

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**PERU**

**INTEGRATING CONSERVANCY AND SUSTAINABLE DEVELOPMENT  
IN THE SOUTHERN INTEROCEANIC HIGHWAY CORRIDOR**

**(PE-M1056 / PE-T1157)**

**DONORS MEMORANDUM**

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## CONTENTS

### EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE .....	1
A.	Background .....	1
B.	Challenges and opportunities .....	2
C.	Rationale.....	3
II.	THE PROGRAM .....	4
A.	Objectives.....	4
B.	Description .....	4
Component 1:	Strengthening of local governance .....	4
Component 2:	Development of sustainable production-oriented initiatives.....	5
Component 3:	Sustainable biodiversity conservation management.....	7
III.	COST AND FINANCING .....	8
IV.	EXECUTION MECHANISM .....	8
V.	MONITORING AND EVALUATION.....	10
VI.	BENEFITS AND RISKS.....	11
VII.	ENVIRONMENTAL AND SOCIAL CONSIDERATIONS .....	12

## **ANNEXES**

Annex I	Logical Framework
Annex II	Itemized Budget

## **APPENDICES**

Proposed resolution

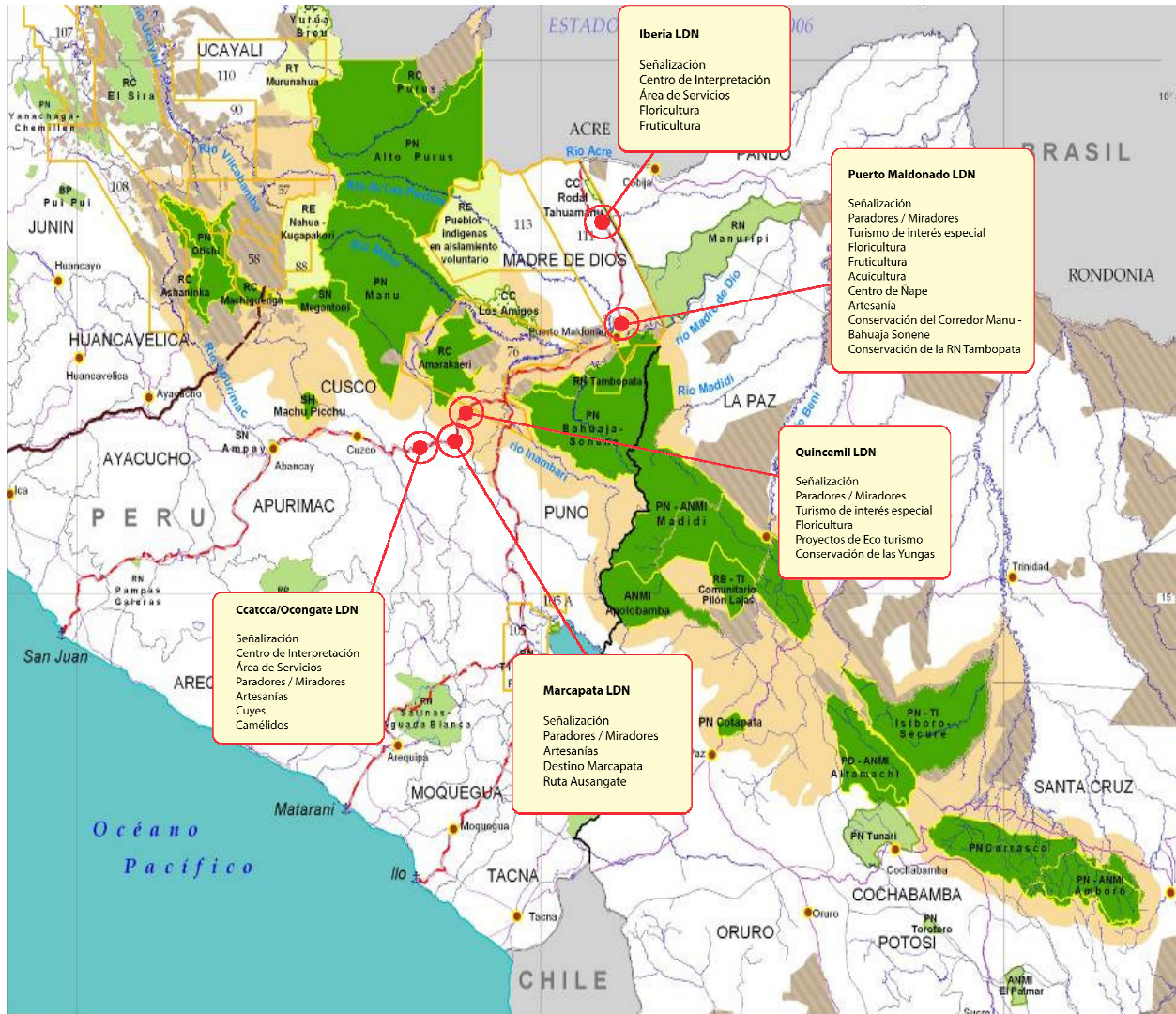
## **INFORMATION AVAILABLE IN THE MIF/OPS FILES**

Annex III	Operating Regulations (includes triggers for results-based disbursements)
Annex IV	Procurement Plan
Annex V	Execution Timetable

## ABBREVIATIONS

CAF	Corporación Andina de Fomento [Andean Development Corporation]
CONIRSA	Concesionaría Interoceánica Sur [holder of the Southern Interoceanic Highway Corridor concession]
FONDAM	Fondo de las Américas [Americas Fund]
ICR	Italian Trust Fund for Regional Competitiveness
INEI	Instituto Nacional de Estadística e Informática [National Institute of Statistics and Information Technology]
iSUR	Iniciativa de Conservación y Desarrollo Interoceánica Sur [Southern Interoceanic Conservation and Development Initiative]
LDC	Local development center
NGO	Nongovernmental organization
Odebrecht Peru	Asociación Odebrecht Perú para el Desarrollo Sostenible y la Conservación [Odebrecht Peru Association for Sustainable Development and Conservancy]
PCU	Project coordination unit
PSR	Project status report

## Map of Local Development Centers



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**EXECUTIVE SUMMARY**

<b>Beneficiary country:</b>	Peru								
<b>Executing agency:</b>	Asociación Odebrecht Perú para el Desarrollo Sostenible y la Conservación [Odebrecht Peru Association for Sustainable Development and Conservancy] (Odebrecht Peru)								
<b>Beneficiaries:</b>	The project beneficiaries will be: (i) 2 regional governments and 9 local municipios that receive technical support in strengthening the management of local development processes; (ii) 2,400 families who participate in production-oriented initiatives; (iii) 15 organizations that lead production-oriented initiatives and establish relationships with local communities based on technology transfer and ongoing improvement; (iv) 30 communities that participate in production-oriented activities and benefit from program activities and investments; and (v) 16 lead businesses that cofinance production-oriented ventures and receive operational support and technical assistance.								
<b>Financing:</b>	<table> <tr> <td>MIF (nonreimbursable):</td><td>US\$1,500,000 (22.5%)</td></tr> <tr> <td>Italian Trust Fund for Regional Competitiveness (ICR):<sup>1</sup></td><td>US\$1,500,000 (22.5%)</td></tr> <tr> <td>Counterpart:</td><td><u>US\$3,660,000</u> (55%)</td></tr> <tr> <td><b>Total:</b></td><td><b>US\$6,660,000</b></td></tr> </table>	MIF (nonreimbursable):	US\$1,500,000 (22.5%)	Italian Trust Fund for Regional Competitiveness (ICR): <sup>1</sup>	US\$1,500,000 (22.5%)	Counterpart:	<u>US\$3,660,000</u> (55%)	<b>Total:</b>	<b>US\$6,660,000</b>
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Counterpart:	<u>US\$3,660,000</u> (55%)								
<b>Total:</b>	<b>US\$6,660,000</b>								
<b>Objectives:</b>	The <i>general objective</i> of the project is to promote sustainable development and biodiversity conservation in the area of influence of the Southern Interoceanic Highway Corridor, <sup>2</sup> in order to improve the quality of life for the surrounding communities by identifying alternatives for job creation and income generation. The <i>specific objective</i> is to develop sustainable production-oriented ventures adapted to the potential of the land and the population, thereby strengthening the capacity of local communities to manage the								

