

BUSINESS LINKAGE AND COMPETITIVENESS OF THE ALPACA TEXTILE SECTOR IN AREQUIPA

(TC-01-12-06-1-PE)

EXECUTIVE SUMMARY

Executing agency:	Instituto Peruano de la Alpaca y Camélidos [Peruvian Alpaca and Camelid Institute] (IPAC)		
Beneficiaries:	<p>The main beneficiaries of the project are microenterprises and small businesses (MSB) in the alpaca textile sector and organized artisans in the department of Arequipa. The direct beneficiaries will be 50 small businesses and 1,000 workers with an interest in increasing or entering into production of alpaca apparel for the domestic and foreign market. They will do so through formation of business networks to respond jointly to direct production orders and subcontracting requests. Other beneficiaries will be the microenterprises that are potential subcontractors of these businesses. In addition, about 300 organized artisans will have access to higher revenues generated by the growth of effective demand for their finishing services in export-quality knit/woven apparel.</p> <p>Local training and technical assistance institutions and independent professionals will also be strengthened, as recipients of technical know-how transferred to them by manufacturers that are members of IPAC.</p>		
Financing:	Modality:		
	MIF Facility III-A:	US\$470,000	
	Local counterpart:	US\$310,000	
	Total:	US\$780,000	
Execution timetable:	Execution period:	36 months	
	Disbursement period:	42 months	
Objectives:	<p>The general objective of the project is to contribute to the development of an alpaca textile cluster in Arequipa that will provide opportunities for participants to improve their competitiveness. The specific objective is to promote a sustainable system for business</p>		

linkage that will stimulate MSB growth in the sector, based on improved productivity and business networks with broader access to domestic and international markets.

Description: The project will consist of three components that will be executed concurrently. The goals of the components are: (i) business development of MSBs by expanding their direct access to markets and subcontracting by manufacturers; (ii) organization and technical assistance so small businesses can meet quality and productivity and quality standards; and (iii) training of middle managers, workers and artisans.

The abovementioned activities will be supported in large measure by manufacturers that belong to IPAC and have already committed to actively participating in the project. They will provide information, know-how, experience and contacts for the project. A key factor will be the participation of the technical personnel of these companies, who have a first-rate academic education and broad experience in the field with the cluster enterprises. They will serve as trainers, advisers and facilitators of the improvement processes, and have already actively participated in the design of this project.

Special contractual clauses: As a condition precedent to the first disbursement, IPAC will submit evidence of the selection of a Project Coordinator, to the Bank's satisfaction.

Exceptions to Bank policy: None

Environmental and social review: The Committee on Environment and Social Impact (CESI) reviewed and approved the project abstract at the meeting on 22 February 2002. In accordance with CESI's suggestions, IPAC added the following policies to the project's Operating Regulations: (i) all training and technical assistance under the project must promote activities and production techniques that are socially and environmentally sustainable; (ii) the technical assistance for participating businesses will include enhancing facilities to protect worker health and improve the indoor environment, with a view to ensuring worker comfort; and (iii) the Technical Unit will follow open, competitive procedures to select beneficiaries and trainers, promoting the participation of women beneficiaries and businesses owned by women (see paragraphs 3.13 and 3.17).