson, and representatives of the Ministry of Economy and Finance, the Network of Rural Municipalities of Peru, small- and medium-sized enterprises, and farmers' associations. The director of operations of AGRORURAL will act as secretary to the PCC. A representative of IFAD will participate in PCC deliberations as an observer.

#### C. Planning, M&E, and learning and knowledge management

18. Planning of project activities will take the form of annual work plans and budgets (AWP/Bs). The PCU will prepare the initial AWP/B and submit it to IFAD for non-objection as a condition of the first disbursement. Progress on implementation will be reported on a semi-annual basis.
19. **Monitoring and evaluation.** AGRORURAL's M&E capacity will be strengthened by recruitment of an M&E specialist, and a M&E system will be developed. Special attention will be paid to monitoring scaling-up processes. Midterm and final project evaluations are planned. A baseline study will be prepared at project start-up and repeated at midterm and project end. A randomized evaluation of the financial inclusion activities will be tendered. Impact evaluation and baseline design will be a condition of the first disbursement.



20. **Learning and knowledge management.** Learning processes will include, inter alia, farmer-to-farmer training, implementation of learning routes, in situ training and internships, and the use of development communication techniques.

#### **D. Financial management, procurement and governance**

21. Financial management will be the responsibility of AGRORURAL under the central implementing nucleus guidelines and norms. IFAD will make an initial disbursement of US\$2.0 million to the Peruvian central bank. The Ministry of Agriculture will open a project account in the Banco de la Nación in local currency. Procurement will be undertaken in accordance with national procurement regulations as far as they are compatible with the IFAD Procurement Guidelines, and will include community participation in procurement in accordance with IFAD procedures. Auditing will be conducted annually in accordance with IFAD rules and regulations. Auditors will be selected by the Peruvian auditing authority – the Contraloría General – to IFAD’s satisfaction.

#### **E. Supervision**

22. The project will be directly supervised by IFAD, including an initial mission to coincide with the start-up workshop.

#### **F. Exceptions to IFAD’s General Conditions for Agricultural Development Financing**

23. The borrower has requested that the grace period be modified, as provided for in Section 5.01(d) of the General Conditions, to extend it from three to five years. This request is being submitted herein for the approval of the Executive Board.

### **IV. Project costs, financing, benefits**

#### **A. Project costs**

24. Total project costs have been estimated at US\$36.5 million. Implementation costs by component are as follow: valuing assets of small-scale farmers, US\$7.1 million (20 per cent of total costs); providing access to financial and non-financial services, US\$22.2 million (62 per cent); strengthening capacity for local development through a territorial approach, US\$3.0 million (9 per cent); and project management US\$3.2 million (9 per cent). Price contingencies have been estimated at approximately US\$1.0 million, representing 3 per cent of total costs.

#### **B. Project financing**

25. The project will be financed by IFAD, the Government of Peru and project beneficiaries. IFAD will contribute approximately US\$20.0 million, the Government of Peru US\$12.6 million, and project beneficiaries US\$3.9 million. Additionally, IFAD will provide a country-specific grant in the amount of US\$1.5 million under the performance-based allocation system. The grant will further public/private partnerships in improving water harvesting and use in areas of the highlands where extractive industries operate. Although this grant was agreed with national authorities during loan negotiations, the grant document will be included for consideration by the Executive Board under the lapse-of-time (LOT) procedure between December 2012 and April 2013.

#### **C. Summary benefit and economic analysis**

26. The proposed project will benefit 40,800 families, who will increase their incomes by an estimated 49 per cent. The economic analysis indicates that the internal rate of return will be 31 per cent, the net present value will be US\$24.0 million and the benefit-cost ratio 4:09.

#### **D. Sustainability**

27. The integration of sector policies coupled with effective administrative decentralization, and the exercise of permanent mechanisms for citizen

participation coupled with economic growth with social equity may ensure sustainability in the long run.