<sup>1</sup> The MIF and ICR contribution includes US\$25,000 for the “Promoting Local Competitiveness” cluster activities and US\$15,000 for the Impact Evaluation Account.

<sup>2</sup> The area contained between two parallel lines 50 kilometers from sections 2 and 3 of the highway between Urcos (Department of Cuzco) and Iñapari (Department of Madre de Dios, bordering Brazil).

	processes of change and development associated with the highway corridor.
<b>Execution and disbursement period:</b>	48 months.
<b>Special contractual clauses:</b>	<p>As <u>conditions precedent to the first disbursement</u>: (i) the annual work plan for the first year of the project will have been submitted, to the Bank's satisfaction; and (ii) the project Operating Regulations will have entered into force, containing the project disbursement triggers agreed upon with the Bank.</p> <p><u>Special execution condition</u>: Activities executed through subexecuting agencies will be eligible for financing provided that the subexecuting agencies enter into an execution and resource transfer agreement with the executing agency, with the Bank's prior approval.</p>
<b>Environmental and social review:</b>	The Environmental and Social Review Secretariat (ESR) reviewed this operation on 13 June 2008, and its comments have been incorporated into paragraphs 7.1 et seq. Classified as category C.
<b>Coordination with other donors:</b>	None.

## I. BACKGROUND AND RATIONALE

### A. Background

- 1.1 The Southern Interoceanic Highway Corridor in Peru is part of the Initiative for the Integration of South American Regional Infrastructure (IIRSA), involving 12 countries, and is one of IIRSA's 10 integration hubs. In 2005, the Peruvian government entered into an agreement with Concesionaria Interoceánica Sur (CONIRSA)<sup>1</sup> to build, operate and maintain sections 2 and 3 of the highway corridor, which cover a total of 703 kilometers between Urcos (Department of Cuzco) and Iñapari (Department of Madre de Dios, bordering Brazil). Section 2 crosses the Urcos, Ccatcca, Ocongate, Marcapata, and Camanti districts within the province of Quispicanchi (Cuzco region); section 3 runs through the Inambari, Laberinto, Tambopata, and Las Piedras districts (Tambopata province) and the Tahuamanu, Iberia, and Iñapari districts (Tahuamanu province).
- 1.2 The area traversed by the Southern Interoceanic Highway Corridor has one of the world's greatest concentrations of biodiversity, due to the good state of conservation and diversity of ecosystems due to the altitudinal gradient. It is worth noting that the interoceanic route traverses the Vilcabamba-Amboró Biodiversity Conservation Corridor in the Tropical Andes, one of the world's biodiversity hotspots.<sup>2</sup>
- 1.3 Ninety percent of the population living along the proposed highway corridor—approximately 120,000 people—live in poverty, with average family per capita income of 266 Peruvian new soles (US\$90). Social indicators confirm the social lag, with average life expectancy of just 67 years, low educational indices, and high levels of chronic malnutrition in the under-12 population (47.7% in Cuzco department, and 21% in Madre de Dios department).<sup>3</sup> The population is primarily engaged in largely informal subsistence activities reliant on natural resources. The principal activities are subsistence agriculture, logging, chestnut production, fishing, and gold mining, depending on the options available in each location. The attraction of informal activities is one of the reasons for the increased flow of migrants.<sup>4</sup> In addition, according to 2008 data, the increased vehicle traffic has already reached targets projected for 2009, and at two points along the highway (Urcos and Tinke) the flow exceeds the projections for 2015.

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<sup>1</sup> CONIRSA is a joint venture between Constructora Norberto Odebrecht SA, Graña y Montero S.A.A., JJC Contratistas Generales S.A., and Ingenieros Civiles y Contratistas Generales S.A.

<sup>2</sup> The Vilcabamba-Amboró Biodiversity Conservation Corridor is a 30-million-hectare expanse stretching from the Vilcabamba mountain range to Amboró National Park in central Bolivia.

<sup>3</sup> National Institute of Statistics and Information Technology (INEI), 2005 Population and Housing Census.

<sup>4</sup> Madre de Dios has the highest rate of population growth in Peru (3.1%), due to migration related to the many informal extractive activities, such as gold mining in Huaypetue.



- 1.4 Campesino and native community organizations<sup>5</sup> have played an important role in developing solutions for their communities by building roads to connect neighboring cities, building and maintaining rural schools and irrigation channels, and executing other minor works. The area along section 2 is home to 113 campesino communities, and 30 native communities are located along section 3, 18 of them within the project target area.

## **B. Challenges and opportunities**

- 1.5 The main problem lies in the impact that an infrastructure project of the magnitude of the Peru-Brazil Southern Interoceanic Highway Corridor may have on an environmentally important area recognized for its biodiversity and on a population with low educational levels living at minimum subsistence levels. The Corridor may also entail adverse indirect economic and social impacts from the roadway integration and presence of new actors (mining and extraction companies, merchants, and others).
- 1.6 Although the zone is protected under an environmental management system (protected areas, forest use licensing), land-use management is far from entrenched,<sup>6</sup> and many current practices are environmentally unfriendly. The unprofitability of production-oriented activities practiced in communities surrounding this area leads them to engage in informal activities such as illegal logging and informal mining that seriously harm ecosystems.
- 1.7 However, the construction of this large-scale infrastructure is also a significant opportunity for the region's development, and can have a positive impact on the quality of life for local populations. The first aspect to be noted, then, is the economic potential<sup>7</sup> of this infrastructure if appropriate processes are implemented to integrate local populations into the opportunities for sustainable development that may be generated. For example, sustainable tourism services were rare in the years prior to 2007, but this year they account for over 100,000 visitors, a growth rate that exceeds Peru's average increase in tourism from 2002 to 2006 (14%). This is because it is a new product, and adventure tourism and sustainable tourism and experiencing stronger growth.
- 1.8 A second aspect concerns land management in a context of weak capacity of local institutions combined with rapid changes in land use caused by the highway

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<sup>5</sup> There is a strong campesino and native community tradition in Peru, based on ancestral organizations that have been constitutionally recognized since 1920. The protectionist treatment of their land dates from the same era, remaining unchanged until 1993, when their unrestricted rights to the land were recognized.

<sup>6</sup> Land-use management is addressed by the Indirect Impact Mitigation Program, financed by the Andean Development Corporation (CAF) with cofinancing from the Peruvian government, and executed by the National Institute for Natural Resources (INRENA). This project will complement those efforts by strengthening local organizations.

