

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PERU

**PROMOTION OF COMPETITIVENESS AND ENTREPRENEURSHIP IN
THE PROVINCES OF JAÉN AND SAN IGNACIO
(CAJAMARCA REGION)**

(PE-M1046 / PE-T1156)

DONORS MEMORANDUM

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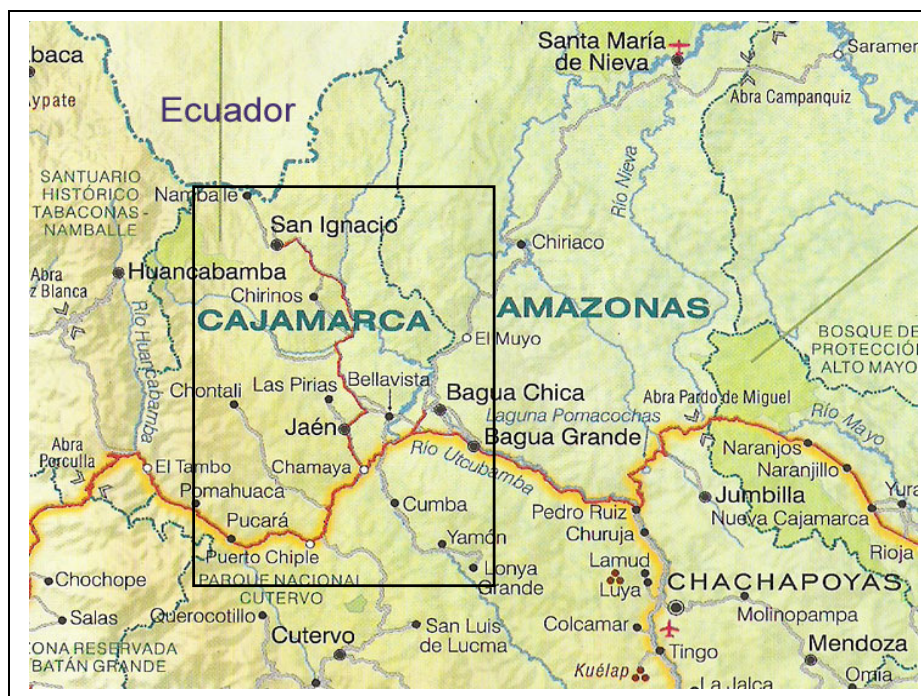
TECHNICAL FILES

- Local economic development proposal to enhance competitiveness and entrepreneurship in the provinces of Jaén and San Ignacio (Cajamarca region) and zones of economic influence (Utcubamba and Bagua Chica in the Amazonas region), Claudio Maggi and María Angélica Vega, March 2007.
- Report from onsite workshop. Jaén, March 2007.
- Bylaws and financial statements of Cáritas Jaén.

ABBREVIATIONS

CEFOP	Centro de formación profesional [vocational training center] (of the Fe y Alegría schools)
ICR	Italian Trust Fund for Regional Competitiveness
IIRSA	Initiative for the Integration of South American Regional Infrastructure
R&D	Research and development

MAP OF TARGET LOCALES IN THE PROGRAM



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EXECUTIVE SUMMARY

Beneficiary/ Executing agency:	Cáritas Jaén	
Beneficiaries:	(i) 1,000 families engaged in farming of traditional crops; (ii) 150 innovative entrepreneurs of small businesses and microenterprises; (iii) 80 professionals, including staff of local government and educational entities, business consultants, and outreach workers; and (iv) 200 students from technical schools and secondary schools.	
Financing:	MIF (nonreimbursable):	US\$ 495,000 (30.4%)
	Italian Trust Fund for Regional Competitiveness (ICR):	US\$ 495,000 (30.4%)
	Counterpart:	<u>US\$ 640,432</u> (39.2%)
	Total:	US\$1,630,432
Objectives:	The <i>general objective</i> of the project is to contribute to the sustainable economic development of the provinces of Jaén and San Ignacio and their areas of influence by combining the efforts of key local actors around a permanent forum for social dialogue. The <i>purpose</i> is to make local entrepreneurs and agricultural producers more competitive through technical optimization and the implementation of public-private solutions to specific problems that currently hinder the development of local productive activities, and expansion of the entrepreneurial base.	
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Special contractual clauses:	As conditions precedent to the first disbursement: (i) the Dialogue Promotion Committee for Local Territorial Development has been formed; (ii) the members of the program's Board of Directors have been appointed; (iii) the team members have been selected for the program execution unit, and (iv) the Operating Regulations are in effect.	
Environmental and social impact review:	The operation was reviewed by the Environmental and Social Impact Review Secretariat (ESR) at its meeting 12-08, and classified as Category "C," requiring no further action.	
Coordination with other donors:	No donors with similar projects were identified.	