## **E. Risk identification and mitigation**

28. A number of risks have been identified: (i) potential impacts resulting from the international economic situation; (ii) specific weather events such as those related to climate change in general and the occurrence of the El Niño and La Niña phenomena, which affect most regions of the coast and the Peruvian sierra; (iii) administrative and bureaucratic constraints that may hamper implementation of a harmonized approach to development of the sierra and potential conflicts between government agencies; (iv) weak institutional capacity at local and regional levels, and possible changes in the general approach to decentralization and the transfer of resources to local and regional administrations; (v) limitations on the actual transfer of power to communities and the inability (or unwillingness) of institutional actors to delegate power and recognize local talent in the provision of technical assistance services; and (vi) lack of clarity of roles among stakeholders (municipalities and AGRORURAL) and limited capacity of the agency responsible for implementation for administrative and inclusive services and M&E.
29. Risks can be mitigated by: adopting prudent fiscal and monetary policies and counter-cyclical measures; implementing specific activities to improve environmental conditions; working with other donors in providing support to government authorities in the development and implementation of strategies for the highlands region; building the capacity of local and regional governments; ensuring transfer of power to communities; implementing a comprehensive training programme for all stakeholders; and reinforcing the capacity of the implementing agency.

## **V. Corporate considerations**

### **A. Compliance with IFAD policies**

30. The project is in compliance with IFAD policies on: (i) targeting, by focusing activities on poor rural people; (ii) gender, through positive discrimination measures and capacity-building of women's groups; (iii) middle-income countries (MICs), by building knowledge management and supporting South-South cooperation; (iv) rural finance, by supporting access to banking services and building financial assets; (v) rural enterprise, by reducing the limitations and inequities facing poor rural people in investing in small- and medium-sized enterprises; (vi) indigenous peoples, by assisting communities in fully exploiting their traditional knowledge, culture, governance systems and natural resources; (vii) land, by respecting the land interests of rural people and promoting participatory land-use planning and management at the local level; (viii) private-sector development, by strengthening the capacity of poor rural people and their organizations to deal with new market forces and partner with the private sector on fair and equitable conditions; and (ix) climate change, by furthering the use of climate analysis as an instrument of social and environmental assessment to seek measures to reduce or eliminate risks.

#### **Compliance with IFAD's gender policy**

31. Provision of training on gender issues to national counterparts, project clients and staff has been considered, as well as funding of productive initiatives that meet the specific needs of women, including technical assistance in developing management skills. Mechanisms of positive discrimination in favour of women will be instituted in all project components and activities, including: priority access to a facility for obtaining identity and other legal documents; support to the registration of woman-headed enterprises as legal entities; and women's access to financial services through bank accounts, savings mobilization and life insurance policies.

### **Findings of IFAD's environmental assessment process**

32. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it may have some environmental and social impacts on human populations or environmentally significant areas, but which are site specific. Measures have been designed to ensure that business venture proposals comply with environmental standards.

### **B. Alignment and harmonization**

33. The project is aligned and harmonized with the IFAD Strategic Framework 2011-2015 in that it will: (i) promote environmental sustainability and resilience to risks associated with natural resource degradation and climate change; (ii) enhance the capacity of small agricultural producers to benefit from new market opportunities; (iii) strengthen small producers' organizations; (iv) promote the development of technologies for the sustainable intensification of small-scale agriculture; (v) increase the capacity of financial institutions to broaden the range of the inclusive services they offer to rural women and men (including insurance, savings, credit and remittance transfers); and (vi) build the capacity of poor rural women and men, including young people, to seize opportunities in agriculture and non-farm activities.

### **C. Innovations and scaling up**

34. The project will consolidate previous innovations. The use of new communication technologies in knowledge-sharing will be introduced, and randomized evaluations for financial inclusion are considered an innovation in Peru. The project will be scaled up based on geographical targeting – and as a pilot in a small segment of the high rainforest area.

### **D. Policy engagement**

35. The following policy dimensions will continue to be addressed: (i) securing access to and use of natural resources; (ii) deepening financial inclusion; (iii) furthering effectiveness and transparency in the direct transfer of public funds to benefit poor rural families; and (iv) instituting payment for environmental services in the context of a Global Environment Facility (GEF) grant.