<sup>7</sup> "Estimación de los Beneficios Económicos de la Carretera Interoceánica" [Estimated Economic Benefits of the Interoceanic Highway], Universidad del Pacífico 2007, Working Document 81 by José Luis Bonifaz, Roberto Urrunaga, and Carmen Astorne.

integration. For example, rates of deforestation are increasing considerably as a result of the migratory flows into the region. The regions of Madre de Dios, Puno, and Cuzco are insufficiently prepared politically, institutionally, and socially to mitigate the potential indirect adverse impacts of the improved highway corridor. At the same time, local institutions have limited capacity to promote the positive socioeconomic impacts that the highway could yield, and might unintentionally promote an informal extractive economy generating meager profits and high environmental impact.

- 1.9 There is a wealth of community and civil society organizations involved in environmental matters and social development, particularly in the high Andes region, including producer associations and nongovernmental organizations (NGOs).

### **C. Rationale**

- 1.10 The project will promote local job-creation and income-generation initiatives in close coordination with governments, private-sector entities and civil society organizations to promote conservation and consolidation of the corridor through sustainable development initiatives. The basic principles of the initiative are autonomy of local governance, rational use of land, profitability of production-oriented activities, preservation of local culture, and conservation of biodiversity and the environment. Asociación Odebrecht Perú para el Desarrollo Sostenible y la Conservación [Odebrecht Peru Association for Sustainable Development and Conservancy] (Odebrecht Peru), together with Conservation International, Fundación Peruana para la Conservación de la Naturaleza (ProNaturaleza), and the Americas Fund (FONDAM)—NGOs whose missions include biodiversity conservation—have presented this initiative to the MIF as a way of strengthening local governance to better manage the impact of the increased migratory flows resulting from the new highway corridor.
- 1.11 The project will support local entities in managing the development processes and socioeconomic changes that the new highway corridor is certain to produce, and deliver the knowledge and technical assistance necessary to ensure that this development is environmentally and socially sustainable. To this end, the project will strengthen the capacities of public entities and community organizations to manage these processes, and promote competitive ventures based on sustainable resource use and leveraging the local communities' competitive advantages.
- 1.12 The MIF's involvement in this initiative is essential to facilitate integration of the different participating entities' perspectives and ensure that the development process is adapted to the local population and institutions and implemented with the trust of local leaders. The project is also innovative within the local competitiveness cluster because it will promote sustainable regional development in connection with a major infrastructure investment, taking on the challenge of transformation that this investment is sure to entail. The lessons learned from this experience will be

useful for the MIF and, particularly, for other areas of Latin America facing similar transformations and challenges.

## II. THE PROGRAM

### A. Objectives

- 2.1 The *general objective* of the project is to promote sustainable development and biodiversity conservation in the area of influence of the Southern Interoceanic Highway Corridor—the area contained between two parallel lines 50 kilometers from sections 2 and 3 of the highway between Urcos (Department of Cuzco) and Iñapari (Department of Madre de Dios, bordering Brazil)—in order to improve the quality of life for the surrounding communities by identifying alternatives for job creation and income generation. The *specific objective* is to develop sustainable production-oriented ventures adapted to the potential of the land and the population, thereby strengthening the capacity of local communities to manage the processes of change and development associated with the highway corridor.

### B. Description

- 2.2 Odebrecht Peru proposes to organize project execution around the various capacities present locally and in Peru. The purpose of this approach is to seek greater involvement of local communities by using organizations with existing, proven institutional capacity that have already established a relationship of trust, and to draw upon the best available technical and operational know-how and experience. This approach is essential in the case of production-oriented initiatives (Component 2)
- 2.3 To ensure a transparent process, FONDAM, one of the entities associated with the project (see footnote 15), will be responsible for institutional assessment and monitoring of the subexecuting agencies. The institutional analysis conducted by FONDAM is equivalent to the practices of the MIF, calling for the subexecuting agencies to be highly skilled technical firms, identified and proposed by Odebrecht Peru on the basis of technical quality and experience, driven primarily by demand. In certain cases, these firms will participate through financial contributions to the project. All subexecuting agencies will be subject to no objection by the MIF.

#### **Component 1: Strengthening of local governance (MIF US\$333,161; ICR US\$333,161; Counterpart US\$431,272)**

- 2.4 The objective of this component is to build the capacity of major stakeholders in each local community to lead the local governance strengthening process in the geographic areas identified by the project. Conservation of the natural environment and preservation of existing social structures will be more realistic prospects if the local communities themselves manage the processes of economic and social development.
- 2.5 The project calls for the creation of local development centers (LDCs), networks for cooperation between local institutions and community leaders based on the

production opportunities identified and promoted in Component 2. These LDCs will serve to facilitate increased community participation in managing the development processes and are the result of a gradual process of integration and investment in local human capital.

2.6 These outcomes will be pursued through the following activities:

- a. Creation of LDCs in Ccatcca, Marcapata, Quincemil, Puerto Maldonado, and Iberia and strengthening of local management capacity.<sup>8</sup> This activity will include training and technical assistance for: (i) identification of local stakeholders and the organizational and cultural characteristics of the communities involved; (ii) design of the organizational model appropriate to each LDC; (iii) human resource development and capacity building for major stakeholders (including seminars using methodologies adapted to the target audience and support activities to consolidate training); (iv) training of leaders and promoters in business and technology, as well as general benefits to their communities; and (v) the development of new production-oriented initiatives. The subexecuting agency for this activity will be Acción Sin Fronteras, a nonprofit association with substantial experience in strengthening local governance capacity and creating the conditions for local governance.
- b. Strengthening of the municipios committed to the initiative through: (i) courses for mayors and senior officials in leadership and management of production-oriented initiatives; (ii) technical development of municipal staff who interact with entrepreneurs and production-oriented initiatives; and (iii) support for initiatives by leagues of municipios to enhance local competitiveness.
- c. Design and promotion of a “Destino Interoceánico Sur” [southern interoceanic destination] macrobrand denoting the quality and environmental and social sustainability of products and services of the areas along the highway and promote their natural and cultural wealth.
- d. Internships to provide exposure to institutional structures and technological development in other locations in Peru, the Brazilian state of Acre, and Bolivia.

**Component 2: Development of sustainable production-oriented initiatives  
(MIF US\$590,000; ICR US\$590,000; Counterpart US\$1,750,000)**

2.7 This component focuses on the development of sustainable production-oriented ventures that are adapted to the potential of the land and population, and can be replicated. “Venture” is used here to mean a group of microenterprises and small businesses integrated horizontally or vertically, as the case may be. These ventures

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<sup>8</sup> Five LDCs are planned, corresponding to the different locations along the highway. However, further analysis of the situation and organization of local entities may reduce this number to three. For example, various synergies have been identified between Ccatcca and Marcapata, including an active partnership among district municipios.

will be developed in two areas, ecobusiness/tourism and handicrafts. They are intended to create jobs and generate income for the communities and population in general by developing local, endogenous production-oriented initiatives that are compatible with local capabilities and sustainable over time. The initiatives will incorporate supply chain concepts and enhancements in production and marketing.