I. BACKGROUND AND RATIONALE

A. The Jaén and San Ignacio region

- 1.1 The provinces of Jaén and San Ignacio together occupy just over 10,000 square kilometers on the country's northern border. They have an estimated combined population of 370,000, 25% of whom reside in the provincial capitals—Jaén (80,000) and San Ignacio (15,000)—with the remainder living in rural towns and villages where they engage in farming. Rice is grown in low-irrigation areas that yield two harvests per year, while coffee and cocoa are grown on higher lands, along with a wide variety of other produce in very small-scale farming operations for the local market. Natural pasture accounts for 28 percent of the land in Jaén province, but livestock farming is still at an emergent stage. In the highlands, forestry activities may become a diversification alternative. There are few large or medium-sized enterprises, but cooperative enterprises do play a significant role.¹
- 1.2 Coffee is the product most vital to the economy of both provinces (13% of national production). Coffee exports from Peru totaled US\$512.3 million free-on-board in 2006, continuing the upward trend of the last four years.
- 1.3 Although these provinces are part of the Cajamarca region, they have stronger economic ties with the coastal city of Chiclayo than with the regional capital. The most important transportation and business link from Jaén is the highway that takes five hours to reach Chiclayo and slightly longer to reach Loja, Ecuador. Surprisingly, the fastest route from the area to the city of Cajamarca runs through Chiclayo, taking no less than 10 hours. Although the region does have an airport, it has no regular air service.
- 1.4 The local institutional landscape consists of several entities that are effectively weak and, with few exceptions, insufficiently coordinated with one another. However, provincial municipios are playing an emerging role² as promoters, coordinators, and managers of local development. In addition, the Government of the Region of Cajamarca has an office through which it operates in Jaén. Business and labor organizations in both provinces are fairly weak, reflecting the small size of the local manufacturing sector. Noteworthy work is carried out by certain nongovernmental organizations, cooperatives, or private companies, such as Cáritas, cooperatives such as CenfroCafé and Central Solidaria Sol & Café, which provide technical assistance to offset the vicious cycle of low productivity and poverty by channeling a growing share of its production to fair trade, organic, and premium products.

¹ In 2003, only 14 enterprises could be classified as “large” (annual sales over US\$880,000), and only 48 could be considered “medium-sized” (annual sales between US\$175,000 and US\$880,000).

² With regionalization, municipios have assumed the tasks of: (i) allocating regional resources to infrastructure projects; (ii) overseeing the operation and siting of local wholesale and retail markets; (iii) appointing a professional to lead and coordinate the local economic development agenda; and (iv) supporting district governors in participatory budget councils.

B. Potential and challenges of the Jaén and San Ignacio region

- 1.5 The provinces of Jaén and San Ignacio are home to an estimated 18,000 families whose primary source of income is farming. In villages, land is usually divided into tiny parcels and ownership is unregulated, with local campesino families simply occupying the land without legal title. This informal ownership structure, the degraded state of the land, and low levels of productivity due largely to ineffective farming practices have caused a clear trend of impoverishment that leads campesino families to periodically abandon their lands and seek out new ones in the jungle.
- 1.6 Roadways and support infrastructure—especially small infrastructure—are seriously lacking. Large-scale projects are now under way to improve trade linkages with cities in the Amazon basin, and there is even a plan to open up a major river link for transportation and commerce to the Brazilian city of Manaus (the IIRSA North highway, currently under construction). These projects will invigorate the local economy, but overlook the 75% of the local population who reside in outlying rural areas where improved transportation links to the outside will not resolve the serious infrastructure, energy, and communications problems within these provinces. Farmers report that they lose 30% of their produce as a result of the poor condition of roads and the lack of adequate storage facilities for their products.
- 1.7 A significant aspect of the relationship between the provinces of Jaén and San Ignacio, on the one hand, and the Regional Government of Cajamarca, on the other, is the approximately US\$300 million in mining royalties injected each year into the public coffers of the region, as a contribution from the profits of locally operating mining companies. These resources are allocated primarily to infrastructure improvements, as well as to technology and research and development (R&D) mainly under the care of universities. However, due to their limited ability to originate and manage projects, Jaén and San Ignacio receive a very small share of these resources and virtually none of the funds allocated to R&D, despite the fact that five universities have established campuses there, in addition to the long-existing Jaén campus of the Universidad Nacional de Cajamarca.
- 1.8 Also located in this area are the provincial vocational technical institutes, the Teacher Training Institute, and the vocational training centers (known by their Spanish-language acronym, CEFOPs) of the nongovernmental organization Fe y Alegría. The universities teach only in a limited number of traditional majors, and the coursework offered generally does not reflect the area's current or future needs. However, the CEFOPs of Fe y Alegría seek to provide training that promotes the ongoing development of entrepreneurship in line with the region's needs, but these efforts have had mixed results.
- 1.9 The potential of these provinces lies in enhancing the sophistication of the coffee and cocoa value chain, both in serving the organic and specialty coffee markets and in improving productivity and quality. The groundwork has also been laid for coffee farmers to diversify toward products with greater value-added. And the initial experiences with social dialogue and the participatory budgeting process will