## **VI. Legal instruments and authority**

36. A project financing agreement between the Republic of Peru and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. A copy of the negotiated financing agreement is attached herewith in the annex.
37. The Republic of Peru is empowered under its laws to receive financing from IFAD.
38. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

## **VII. Recommendation**

39. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of Peru in an amount equivalent to twelve million nine hundred thousand special drawing rights (SDR 12,900,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## **Negotiated financing agreement: Strengthening Local Development in the Highlands and High Rainforest Areas Project**

(Negotiations concluded on 15 May 2012, in Lima, Peru)

Número del Préstamo: \_\_\_\_\_

Proyecto de fortalecimiento del desarrollo local en áreas de la sierra y la selva alta del Perú (el "Proyecto")

El Fondo Internacional de Desarrollo Agrícola (el "Fondo" o el "FIDA")

y

La República de Perú (el "Prestatario")

(cada uno de ellos por separado la "Parte" y los dos colectivamente las "Partes")

acuerdan lo siguiente:

Por cuanto el Prestatario ha solicitado al Fondo financiar el Proyecto y el Fondo acepta proporcionar un préstamo para apoyar en la financiación del mismo.

### **Sección A**

1. Los siguientes documentos conforman colectivamente el Convenio: el presente documento, la Descripción del Proyecto y las Disposiciones de ejecución del Proyecto (Anexo 1), el Cuadro de asignaciones (Anexo 2) y las *Condiciones Generales para la Financiación del Desarrollo Agrícola* de fecha 29 de abril de 2009 (las "Condiciones Generales") en su versión enmendada por la Junta Ejecutiva del FIDA en su período de sesiones de setiembre 2010.

2. Las Condiciones Generales y cualquiera de las disposiciones en ellas contempladas serán aplicables al presente Convenio. A los efectos del presente Convenio, los términos definidos en las Condiciones Generales tendrán el significado en ellas indicado.

3. El Fondo proporcionará un Préstamo al Prestatario (la "Financiación"), que el Prestatario, a través de AGRO RURAL, utilizará para ejecutar el Proyecto de conformidad con los términos y condiciones del presente Convenio.

### **Sección B**

1. El monto del Préstamo es de DEG 12 900 000.

2. La Financiación se concede en condiciones ordinarias.

3. La Moneda de Pago del Servicio del Préstamo será el dólar de los Estados Unidos (USD).

4. El primer día del Ejercicio Financiero aplicable será el 1º de enero.

5. Los pagos del capital y los intereses serán pagaderos cada 1º de febrero y 1º de agosto. El capital será pagadero en 26 cuotas semestrales, en lo posible iguales, de DEG 496 154, comenzando 5 años después de la fecha de entrada en vigor, siempre que el Fondo haya dado su no objeción al primer POA de conformidad con la Sección 4.02 b) de las Condiciones Generales. En dicho momento el Fondo comunicará al Prestatario el calendario de amortización correspondiente.
6. AGRO RURAL abrirá una Cuenta del Proyecto en moneda local en el Banco de la Nación.
7. El Prestatario, a través del Ministerio de Agricultura, proporcionará la financiación de contrapartida para el Proyecto por el monto de USD 16 468 156.

### **Sección C**

1. El Organismo Responsable del Proyecto será el Ministerio de Agricultura, a través del Programa de Desarrollo Productivo Agrario Rural-AGRO RURAL.
2. La Fecha de Terminación del Proyecto será el quinto aniversario de la fecha de entrada en vigor del presente Convenio.

### **Sección D**

El Préstamo será administrado por el Prestatario, a través de AGRO RURAL, y el Proyecto será supervisado por el Fondo.

### **Sección E**

1. Se considera que es motivo adicional para la suspensión del presente Convenio el siguiente: que se hayan tomado medidas para la disolución, suspensión del Núcleo Ejecutor Central (NEC) u otras que impidan la ejecución del mismo, del modo previsto en este Convenio, y tales medidas, a juicio del Fondo, puedan tener consecuencias adversas para el Proyecto.
2. Son condiciones generales adicionales, previa para el retiro de fondos: a) la no objeción por parte del FIDA al Manual de Operaciones del Proyecto y b) la realización de un diseño de evaluación de impacto que incluye la línea de base del proyecto, considerando grupos de control.
3. Se considera como excepción a las condiciones generales (Sección 5.01.d), que el período de gracia del préstamo será de 05 años.
4. Se indican a continuación los representantes designados:

Por el Fondo:

Presidente del FIDA

Por el Prestatario:

Ministro de Economía y Finanzas

5. Se indican a continuación las direcciones que han de utilizarse para cualquier intercambio de comunicaciones relacionadas con el presente Convenio:

Ministerio de Economía y Finanzas  
Jr Junin 319  
Lima 1, Perú  
Fax (51-1) 626-9921

Fondo Internacional de Desarrollo Agrícola  
Via Paolo di Dono 44  
00142 Roma, Italia  
Fax (3906) 5043463

AGRO RURAL  
Av. Alameda del Corregidor 155  
Lima 41, Perú  
Fax (51-1) 349-3744

El presente Convenio, se ha preparado en español, en seis (6) copias originales, tres (3) de las cuales son para el Fondo y las otras tres (3) para el Prestatario.