- 2.8 The 10 production-oriented initiatives identified have been developed in terms of components and activities. The baseline and work plan will be prepared during the first three months of execution, subject to no objection by the MIF. Execution of three initiatives has already begun, and the project team's assessment has been positive:
- a. **Camelid production initiative** to improve the alpaca fiber production process throughout the supply chain. The initiative is being implemented in the Ocongate and Marcapata municipios and is expected to benefit 1,200 families. The subexecuting agency is Centro de Estudios, Promoción y Desarrollo (DESCO), one of the most highly regarded NGOs in Peru, which has 42 years of successful experience in camelid production and operations in Caylloma, Arequipa, and Puno.
  - b. **Guinea pig production initiative**, planned for the municipio de Ccatcca, will improve guinea pigs' health conditions, birth rates, and feeding and is expected to benefit 150 families. The subexecuting agency is Instituto Promoción y Desarrollo Agrario (IPDA), which, together with Instituto Nacional de Investigación Agropecuaria (INIA), was recently recognized by the Ministry of Agriculture and Innovación y Competitividad para el Agro Peruano (INCAGRO) for best technological innovation for guinea pig production in Peru and has business relationships with the main supermarkets in Lima.
  - c. **Highway corridor handicrafts initiative** will operate along the highway and improve manufacturing and marketing of handicraft products; it is expected to benefit at least 100 families. The subexecuting agency will be Instituto Machu Picchu (IMAPI), one of Cuzco's most renowned NGOs, which has executed good practices projects in tourism and handicrafts together with Asociación Peruana de Turismo de Aventura y Ecoturismo [Peruvian Adventure Tourism and Ecotourism Association] (APTAE), Comisión de Promoción del Perú para la Exportación y El Turismo [Peruvian Commission to Promote Exports and Tourism] (Promperú), Critical Ecosystem Partner Fund, Conservation International, the World Bank, and others. It has formed a partnership with Casa Ecológica, a small handicraft intermediary that provides design capacity and market access.
- 2.9 The other seven initiatives are currently in the design phase. Four of them relate to tourism and handicrafts (high mountain tourism in the Cordillera del Vilcanota range, special-interest tourism, the Marcapata stopover, and partnership for native art). Three relate to ecobusinesses (ornamental plants in Marcapata, Quincemil, and

Iberia; fish farming; the Ñape Ethnobotanical Center; and supplies of fruit and fruit products in Madre de Dios).<sup>9</sup> The development of production-oriented ventures may involve external private investment, in which case the investor must meet international socioenvironmental standards for conservation and sustainable social development.

**Component 3: Sustainable biodiversity conservation management  
(MIF US\$295,500; ICR US\$295,500; Counterpart US\$640,000)**

- 2.10 This component will promote consolidation of conservation areas through sustainable production-oriented activities with the local populations, effectively managed by the relevant authorities to ensure biological connectivity and biodiversity conservation in the corridor's area of influence. In all cases, local communities will be involved in the initiatives, not only as employees but particularly through mechanisms for ownership participation, based on the experience of Posada Amazonas in the native community of Infierno in Madre de Dios.
- 2.11 Technical assistance will be provided to support: (i) evaluation of characteristics and occupations in the areas of interest—the Tambopata National Reserve buffer zone, the Manu-Tambopata Corridor, and the Manu-Bahuaja Sonene Corridor—to identify the management units that will promote biodiversity conservation under the framework of national laws.<sup>10</sup> Each process will begin by identifying and characterizing the stakeholders involved, so as to identify strategic partners, keeping the MIF informed; (ii) signature of agreements with communities and specialized partners interested in receiving technical assistance to implement investment projects. Each external strategic partner must have an economic and cooperation agreement in place with local communities; (iii) preparation of technical and legal documents to obtain land use rights (concessions or property title deeds); (iv) development of management and business plans for the activities to be conducted; and (v) assistance to the ventures identified to start operations.

**Component 4: Monitoring, lessons learned, and dissemination  
(MIF US\$50,000; ICR US\$50,000; Counterpart US\$150,000)**

- 2.12 The purpose of this component is to create an information and management system to monitor and evaluate outcomes and document lessons learned. The activities to be financed include: (i) setting the baseline (to include production and social indicators and conservation and/or environmental impact factors) and implementation and maintenance of a monitoring system for activities and outcomes; (ii) local events and seminars to disseminate and exchange know-how;

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<sup>9</sup> Information on the preselected projects is provided in the Operating Regulations.

<sup>10</sup> The Ley Forestal y de Fauna Silvestre [Forest and Wildlife Act] and its implementing regulations, and the Ley de Áreas Naturales Protegidas [Protected Natural Areas Act] and its implementing regulations and supplementing provisions, have established private conservation areas, conservation concessions, and ecotourism concessions as the principal tools of private conservation.

(iii) attendance at external events; and (iv) documentation, validation, and dissemination of experiences.

### III. COST AND FINANCING

- 3.1 The total cost of the project will be US\$6.66 million. The MIF will contribute US\$1.5 million (22.5%) of that amount, and the Italian Trust Fund for Regional Competitiveness (ICR) will contribute US\$1.5 million, both sums in the form of nonreimbursable resources. The executing agency will provide the counterpart contribution, at least 50% of which will be in cash.

Budget category	MIF	ICR	Counterpart	TOTAL	%
C 1: Strengthening of local governance	333,161	333,161	431,272	1,097,594	16.6%
C 2: Development of sustainable production-oriented initiatives	590,000	590,000	1,750,000	2,930,000	44.3%
C 3: Sustainable biodiversity conservation management	295,500	295,500	640,000	1,231,000	18.6%
C 4: Monitoring, lessons learned, and dissemination	50,000	50,000	150,000	250,000	3.8%
Project coordination unit	156,048	156,048	655,496	967,592	14.6%
Evaluations	22,500	22,500	-	45,000	0.7%
Audits	22,500	22,500	-	45,000	0.7%
Contingencies	10,291	10,291	33,232	53,814	0.8%
<b>Subtotal</b>	<b>1,480,000</b>	<b>1,480,000</b>	<b>3,660,000</b>	<b>6,620,000</b>	
<b>%</b>	<b>22.3%</b>	<b>22.3%</b>	<b>55.4%</b>		
Impact Evaluation Account	7,500	7,500	-	15,000	
Cluster activities	12,500	12,500	-	25,000	
<b>TOTAL</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>3,660,000</b>	<b>6,660,000</b>	

- 3.2 **Sustainability.** Sustainability, at the level of the production-oriented ventures, will be based on their development in terms of sustainable use of natural resources and community participation. At the project level, the initiatives spawned by the project (under Component 1) will be transferred gradually to the LDCs, with all operations to be transferred by the end of execution.

### IV. EXECUTION MECHANISM

- 4.1 **Executing agency.** The executing agency will be the Asociación Odebrecht Perú para el Desarrollo Sostenible y la Conservación [Odebrecht Peru Association for Sustainable Development and Conservancy] (Odebrecht Peru), a private nonprofit association created by Organización Odebrecht through Odebrecht Perú Ingeniería y Construcción S.A.C. and Odebrecht Perú Inversiones en Infraestructura S.A. to promote social development through sustainable initiatives to raise quality of life and protect the environment.