help guide local governments toward more effective use of the prodigious mining royalties they receive.

C. Rationale

- 1.10 Most local institutions have limited financial and organizational resources, and efforts to coordinate for the sake of local economic development are just beginning in many respects. However, social coordination initiatives are now on the agenda, along with forums for dialogue to that end, as evidenced by the interagency committee and broad-based council on poverty reduction, where the local private business community is well represented. Resources—both institutional and financial—have also been allocated to productive and social development; in coffee and cocoa production, for example, these resources are improving farming practices.
- 1.11 However, due to a limited capacity to manage processes and programs and to structure proposals, many efforts are fragmented and fail to achieve the leap in quality needed to break the vicious cycle of poverty and stop the flight of young people from the region. There also remain a number of structural limitations, such as lack of infrastructure, the division of land into small plots and the informal nature of landholding, educational programs detached from the needs of the area's productive sector, and the difficulty of introducing technology. This MIF initiative will facilitate improved coordination of the various actors in the region by seeking to build consensus around several programs considered crucial to development in the region, with particular involvement of the public and private sectors and training institutions. A further rationale for this initiative is that it will help develop local capacity to create policies conducive to development, which is a necessary part of the decentralization process.

II. THE PROGRAM

A. Objectives

- 2.1 The *general objective* of the project is to contribute to the sustainable economic development of the provinces of Jaén and San Ignacio and their areas of influence by combining the efforts of key local actors³ around a permanent forum for social dialogue. The *purpose* is to make local entrepreneurs and agricultural producers more competitive through technical optimization and the implementation of public-private solutions to specific problems that currently hinder the development of local productive activities, and expansion of the entrepreneurial base.

³ The entities committed to this vision are the Regional Government of Cajamarca, the municipios of Jaén and San Ignacio, private companies such as Comercio & Cía. and PERHUSA, farmers' cooperatives such as CENFROCAFÉ and Sol y Café, the Universidad Nacional de Cajamarca and vocational training institutes, Cáritas Jaén, and others.

B. Description

Component 1: Development of competencies in local territorial development (MIF: US\$52,995; ICR: US\$52,995; Counterpart: US\$47,895)

- 2.2 The purpose of this component is to promote competencies in local territorial development among mayors and community leaders, local government officials, educators, and outreach specialists⁴ who provide technical assistance to supply chains, mainly coffee and cocoa. Consequently, the authorities are expected to help facilitate a vision of local territorial development, and development agents to design and implement improvement plans for municipios, educational institutes, and/or businesses or economic units.
- 2.3 The following activities are planned: (i) design of a training plan for local territorial development through specialized consulting engagements; (ii) awareness-raising among mayors, officials, and regional leaders through workshops and internships; (iii) selection of potential tutors and implementation of training plans; and (iv) process of training agents in local territorial development for municipal staff, educators, and outreach specialists, and development of improvement plans.
- 2.4 The training plans will include classroom and practical modules to help participants identify proposals for making tangible improvements in their respective institutions' contribution to regional development.