REPÚBLICA DEL PERÚ

\_\_\_\_\_  
(Nombre y título)

Fecha: \_\_\_\_\_

FONDO INTERNACIONAL DE DESARROLLO AGRÍCOLA

\_\_\_\_\_  
(Presidente)

Fecha: \_\_\_\_\_

## Anexo 1

### *Descripción del Proyecto y disposiciones de ejecución*

#### **I. Descripción del Proyecto**

1. *Población-objetivo.* Se beneficiarán del Proyecto aproximadamente 55 500 familias rurales pobres en aproximadamente 85 distritos del total de distritos que abarcan el área del Proyecto, los que se auto seleccionarán mediante un mecanismo de competencias inter jurisdiccionales. El área del Proyecto incluye la parte central y norte de la sierra y una pequeña porción de la región de la selva alta de los departamentos de San Martín y Amazonas. En la sierra el área del Proyecto incluye provincias y distritos en los departamentos de Lima y Cajamarca.

2. *Propósito.* Pequeños productores rurales en las regiones de la sierra y selva alta del Perú fortalecen sus niveles organizativos y capacidad de emprendimiento, capitalizando de forma sostenible sus activos.

3. *Objetivos Específicos.* Los objetivos específicos del Proyecto son:

- a) Fortalecer las capacidades y habilidades de grupos y asociaciones de pobres rurales, para participar plenamente en el desarrollo local mejorado su productividad y competitividad, incluyendo el pleno acceso a la ciudadanía.
- b) Transferir incentivos monetarios a grupos de familias rurales organizadas y asociaciones de ciudadanos rurales (hombres y mujeres), para que estos en forma competitiva: i) mejoren el manejo de sus recursos naturales y sus asentamientos humanos, ii) dispongan de financiamiento no reembolsable para llevar a cabo emprendimientos que les resulten rentable en una gama amplia de iniciativas de negocios, y iii) movilicen ahorros y accedan a micro seguros especialmente las mujeres rurales.
- c) Mejorar la capacidad gerencial de los Gobiernos Locales en materia de desarrollo rural, para responder con prontitud a las demandas de la población para promover su autodesarrollo y apalancar los recursos disponibles de los municipios con aquellos que fomenta el proyecto.
- d) Actualizar y reforzar el capital institucional de la entidad responsable de la ejecución del proyecto (AGRO RURAL), con el fin de profundizar el concepto de territorialidad, movilizar y articular inversiones privadas complementarias.
- e) Promover el adecuado uso del enfoque intercultural, para alcanzar resultados satisfactorios en términos de igualdad de oportunidades de desarrollo.

4. *Componentes.* La ejecución del Proyecto incluye tres componentes principales y varios subcomponentes. Los componentes son: a) Valorización de activos de pequeños productores rurales, b) acceso a servicios financieros y no financieros y c) capacidades para el desarrollo local con enfoque territorial.

4.1 **Componente 1. Valorización de activos de pequeños productores rurales.** El objetivo principal de este componente es poner en valor los activos humanos, sociales, físicos, culturales, y financieros de los productores rurales en los territorios de acción del proyecto, mediante la identificación, registro, captura y divulgación de soluciones y buenas prácticas funcionales a las estrategias de vida de la población beneficiaria, sus familias, asociaciones y comunidades. Este componente incluye dos subcomponentes:

- a) Fortalecimiento de capacidades para el manejo de recursos naturales. Destinado a desarrollar y fortalecer las capacidades y competencias necesarias, tanto entre los beneficiarios y beneficiarias de las asociaciones y comunidades, para gestionar procesos de innovación mediante la implementación de Planes de Manejo y Gestión Territorial con énfasis en los recursos naturales con el propósito de lograr los resultados e impactos esperados, y alcanzar su sostenibilidad.
- b) Planes de Manejo y Gestión Territorial. A través de este subcomponente se financiarán actividades que busquen incrementar el valor de los activos naturales y físicos de grupos comunitarios y hogares individuales al mismo tiempo que se reduzcan riesgos ambientales y la degradación de los recursos productivos.