- 4.2 Odebrecht Peru is supported in this project by Concesionaria Interoceánica Sur (CONIRSA), Conservation International,<sup>11</sup> Fundación Peruana para la Conservación de la Naturaleza (ProNaturaleza),<sup>12</sup> the Americas Fund (FONDAM),<sup>13</sup> and the Andean Development Corporation (CAF). The Operating Regulations describe the functions and experience of the cofinancing entities.
- 4.3 **Execution mechanism.** The project will be executed under the direction of an Executive Committee comprising one representative each from Odebrecht Peru, CONSIRSA, Conservation International, ProNaturaleza, FONDAM, and CAF. Representatives of the LDCs will join as they are formed. The Executive Committee will meet at least quarterly, chaired by Odebrecht Peru. Its functions will include: (i) approving the annual work plan and budget; (ii) monitoring project activities; (iii) contracting and removing staff of the project coordination unit; (iv) raising stakeholder awareness and disseminating outcomes; (v) organizing informational events on the project; (vi) entering into pacts and agreements with private and public institutions to facilitate project execution; and (vii) coordinating with the relevant official agencies on project-related matters.
- 4.4 For their activities to be eligible for financing, the project subexecuting agencies must enter into an execution and resource transfer agreement with the executing agency. Such agreements will include, without limitation: (i) a description of the activities; (ii) the execution period; (iii) the functions, rights, and obligations of the parties; (iv) the nonreimbursable nature of the resources; (v) a commitment to adhere to the policies and other requirements established in the technical cooperation agreement between the executing agency and the Bank.
- 4.5 The project coordination unit (PCU) will be based at Odebrecht Peru and consist of a project director, two technical specialists, an administrator, and an administrative assistant. The PCU will be responsible for the overall financial, administrative, and technical management of the project, including: (i) design, implementation, and execution of the annual work plan; (ii) organization and maintenance of the program administrative records; (iii) procurement of goods and services; (iv) supervision of contract consultants; (v) delivery of management and technical

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<sup>11</sup> Conservation International Peru—part of Conservation International—began working in Peru in 1987. Its mission is to strengthen the protected natural areas and increase community participation in conservation in order to preserve biodiversity and promote recognition of Peru's tremendous biological and cultural diversity as its most important asset, making that a guiding principle of its development policies.

<sup>12</sup> ProNaturaleza was founded in 1984 to preserve Peru's natural heritage, particularly its biodiversity, by promoting sustainable development and improving the quality of life of Peruvians. ProNaturaleza grew out of an initiative of three professors at the Universidad Nacional Agraria La Molina—Manuel Ríos Rodríguez, Carlos F. Ponce del Prado, and Dr. Marc Dourojeanni—and is also actively involved in environmental policy design.

<sup>13</sup> FONDAM was established under the program agreement to reduce debt and the framework agreement establishing the Americas Fund, signed by the governments of Peru and the United States in 1997. Its purpose is to promote activities to preserve, protect, and administer Peru's natural and biological resources. FONDAM is financing 273 projects, including 163 environmental projects, totaling over US\$15 million.



- reports to the Bank and the MIF; (vi) coordination with the various project stakeholders; and (vii) representation of the program to other institutions and the Bank. The PCU will also be responsible for managing and maintaining the project monitoring system; these activities have been delegated to FONDAM in light of its experience and reputation under an agreement with Odebrecht Peru.<sup>14</sup> Under that agreement, Odebrecht Peru reserves the right to: (i) approve the design of administrative procedures for each initiative; and (ii) approve FONDAM's institutional assessment of the selected subexecuting agencies.
- 4.6 **Results-based disbursements.** Under the modality of risk- and performance-based project management, funds will be disbursed by the advance of funds procedure against key indicator targets (triggers) established and agreed upon with the executing agency at project start and during the annual work plan approval process. These triggers will not affect project targets under the logical framework. A revolving fund of up to 15% of the total contribution amount will be established. Up to US\$100,000 in expenditures incurred by the project executing agency on or after 11 April 2008 may be recognized against the local counterpart contribution.
- 4.7 **Procurement.** The executing agency and subexecuting agencies will procure goods and services and contract consulting services for the project as previously approved by the Bank in the procurement plan, which will be updated annually. Such procurements will be conducted in accordance with Bank policy documents GN-2349-7 and GN-2350-7, as well as the MIF guidelines. Procurements for amounts up to US\$70,000 will be subject to post review. The terms of reference for consulting services will be subject to no objection by the MIF. Subexecuting agencies will submit procurement plans for goods and consulting services to the Bank and executing agency for approval. The executing agency will be responsible for monitoring and supervision of the implementation of such procurement plans, as described in the project Operating Regulations.

## V. MONITORING AND EVALUATION

- 5.1 **Project progress reports.** The executing agency will be responsible for delivering project status reports to the Bank's Country Office in Peru within 30 days after the end of each calendar half-year. These reports will follow a format previously agreed upon with the MIF and report on the status of project execution, triggers, outcomes, and their contribution to the project objectives based on the logical framework and other operational planning documents. It will also report on problems encountered in execution and potential solutions. The executing agency will deliver a final project status report to the MIF within 90 days prior to the end of the execution period, detailing the outcomes obtained, sustainability plan, and lessons learned.

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<sup>14</sup> The framework agreement for resource management between Odebrecht Peru and FONDAM is available for consultation in the project technical files.

- 5.2 In addition, the following workshops will be held: (i) a sustainability workshop, one year prior to the end of the project execution period; and (ii) a sustainability workshop, three months prior to the end of the project execution period, to jointly evaluate outcomes achieved and identify what needs to be done for the activities to be sustainable.
- 5.3 **Financial monitoring.** The executing agency will establish and be responsible for maintaining effective financial accounting, internal control, and project record-keeping systems, in accordance with IDB/MIF accounting and audit policies and procedures. The project financial statements will be prepared annually by the executing agency. The executing agency will contract independent auditors to audit the financial statements immediately upon close of the audit period.
- 5.4 **Evaluations.** Two evaluations will be conducted by independent consultants, contracted by the Bank: the first, once at least 50% of funds have been disbursed or after 24 months of execution, whichever occurs first; and the second, 90 days after the last disbursement.
- 5.5 The first evaluation will address the following, among others matters: (i) the program execution mechanism, interinstitutional cooperation, and cooperation with the subexecuting agencies; (ii) progress in implementing the LDCs; (iii) the extent to which planned activities have been completed; (iv) execution of the production-oriented initiatives planned under Component 2; (v) the environmental and social sustainability of the initiatives; (vi) the effectiveness of the monitoring and supervision system; and (vii) the effectiveness of activities and logical framework indicator targets met. The final evaluation will address the following, among others matters: (i) the types of businesses and organizations benefited, and community participation in the production-oriented activities; (ii) the execution mechanism; (iii) the development of the LDCs, the level of participation achieved by their members, and their ability to promote productive development initiatives; and (iv) program sustainability and impact in terms of environmental and social sustainability.

## VI. BENEFITS AND RISKS

- 6.1 **Beneficiaries.** The project beneficiaries will be: (i) 2 regional governments and 9 local municipios that receive technical support in strengthening the management of local development processes; (ii) over 2,400 families who participate in production-oriented initiatives; (iii) 15 organizations (municipios, communities, public and private institutions, organizations, and businesses) that lead production-oriented initiatives and establish relationships with local communities based on technology transfer and ongoing improvement; (iv) 30 communities that participate in production-oriented activities and benefit from program activities and investments; and (v) 16 lead businesses that cofinance production-oriented ventures and receive operational support and technical assistance.

