

Document: EB 2008/93/INF.7
Date: 24 April 2008
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

Republic of Peru

Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte)

Executive Board — Ninety-third Session
Rome, 24-25 April 2008

For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Roberto Haudry de Soucy

Country Programme Manager
telephone: +39 06 5459 2282
e-mail: r.haudry@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

Republic of Peru

Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte)

I. Background

1. At its ninety-second session in December 2007, the Executive Board approved a loan of SDR 9.05 million (equivalent to about US\$14.4 million) to the Republic of Peru, on ordinary terms, to help finance the Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte).
2. During loan negotiations, appraisal estimates were reviewed, and the following modifications were proposed: (i) a decrease in the total project cost to US\$21.7 million (from US\$21.9 million); (ii) an increase in the Government's contribution to US\$3.4 million (from US\$2.8 million); (iii) an increase in the regional and local government contribution to US\$1.7 million (from US\$1.3 million); and (iv) a reduction in the beneficiaries' contribution to US\$1.2 million (from US\$2.4 million). No modifications were proposed for the amount of the IFAD loan (US\$14.4 million) or the amount of cofinancing by Action Aid (US\$1.0 million).

II. Confirmation of the proposed modifications

3. During the first quarter of 2008 IFAD and the Ministry of Finance worked together to review the proposed modifications. On 29 February 2008, the Ministry sent official notification to IFAD agreeing to the modifications as cited in paragraph 2 above. These revised figures are now reflected in the appraisal report (see attached table). As agreed, this note is being presented to the Executive Board for information.

PERU
Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands
Expenditure Accounts by Financiers
(expressed in United States dollars)

	<i>IFAD</i>		<i>NGO/ Private contribution</i>		<i>Beneficiaries</i>		<i>Regional and local governments</i>		<i>The Government</i>		<i>Total</i>		<i>Foreign exchange</i>	<i>Local (excl. taxes)</i>	<i>Duties and taxes</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>			
I. Investment costs															
A. Institutional agreements	510 400	73.9	-	-	-	-	-	-	180 000	26.1	690 400	3.2	-	690 400	-
B. Technical assistance	4 568 458	80.4	-	-	556 561	9.8	-	-	556 561	9.8	5 681 580	26.2	-	5 681 580	-
C. Incentives	5 804 000	100.0	-	-	-	-	-	-	-	-	5 804 000	26.7	-	5 804 000	-
D. Matching contribution	1 333 600	50.5	-	-	653 400	24.7	653 400	24.7	-	-	2 640 400	12.2	-	2 640 400	-
E. Training	1 151 380	47.7	800 000	33.1	-	-	-	-	464 620	19.2	2 416 000	11.1	-	2 311 380	104 620
F. Consultancy services	707 350	88.5	-	-	-	-	-	-	92 150	11.5	799 500	3.7	-	707 350	92 150
G. Vehicles and equipment	-	-	-	-	-	-	-	-	175 400	100.0	175 400	0.8	6 480	135 594	33 326
H. Civil works	-	-	-	-	-	-	1 000 000	100.0	-	-	1 000 000	4.6	-	1 000 000	-
Total investment costs	14 075 188	73.3	800 000	4.2	1 209 961	6.3	1 653 400	8.6	1 468 731	7.6	19 207 280	88.4	6 480	18 970 704	230 096
II. Recurrent costs															
A. Salaries and incentives	-	-	200 000	14.5	-	-	-	-	1 183 000	85.5	1 383 000	6.4	-	1 383 000	-
B. Administrative costs	324 812	37.1	-	-	-	-	-	-	551 408	62.9	876 220	4.0	-	752 074	124 146
C. Audit	-	-	-	-	-	-	-	-	255 200	100.0	255 200	1.2	-	229 680	25 520
Total recurrent costs	324 812	12.9	200 000	8.0	-	-	-	-	1 989 608	79.1	2 514 420	11.6	-	2 364 754	149 666
	14 400 000	66.3	1 000 000	4.6	1 209 961	5.6	1 653 400	7.6	3 458 339	15.9	21 721 700	100.0	6 480	21 335 458	379 762