4.2 **Componente 2. Acceso a servicios financieros y no financieros.** Este componente incluye la ejecución de cinco subcomponentes a saber:

- a) Disponibilidad de servicios de asistencia técnica. Por intermedio de este subcomponente se financiarán actividades -a través de fondos concursables - que busquen desarrollar capacidades de los pequeños productores para la gestión de emprendimientos locales. Este mecanismo permitirá a las organizaciones acceder a recursos para la contratación de servicios de asistencia técnica y superar los cuellos de botella que restringen su actividad productiva, de transformación y comercialización.
- b) Fortalecimiento de las capacidades y valorización de activos para la articulación al mercado. El objetivo del subcomponente es desarrollar las capacidades de la población objetivo para el acceso sostenible al mercado en condiciones competitivas. Se ha considerado esencial el desarrollo comercial de productos (marcas, patentes, empaque, registro sanitario, entre otros) y reconocimiento de la propiedad intelectual del conocimiento tradicional.
- c) Servicios financieros inclusivos para pequeños productores rurales. El objetivo del subcomponente consiste en mejorar -en condiciones de mercado y complementando la política nacional de inclusión financiera iniciada en el marco del programa de transferencias condicionadas- el acceso de los pobres rurales, prioritariamente las mujeres y los jóvenes, a servicios de captación de depósitos (productos de ahorro) accesibles y focalizados en sus necesidades, contratos de micro-seguros, servicios de transferencias bancarias, de administración de remesas, y otros servicios financieros.
- d) Fortalecimiento de la asociatividad y liderazgo de pequeños productores rurales. Esta actividad permitirá a las organizaciones de productores- que comparten intereses comunes- acceder a servicios de asistencia técnica en mejores condiciones, mejorar su capacidad de negociación, disminuir sus costos de producción y frente a una demanda mayor de mercado agregar oferta bajo un estándar de calidad.
- e) Fortalecimiento del liderazgo comunal. Mediante este subcomponente se fortalecerá el liderazgo comunal mediante talleres de inducción a usuarios, y la preparación de material de apoyo al fortalecimiento del liderazgo comunal: guías, cartillas, manuales y afiches de promoción.



#### 4.3 **Componente 3. Capacidades para el desarrollo local con enfoque territorial.** Se incluyen tres subcomponentes:

- a) Desarrollo de capacidades del personal vinculado al desarrollo local. Su objetivo principal es construir las capacidades y competencias necesarias, tanto entre los beneficiarios y beneficiarias como entre los equipos técnicos y líderes y lideresas de las asociaciones y comunidades, para gestionar los procesos de innovación necesarios para aplicar el enfoque, las metodologías y las herramientas de trabajo que se proponen en el proyecto, además de acompañar el proceso de transformación institucional necesario para lograr los resultados e impactos esperados.
- b) Fortalecimiento de la asociatividad en gobiernos locales. Se ha previsto llevar a cabo Rutas de Aprendizaje para Alcaldes, facilitadores de Oficinas de Desarrollo Económico Local (ODEL) y otros; proporcionar acompañamiento a la formación de mancomunidades y corredores económicos; y cofinanciar experiencias piloto desarrolladas por mancomunidades. Esta actividad incluirá la preparación de materiales didácticos relevantes.
- c) Apropiación del Modelo de Comités Locales de Asignación de Recursos (CLAR). A través de esta actividad se fortalecerá a las municipalidades a fin de que estén preparadas para llevar a cabo las tareas de promoción, supervisión de las actividades que se financiarían con el proyecto, para lo cual entre otras tareas se financiará, en conjunto, a un grupo de facilitadores municipales. Del mismo modo se asignarán fondos para cubrir la operatividad de los CLAR de las municipalidades, a fin de asegurar que no dejen de funcionar por falta de fondos de los municipios y asegurar también que las decisiones de estos Comités se hagan en forma transparente e incluyan mecanismos de rendición de cuentas.

## **II. Disposiciones de ejecución**

1. *Organismo Responsable del Proyecto.* El Ministerio de Agricultura, a través de AGRO RURAL, en su condición de Organismo Responsable del Proyecto, asumirá la responsabilidad general de la ejecución del mismo.