- 6.2 **Risks.** The operation carries two main risks. First, the project may become associated with the concession holder, CONIRSA, and be affected by it reputational risk or by disputes of various kinds, including termination of the concession agreement. This risk is mitigated by the type of project execution, in which Odebrecht Peru is associated with other organizations with longstanding experience. In addition, Odebrecht Peru's financial commitment to the project is independent of the highway, as confirmed by formal communications. Lastly, project plans include development of an autonomous project image (Component 1). The second risk relates to the capacity to manage and administer a highly complex project, and is mitigated by the relationship with FONDAM in particular, the careful selection of the subexecuting agencies, and the professionalism of Odebrecht Peru's staff. In addition, various project activities will strengthen the capacity of local stakeholders, enabling them to assume organizational functions for their communities' production-oriented activities (Component 1).

## VII. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

- 7.1 Although the project does not focus on direct resolution of regional social or environmental problems, its contribution to generating productive, environmentally and socially sustainable opportunities to increase income in the local communities will demonstrate the viability of alternatives to harmful activities (informal mining and illegal logging). In addition, the project's support for local governance based on community participation is a necessary complement to the oversight of extractive activities, which will improve significantly with the siting of inspection stations at concession toll points and other facilities provided by the highway, a matter being coordinated with authorities. Lastly, the production-oriented activities promoted by the project will fully abide by IDB/MIF environmental and social safeguard requirements, and in general will have a positive or neutral impact.<sup>15</sup> Necessary mitigation measures have been provided (see Operating Regulations), and the baseline for these projects will incorporate environmental impact and other indicators (see paragraph 2.12). The project is classified as Category C.
- 7.2 Because the project is located in the high-profile Vilcabamba-Amboró Biodiversity Conservation Corridor, the project team should include an ESR staff member, to ensure that the activities of the production-oriented initiatives abide by the rules for preservation of their natural, cultural, and social environment. In addition, the involvement of Conservation International and ProNaturaleza—NGOs that promote integrated management of protected areas and conservation corridors—is an additional guarantee of the project's focus on the environment.

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<sup>15</sup> For example, the fruit pulp project will take deforested areas (according to INRENA 2006, there were 151,626 hectares of deforested land in the Department of Madre de Dios), and make use of forest farming practices involving fruit trees that can provide alleys of tree cover.

**INTEGRATING CONSERVANCY AND SUSTAINABLE DEVELOPMENT  
IN THE SOUTHERN INTEROCEANIC HIGHWAY CORRIDOR  
(PE-M1056)  
LOGICAL FRAMEWORK**

Objective	Indicators	Means of verification	Assumptions
<b>Objective</b>			
To promote sustainable development in the area of influence of the Southern Interoceanic Highway Corridor. <sup>1</sup>	5 years after project end: <ul style="list-style-type: none"> <li>The province of Quispicanchis and 20 communities have improved their human development indicators</li> <li>The poverty rate in the area declines from 90% to under 75%</li> <li>The production-oriented ventures supported by the project continue to operate, demonstrating sustainability</li> </ul>	Project impact assessment (subject to eligibility) INEI human development statistics, compared to control group INEI poverty statistics	Political, economic, and social conditions remain favorable for the area's productive development. Migratory flows assimilate without significant distortions in the local ecosystem, preserving the area's sustainable development potential.
<b>Purpose</b>			
To develop sustainable production-oriented ventures adapted to the potential of the land and the population, thereby strengthening the capacity of local communities to manage the processes of change and development associated with the highway corridor.	By project end: <ul style="list-style-type: none"> <li>2,419 families benefitted directly by the production-oriented projects increase their income by an average of 20%</li> <li>25 organizations (municipios, communities, other public and private entities, and businesses) participate actively in the local development centers (LDCs)</li> <li>3 LDCs are implementing new production-oriented initiatives in their areas of influence</li> <li>30 communities and/or associations develop sustainable production-oriented ventures (including tourism and handicraft enterprises)</li> <li>5 businesses cofinance production-oriented ventures geared toward sustainable conservation in cooperation with communities, which become actively involved managing the businesses</li> </ul>	Final project status report Final project evaluation (based on surveys, direct observation, and interviews) Reports on ventures of the regional governments of Cuzco and Madre de Dios and municipios committed to the process Project baseline	Sections 2 and 3 of the Southern Interoceanic Highway Corridor are completed on schedule. Local communities maintain a strong, trusting relationship with the organizations executing the project. No significant disputes arise in relation to the concession and construction of the highway.

<sup>1</sup> The scope of the program is the area contained between two parallel lines 50 kilometers from sections 2 and 3 of the highway between Urcos (Department of Cuzco) and Iñapari (Department of Madre de Dios, bordering Brazil).

Objective	Indicators	Means of verification	Assumptions
<b>Components</b>			
<b>1. Strengthening of local governance</b> To build the capacity of major stakeholders in each local community to lead the local governance strengthening process in the geographic areas identified by the project.	By month 24: <ul style="list-style-type: none"> <li>Potential members have been identified for at least 3 LDCs</li> <li>The human resource training plan is being implemented in 4 areas</li> <li>Promoters are being trained in at least 8 production-oriented initiatives</li> </ul> By month 36: <ul style="list-style-type: none"> <li>1 LDC is up and running</li> <li>5 production-oriented initiatives have been identified and have business plans</li> <li>The “Destino Interoceánico Sur” brand denoting quality and environmental and social sustainability has been designed, and the business promotion plan is under way</li> <li>At least 3 internships have been completed in the area of institutional and technological development</li> </ul> By month 48: <ul style="list-style-type: none"> <li>3 LDCs are up and running</li> <li>5 production-oriented initiatives have the financing necessary for implementation</li> <li>At least 30 municipal staff have been trained under the human resource training plan</li> </ul>	Reports on training courses for promoters and human resources Initiative business plans Quality brand marketing plan LDC incorporation papers	Regional and local governments are receptive to the iSUR initiatives. Local trust in the coexecuting agencies remains strong.
<b>2. Development of sustainable production-oriented initiatives</b> To support the development of sustainable production-oriented ventures that are adapted to the potential of the land and population, and can be replicated.	By month 24: <ul style="list-style-type: none"> <li>10 ventures receive project support in the areas of tourism, handicrafts, and ecobusiness</li> </ul> By month 36: <ul style="list-style-type: none"> <li>At least 4 ventures show positive results in terms of sales and beneficiary producer incomes</li> </ul>	Project status reports (PSRs) Project midterm and final evaluations (including beneficiary interviews) Coexecuting agency reports on results of ventures	Activities incompatible with conservation are limited. Coexecuting agencies are coordinated effectively.