Component 2: Promotion of innovation and entrepreneurship and support for startups (MIF: US\$133,896; ICR: US\$133.896; Counterpart:US\$110,350)

- 2.5 This component seeks to broaden the entrepreneurial base by establishing specific mechanisms to nurture and incubate startups and support existing businesses linked to the networks of producers associated with this program. These networks are organized around marketing and/or technical assistance arrangements. Crucial to this end will be the training of entrepreneurial consultants to generate and strengthen professional capacities in the region to advise startups in line with the their objective needs, as a way of increasing the competitive supply of goods and services. Thus, a portion of the entrepreneurial consultants will contribute to the preincubation and incubation processes, under the responsibility and supervision of the assigned tutors.
- 2.6 Activities under this component are organized into two parts, to be carried out simultaneously:
- 2.6.1 Business incubation, comprising: (i) the design of rules for the incubation process; (ii) the promotion of business incubation; (iii) the gathering and

⁴ Outreach specialists are providers of technical assistance to farmers. They are usually agricultural engineers or experienced farmers, and they are coordinated by various agents such as private companies, farmers' cooperatives, nongovernmental organizations, and local governments, *inter alia*.

selection of business ideas; (iv) business preincubation;⁵ (v) business incubation and graduation; and (vi) financing mechanism. The criteria for selecting business ideas will be technical and commercial, and will be part of the consulting services commissioned to design the rules for activity (i). These criteria will be approved by the program Board of Directors, subject to the no objection of the Bank.

- 2.6.2 Training of entrepreneurial consultants, comprising: (i) development of the work plan for consultant training; (ii) selection and training of tutors; (iii) organization and announcement of the entrepreneurial consultant training program and selection of participants; and (iv) training of consultants.

Component 3: Public-private solutions to raise local competitiveness (MIF: US\$120,709; ICR: US\$120,709; Counterpart: US\$349.750)

- 2.7 The objective of this component is to raise local supply-side competitiveness through technical optimization and implementation of empowerment projects in the form of public-private solutions known as “club goods,”⁶ to address specific problems in the quality of infrastructure services, the technological deficit, or logistical or organizational issues, which currently hinder the competitive development of local productive activity. To this end, the program calls for complementary financing up to a maximum of US\$50,000, or 40% of the implementation cost of each empowerment project (whichever limit is reached first), in the form of, for example, specialized equipment, training in management or technical advisory support, training, consulting services for installation, operations, improvements to quality and/or promotion/dissemination of services.
- 2.8 To attain these outcomes, the program calls for: (i) promotion and identification of empowerment projects; (ii) prefeasibility studies; (iii) feasibility studies; and (iv) implementation of empowerment projects, along with the corresponding technical assistance.
- 2.9 This component is expected to begin with the “soil laboratory” club good, and continue with the joint management arrangement for small-scale rural hydroelectric plants, both of which will have a substantial impact on the productivity of rural dwellers. Other options will then be evaluated, such as forest nurseries, improved coffee and cocoa plants, and/or local water and sanitation management systems.

⁵ Preincubation consists in advising and assisting in the process of business development, from the business idea to the business plan. Incubation is assistance in launching startups, and consists in technical assistance from entrepreneurial consultants in business matters, business management, or access to financing during the first year for implementation of the business plan. Estimated at 36 days per year per enterprise.

⁶ Empowerment projects are projects that generate public or private goods to enhance regional competitiveness by supplying key goods and services to the productive and business process. Depending on how they are developed and managed, these projects may become a “club good,” i.e. a good that emerges from the decision and promotion of a limited number of individuals or enterprises that can attain exclusive benefits or may offer them to others. Club goods are empowerment projects, but not all empowerment projects are club goods, since some empowerment projects are public goods.

Decisions on which club goods will be supported will be made by the Dialogue Promotion Committee, subject to the Bank's no objection.

- 2.10 The prefeasibility study will evaluate, among other points: (i) effective demand; (ii) the ability to pay for the service; (iii) technological options appropriate to the size of the market and investment capacity; (iv) interests of stakeholders; (v) existence of a counterpart; and (vi) foundation for the sustainable management of the club good. Business plans or feasibility studies will be conducted by individual consultants who specialize in the issues being evaluated. The business plan must include, *inter alia*: (i) identification of the initial and potential market; (ii) development of the detailed technical proposal for development of the club good; (iii) investment plan and budget; (iv) financing plan and detailed financing for the first year of operation; (v) how the break-even point will be reached; (vi) sensitivity analysis and determination of the option to be pursued; (vii) timetable of activities; (viii) contributions from club good promoters; and (ix) contributions requested from the program. Prefeasibility and feasibility studies must receive the Bank's no objection.