El Proyecto se inserta dentro de la jerarquía organizativa de Agro Rural, bajo la responsabilidad de su Director Ejecutivo.

La responsabilidad general de la ejecución recaerá en el Director de Operaciones quien reporta directamente al Director Ejecutivo.

2. *Director de Operaciones:* a) convocará a los concursos entre municipalidades; b) supervisará el trabajo de las Agencias Zonales en el área de intervención del Programa; c) preparará los Planes Operativos Anuales; d) participará en las reuniones del Comité Coordinador del Proyecto (CCP) como secretario técnico; e) analizará los resultados de informes de seguimiento y evaluación, y f) facilitará las misiones de supervisión del FIDA y la realización de auditorías anuales.

3. *Unidad Coordinadora del Proyecto (UCP).* Con el fin de asegurar una gestión eficiente del proyecto y el cumplimiento de sus metas se establecerá una Unidad Coordinadora del Proyecto que será responsable de la coordinación de las actividades físico financieras del proyecto y seguimiento del avance de las metas establecidas. Dicha Unidad se establecerá en la Sede de Agro Rural en Lima y operará bajo la modalidad

de Núcleo Ejecutor Central dependiendo administrativamente de la estructura de AGRO RURAL.

La UCP estará compuesta por: a) un Coordinador; b) un especialista en Desarrollo de capacidades; c) un especialista en Seguimiento y Evaluación; d) un Administrador, e) un Contador, f) un responsable para los componentes 1 y 2, g) y un responsable para el componente 3.

La selección del Coordinador del Proyecto se realizará a través de una convocatoria pública utilizando mecanismos de selección abiertos y transparentes. AGRO RURAL se encargará de llamar a una convocatoria pública, seleccionar y presentar al CCP una lista corta, en orden de méritos, para su decisión final. Otros especialistas serán seleccionados del mismo modo.

4. *Implementación descentralizada - Direcciones Zonales y agencias de Agro rural.* De manera descentralizada, la ejecución del Proyecto estará a cargo de las Direcciones Zonales y Agencias de Agro Rural en el área del Proyecto. Estas Direcciones Zonales tienen bajo su jurisdicción una o más Agencias Zonales. Estas Agencias representaran al proyecto en territorio bajo su jurisdicción y supervisaran las actividades que se desarrollen en el marco de los CLAR y diseñarán, formularan y ejecutarán los planes operativos correspondientes a su jurisdicción en directa colaboración con los gobiernos locales.

AGRO RURAL designará a uno de los funcionarios de las Agencias Zonales como Promotor del proyecto cuyas funciones serán entre otras: a) coordinar con los Gobiernos Locales, instituciones, comunidades campesinas, organizaciones públicas y privadas, las actividades proyectadas; b) apoyar en el recojo de las demandas de familias y organizaciones y comunidades locales; c) apoyar en la conformación de los CLAR a través de los Gobiernos Locales, y d) coordinar con los jurados de los CLAR la evaluación de los perfiles o planes de negocios en todas sus etapas.

5. *Comité de Coordinación del Proyecto (CCP).* A fin de proporcionar orientaciones durante la ejecución se establecerá un Comité Coordinación del Proyecto (CCP) en Agro Rural. El CCP estará integrado por el vice ministro de agricultura quien lo preside, un representante del MEF, un representante de Red de municipalidades rurales del Perú (REMURPE), un representante de las pequeñas y medianas empresas, un representante de las asociaciones de productores, un representante del FIDA en calidad de observador; y el Director de Operaciones de Agro Rural quien actuará como secretario técnico del CCP.

Será la responsabilidad del CCP seleccionar al Coordinador del Proyecto, aprobar los POA, examinar los progresos en la implementación, tomar en cuenta los resultados del seguimiento y evaluación, así como los informes anuales de auditoría. El CCP se reunirá dos veces al año en forma rotativa entre las ciudades del área del Proyecto.