Objective	Indicators	Means of verification	Assumptions
	<p>By month 48:</p> <ul style="list-style-type: none"> <li>At least 8 ventures show positive results in terms of sales and beneficiary producer incomes</li> <li>4 new initiatives are developed to replicate the project experiences</li> </ul>		
<p><b>3. Sustainable biodiversity conservation management</b></p> <p>To promote consolidation of conservation areas through sustainable production-oriented activities with the local populations, effectively managed by the relevant authorities to ensure biological connectivity and biodiversity conservation in the corridor's area of influence.</p> 	<p>By month 24:</p> <ul style="list-style-type: none"> <li>3 biodiversity management concessions are organized and in operation</li> <li>4 agreements have been signed with communities to develop production-oriented initiatives</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>At least 10 new sustainable ventures have been identified, and technical and legal documents prepared for their implementation</li> <li>10 agreements have been signed with communities to develop production-oriented initiatives; at least 6 include strategic partners</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>At least 6 businesses launch sustainable initiatives</li> <li>At least 6 business plans and 4 management plans are being implemented</li> </ul>	<p>PSRs</p> <p>Project midterm and final evaluations</p> <p>Local studies</p> <p>Management and business plans</p> <p>Reports on production-oriented ventures and projects</p>	<p>The communities living in the areas are involved in the process.</p> <p>There are responsible, committed business partners.</p>
<p><b>4. Monitoring, lessons learned, and dissemination</b></p> <p>To create an information and management system to monitor and evaluate outcomes and document lessons learned.</p> 	<p>By month 36:</p> <ul style="list-style-type: none"> <li>2 analyses of project experiences have been completed, and the methodologies documented</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>1 national and 26 local dissemination events have been held</li> <li>Project documentation competition held for "Integrating Conservancy and Sustainable Development in the Southern Interoceanic Highway Corridor"</li> </ul>	<p>PSRs</p> <p>Project midterm and final evaluations</p> <p>List of event attendees</p> <p>Analysis and testing documents</p>	<p>The outcomes of the operation arouse local and regional interest.</p>

Objective	Indicators	Means of verification	Assumptions
<b>Activities</b>			
<b>Component 1: Strengthening of local governance</b>			
1.1 Creation of local development centers (LDCs)	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Prospective members have been identified for 2 LDCs</li> <li>- Implementation of the human resource training plan has begun in at least 2 areas</li> <li>- Promoters have been trained for 4 production-oriented initiatives</li> <li>- The scope of the sustainability and quality brand has been determined</li> </ul> <p>By month 24:</p> <ul style="list-style-type: none"> <li>▲ - Agreements have been signed with leagues of municipios</li> <li>- Prospective members have been identified for at least 1 more LDC</li> <li>- Implementation of human resource training plans is under way in 2 areas, and beginning in 2 more</li> <li>- Promoters have been trained for 8 production-oriented initiatives</li> <li>- The brand has been designed, and its scope determined, and the business promotion plan is ready</li> <li>▲ - Feasibility studies and business plan development are under way for 2 new production-oriented initiatives</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- Human resource training plans are being implemented in 2 more areas</li> <li>- The required support is provided to the first LDC</li> <li>- Promoters are being trained for 4 more production-oriented initiatives</li> <li>- Feasibility studies and business plan development are under way for 5 new production-oriented initiatives</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>- The required support is provided to 3 LDCs</li> </ul>	<p>Evaluation and supervision reports based on direct observation and written records</p> <p>Meeting records setting out the agreements reached</p> <p>Records of ventures</p> <p>Records of leagues of municipios</p> <p>PSRs</p>	The operation has raised moderate expectations

Objective	Indicators	Means of verification	Assumptions
1.2 Training of committed municipal staff	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Municipal staff needs for support in strengthening local governance have been identified</li> </ul> <p>By month 24:</p> <ul style="list-style-type: none"> <li>- A training course has been held for municipal staff on lowering transaction costs and improving access to municipal services</li> <li>- Targeted technical assistance to municipios</li> <li>- Leadership course for 20 people</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- A training course has been held for municipal staff on lowering transaction costs and improving access to municipal services</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>- 4 targeted technical assistance interventions have been provided to municipios</li> </ul>	<p>Reports of technical assistance interventions</p> <p>PSRs</p> <p>Evaluation and supervision reports based on direct observation and written records</p>	<p>Cooperation and interest on the part of committed municipios.</p> <p>Cofinancing.</p>
1.3 Sustainability and quality framework	<p>By month 12</p> <ul style="list-style-type: none"> <li>- The scope of the sustainability and quality brand has been determined</li> </ul> <p>By month 24:</p> <ul style="list-style-type: none"> <li>- The brand has been designed, and its scope determined, and the business promotion plan is ready</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- The business promotion plan is being implemented</li> </ul>	<p>PSRs</p> <p>Evaluation and supervision reports based on direct observation and written records</p>	
1.4 Technology transfer internships	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Identification of needs and opportunities for targeted technical assistance and technology-related internships</li> <li>- A cooperation agreement has been signed between 2 technology institutions in Peru and Brazil</li> </ul>	<p>Activity reports and outcomes of completed internships</p> <p>PSRs</p> <p>Evaluation reports</p>	<p>Institutions in Brazil, Bolivia, and Peru are interested in technology transfer processes</p>



Objective	Indicators	Means of verification	Assumptions
	<p>By month 24:</p> <ul style="list-style-type: none"> <li>- Technology institutions in Peru, Brazil, and Bolivia are interested in partnering for technology transfer and biodiversity conservation initiatives</li> <li>- Opportunities for economic cooperation have emerged</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- 2 events have been held for border technology cooperation between Peru and Brazil</li> <li>- 3 internships abroad</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>- 3 more internships</li> </ul>		
<b>Component 2: Development of sustainable production-oriented initiatives</b>			
2.1 Development of tourism and handicrafts projects	See activity plans for individual production-oriented initiatives	Project logical frameworks Progress reports on production-oriented initiatives	MINCETUR and Promperú make the Interoceanic Route a priority.
2.2 Development of ecobusiness projects	See activity plans for individual production-oriented initiatives	Project logical frameworks Progress reports on production-oriented initiatives	There is sufficient connectivity to complete the supply chain.
<b>Component 3: Sustainable biodiversity conservation management</b>			
3.1 Identification of local characteristics and occupations	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Studies of local characteristics and occupations have been completed for the project priority areas</li> <li>- Production opportunities and development potential have been identified for 3 conservation areas</li> <li>- 4 agreements have been signed with local communities</li> </ul>	Evaluation reports Agreements with universities and technology institutes PSRs	The communities participate in the process.

Objective	Indicators	Means of verification	Assumptions
3.2 Identification of initiatives and signature of agreements with partners	By month 24: - 1 road show has been conducted to identify potential strategic partners  By month 36: - 8 agreements have been signed with strategic partners, and 6 more with communities - 10 potential initiatives have been identified	Evaluation reports PSRs	Specialized entities are involved (e.g. Asociación Peruana de Turismo de Aventura y Ecoturismo [Peruvian Adventure Tourism and Ecotourism Association] (APTAE).
3.3 Preparation of technical/legal documents to obtain land use rights	By month 24: - 10 technical/legal documents have been cofinanced, and the applications are successful	Evaluation reports PSRs	Specialized entities are involved (e.g. Sociedad Peruana de Derecho Ambiental [Peruvian Society for Environmental Law] (SPDA).
3.4 Development of management and business plans	By month 48: - 4 management and business plans have been completed and approved	Evaluation reports PSRs	Specialized entities are involved (e.g. the Asociación para la Conservación de la Cuenca Amazónica [Amazon Basin Conservation Association] (ACCA).
3.5 Support to ventures identified	By month 48: - 6 ventures have started operations with lead partners	Evaluation reports PSRs	Specialized entities are involved (e.g. APTAE).
<b>Component 4: Monitoring, lessons learned, and dissemination</b>			
4.1 Baseline and monitoring system	By month 6: - The overall project monitoring methodology has been designed - The baseline has been determined - An integrated project monitoring system is established in cooperation with FONDAM  By month 12: - System updated  By month 24: - Midterm evaluation	Evaluation reports PSRs	A monitoring and supervision structure is in place.

Objective	Indicators	Means of verification	Assumptions
	<p>By month 36:</p> <ul style="list-style-type: none"> <li>- System updated</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>- Final evaluation</li> <li>- System updated</li> </ul>		
4.2 Local dissemination events	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Project dissemination events have been held in Cuzco and Madre de Dios</li> </ul> <p>By month 24:</p> <ul style="list-style-type: none"> <li>- Dissemination events have been held in Lima, Ica, Arequipa, Tacna, and Puno</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- An event organized by the highland provinces of Cuzco is held to promote tourism and inclusion</li> <li>- A biodiversity conservation event is held in conjunction with the Puerto Maldonado LDC</li> </ul> <p>By month 48:</p> <ul style="list-style-type: none"> <li>- 26 successful local events have been held</li> </ul>	<p>Evaluation reports</p> <p>PSRs</p>	iSUR has sufficient drawing power.
4.3 Attendance at external events	<p>By month 12:</p> <ul style="list-style-type: none"> <li>- Attendance at international events</li> <li>- Attendance at MIF cluster event</li> </ul> <p>By month 24:</p> <ul style="list-style-type: none"> <li>- Joint meeting of Peruvian, Brazilian, and Bolivian representatives in Cuzco</li> <li>- Attendance at MIF cluster event</li> </ul> <p>By month 36:</p> <ul style="list-style-type: none"> <li>- Attendance at Peruvian- Brazilian-Bolivian event in Puerto Maldonado</li> <li>- Attendance at MIF cluster event</li> </ul>	<p>Evaluation reports</p> <p>PSRs</p>	iSUR has aroused national and international interest.

Objective	Indicators	Means of verification	Assumptions
	By month 48: - Program representatives have successfully participated in 6 events in Lima and/or another city outside the Southern Interoceanic Highway Corridor, as well as 4 international events - Attendance at MIF cluster event		
4.4 Documentation, validation, and dissemination of experiences	By month 24: - Project documentation competition held for “Integrating Conservancy and Sustainable Development in the Southern Interoceanic Highway Corridor” By month 42: - Documentation report prepared and published	Evaluation reports PSRs	iSUR brings together managers and scientific, social, and environmental actors to collaborate in documenting experiences.

**PERU**  
**INTEGRATING CONSERVANCY AND SUSTAINABLE DEVELOPMENT**  
**IN THE SOUTHERN INTEROCEANIC HIGHWAY CORRIDOR**  
**(PE-M1056)**

**ITEMIZED BUDGET**

Category (US\$)	MIF & ICR	Counterpart	TOTAL	%
<b>Component 1: Strengthening of local governance</b>	<b>666,322</b>	<b>431,272</b>	<b>1,097,594</b>	<b>16.6%</b>
<b>1.1. Creation of Local Development Centers (LDCs)</b>	<b>536,698</b>	<b>206,836</b>	<b>743,534</b>	<b>11.2%</b>
1.1.1. Identification of social actors and organizational and cultural characteristics of each local development unit	24,207	3,115	27,322	0.4%
1.1.2. Design of organizational model appropriate to each LDC	24,207	1,780	25,987	0.4%
1.1.3. Training plan for human resource development	78,974	6,791	85,765	1.3%
1.1.4. Training for promoters	29,564	2,840	32,404	0.5%
1.1.5. Monitoring and support for LDCs and communities	341,346	134,710	476,056	7.2%
1.1.6. Technical assistance to develop new production-oriented initiatives	38,400	57,600	96,000	1.5%
<b>1.2. Strengthening of municipios</b>	<b>44,160</b>	<b>66,240</b>	<b>110,400</b>	<b>1.7%</b>
1.2.1. Training for leaders, mayors, and senior municipal officials	12,000	18,000	30,000	0.5%
1.2.2. Training for municipal staff	12,000	18,000	30,000	0.5%
1.2.3. Technical assistance to leagues of municipios	20,160	30,240	50,400	0.8%
<b>1.3. Branding to denote quality and environmental and social sustainability</b>	<b>60,000</b>	<b>120,000</b>	<b>180,000</b>	<b>2.7%</b>
<b>1.4. Internships</b>	<b>25,464</b>	<b>38,196</b>	<b>63,660</b>	<b>1.0%</b>
<b>Component 2: Development of production-oriented initiatives</b>	<b>1,180,000</b>	<b>1,750,000</b>	<b>2,930,000</b>	<b>44.3%</b>
2.1. Tourism and handicrafts	600,000	850,000	1,450,000	21.9%
2.2. Ecobusinesses	580,000	900,000	1,480,000	22.4%
<b>Component 3: Sustainable biodiversity conservation management</b>	<b>591,000</b>	<b>640,000</b>	<b>1,231,000</b>	<b>18.6%</b>
3.1. Characteristics and occupations in areas of interest	60,000		60,000	0.9%
3.2. Search for partners	30,000	15,000	45,000	0.7%
3.3. Preparation of technical documents	75,000	75,000	150,000	2.3%
3.4. Development of management and business plans	150,000	150,000	300,000	4.5%
3.5. Identification and support of specific ventures	276,000	400,000	676,000	10.2%
<b>Component 4: Monitoring, lessons learned, and dissemination</b>	<b>100,000</b>	<b>150,000</b>	<b>250,000</b>	<b>3.8%</b>
4.1. Baseline and monitoring system	40,000	000	60,000	0.9%
4.2. Internal dissemination events	40,000	110,000	150,000	2.3%
4.3. Attendance at external events		10,000	10,000	0.2%
4.4. System to validate and disseminate experiences	20,000	10,000	30,000	0.5%
<b>Project coordination unit</b>	<b>312,096</b>	<b>655,496</b>	<b>967,592</b>	<b>14.6%</b>
<b>Personnel</b>	<b>288,000</b>	<b>288,000</b>	<b>576,000</b>	<b>8.7%</b>
Project director		240,000	240,000	3.6%
Administrator	96,000		96,000	1.5%
Project technical specialists (2)	192,000		192,000	3.0%
Administrative assistant		48,000	48,000	0.7%
<b>Logistics</b>	<b>24,096</b>	<b>367,496</b>	<b>391,592</b>	<b>5.9%</b>
<b>Contingencies</b>	<b>20,582</b>	<b>33,232</b>	<b>53,814</b>	<b>0.8%</b>
<b>Evaluations</b>	<b>45,000</b>		<b>45,000</b>	<b>0.7%</b>
<b>Audit</b>	<b>45,000</b>		<b>45,000</b>	<b>0.7%</b>
<b>Subtotal</b>	<b>2,960,000</b>	<b>3,660,000</b>	<b>6,620,000</b>	<b>100%</b>
	<b>44.7%</b>	<b>55.3%</b>		
<b>Impact Evaluation Account</b>	15,000		<b>15,000</b>	
<b>Cluster activities</b>	25,000		<b>25,000</b>	
<b>TOTAL</b>	<b>3,000,000</b>	<b>3,660,000</b>	<b>6,660,000</b>	
	<b>45.0%</b>	<b>55.0%</b>		