## Anexo 2

### *Cuadro de asignaciones*

1. *Asignación de los recursos del Préstamo:* En el cuadro que figura a continuación se presentan las Categorías de Gastos Admisibles que se financiarán con cargo al Préstamo y la asignación de los montos del Préstamo a cada Categoría, así como los porcentajes de los gastos correspondientes a los rubros que se financiarán en cada Categoría:

Categoría	Cantidad asignada del Préstamo (en DEG)	% de gastos admisibles que han de financiarse
I. Incentivos	11 500 000	80% excluyendo los impuestos
II. Servicios de Consultoría	80 000	7% excluyendo los impuestos
Sin asignación	1 320 000	
<b>TOTAL</b>	<b>12 900 000</b>	

## Logical framework

Narrative	Objectively verifiable indicators	Means of verification	Assumptions
<b>Purpose</b> Contribute towards increasing incomes and improving livelihoods of small scale agricultural producers in areas of the highlands and high rain forest	30 percent increase in incomes, 10 percentage points reduction in, malnutrition, 50 percent of project beneficiaries increase their food security	Living Standards Measurement Surveys, Anthropometric measurements	
<b>Development Objective</b> Small scale agricultural producers in the highlands and high rain forest areas strengthen their entrepreneurial and organizational capacities and capitalizing their assists	40 percent of small; scale producers served by the project undertake sustainable business ventures, 50 percent of small scale producers have capitalized their assets, 20 percent of legally formalized organizations operational, 30 percent of community leaders provide diversified financial and non-financial technical assistance	Business registrations, Tax revenue reports Assets value surveys Technical assistance contracts, Mid-term and end of project evaluations	Stable political and macro-economic conditions Budgetary provisions in place Stable labour conditions for project staff
<b>Component 1. Valuating assets of small scale farmers</b>			
Outcome 1. Community organizations and local authorities value tangible and intangible assets of the territory	400 Learning Routes, 400 Internships 85 Asset maps, 1 Knowledge fair	Baseline survey Annual progress reports, Learning routes evaluations	Weak institutional capacity at local and regional levels Lack of clarity of roles among stakeholders municipalities and AGROURAL
Outcome 2. Community organizations and producer associations develop and implement land management plans	340 Natural Resource and Land Management plans, 6 systematization studies	Annual reports, mid-term and final project evaluations LRAC decisions	
<b>Component 2. Accessing financial and non-financial services</b>			
Outcome 1 Small farmers manage and implement business venture plans	25 Directories of technical assistance services providers, 100 Training events for local authorities, community organizations and associations 100 Training events for technical assistance services providers, 1166 Business venture plans	Reports and evaluations of training events, Business registrations	Weak institutional capacity at local and regional levels Lack of clarity of roles among stakeholders

	400 Business profiles, 6 Systematization studies		
Outcome 2 Small farmers with access relevant information marking, market new products and value traditional knowledge a market information system	1 Market information system, 4 Market Research, 30 Products identified and marketed, 10 Products promoted commercially 4 Recognition of traditional knowledge studies	Sales records Annual progress reports, Mid-term evaluation	
Outcome 3. Small farmers use banking and financial service	3 Training events for financial facilitators, 6 Financial Induction workshops, 1700 Financial education workshops 1 Study on financial innovations, 180 Learning Routes 5000 Savings incentives, 2040 Sweepstakes Awards, 1 Insurance payment incentive scheme, 1 Study of micro insurance schemes, 6 Systematization studies	Banking institutions reports, Insurance policies, Banks Management Information System (MIS)	
Outcome 4 Population and their organizations have access to municipal services and strengthen their associative capacities	85 Municipal agreements for individual and associative formalization processes, 16 Information campaign designs, 60 Information campaigns, 20 Consortia establishment processes	Banking institutions reports, Insurance policies, Banks Management Information System (MIS).	
Outcome 5 Communities and potential partnerships familiar with the operation of the project	450 User Induction Workshops, 800 Women groups Induction workshops, 1100 Induction workshops for farmer leaders	Municipal records Notary registries	
<b>Component 3. Building capacity for local economic development with a territorial approach</b>			
Outcome 1 Government officials, local governments and potential target groups are informed of operational mechanisms and progress in the implementation and local governments hold LRAC meetings	1 Tool box, 1 Web Platform, 2 Learning Routes, 3 on-site training workshop, 25 Internships, 18 Decentralized Induction Workshops, 20 LRAC training events, 27 LRAC sessions	Web usage records Training events self-evaluations, LARC records	Weak institutional capacity at local and regional levels Lack of clarity of roles among stakeholders