Component 4: Adaptation of local educational offerings (MIF: US\$13,073; ICR: US\$13,073; Counterpart: US\$19,950)

- 2.11 The purpose of this component is to adapt local educational offerings to the objective needs of the local system of production. The idea is to promote greater coordination and correspondence between educational offerings and local worker training, on the one hand, and current demands and projected opportunities in the labor market, on the other. The following activities will be conducted: (i) diagnostic assessment of the gap between local demand and the supply of technical and vocational training programs, and the necessary and possible reforms and improvements in educational curricula; (ii) design of curricular progression for two new professions linked to the region's production needs and job opportunities; and (iii) advisory support for implementation, with emphasis on a promotion strategy to facilitate a sufficient degree of acceptance among young people.

Component 5: Monitoring of the program and development of the virtual monitoring center for good practices in local territorial development (MIF: US\$30,910; ICR: US\$30,910; Counterpart: US\$51,400)

- 2.12 The purpose of this component is to create an information and management system to monitor and evaluate the processes and outcomes of local territorial development practices, and to document the lessons learned. This component will also perform the internal monitoring of the program. Activities to be financed include: (i) development of a system for monitoring progress and compliance with program milestones; (ii) creation of a virtual monitoring center for good practices in local territorial development; and (iii) documentation and dissemination of outcomes.

III. COST AND FINANCING

- 3.1 The total cost of the program will be US\$1,630,432. Of that amount, US\$495,000 (30%) will be provided by the MIF, and US\$495,000 (30%) by the Italian Trust Fund for Regional Competitiveness (ICR), both on a nonreimbursable basis. The executing agency will be responsible for the counterpart contribution.⁷

Budget categories	MIF	ICR	Counter-part	TOTAL	%
C1: Development of competencies in local territorial development	52,995	52,995	47,895	153,885	9.6%
C2: Promotion of innovation and entrepreneurship	133,896	133,896	110,350	378,142	23.6%
C3: Public-private solutions to raise local competitiveness	120,709	120,709	349,750	591,168	36.9%
C4: Adaptation of local educational offerings	13,073	13,073	19,950	46,096	2.9%
C5: Monitoring and virtual monitoring center for good practices in local territorial development	30,910	30,910	51,400	113,218	7.1%
Personnel of the program execution unit	82,800	82,800	14,400	180,000	11.2%
Logistics	9,386	9,386	46,687	65,459	4.1%
Midterm and final evaluation	15,000	15,000		30,000	1.9%
Audits	5,000	5,000		10,000	0.6%
Contingencies	16,256	16,256		32,512	2.0%
SUBTOTAL	480,025	480,025	640,432	1,600,482	100.0%
<i>% pari passu</i>	<i>30%</i>	<i>30%</i>	<i>40%</i>	<i>100%</i>	
Impact Evaluation Account	2,475	2,475		4,950	
Cluster activities	12,500	12,500		25,000	
TOTAL	495,000	495,000	640,432	1,630,432	

- 3.2 **Program sustainability.** Sustainability is based on the effective positioning of the program-financed “club goods” in regional productive activity, by providing key services with a pricing and rate-setting policy that ensures growth. The success of incubated enterprises and improvements in supported enterprises will make a case for local governments to continue supporting this type of mechanism for entrepreneurial promotion. The monitoring center for good practices in local territorial development will help disseminate the capacities attained and will become a key source of technical resources for assisting in the dialogue for improved regional competitiveness.

IV. EXECUTION MECHANISM

- 4.1 **Executing agency.** The executing agency will be Cáritas Jaén, which operates in the provinces of Jaén and San Ignacio and surrounding areas. Cáritas Jaén provides technical assistance for raising crops such as coffee, cocoa, and rice while seeking to link these farmers with the market, and does so in coordination with technical cooperation providers, cooperatives, and even businesses. The the Apostolic

⁷ The relevant commitments have been secured from the private companies PERHUSA and Comercio & Cía., from the Regional Government of Cajamarca; from the Municipal Governments of Jaén and San Ignacio; and from the Universidad Nacional de Cajamarca.

Vicariate of San Francisco Javier de Jaén has an extensive educational network, coordinates projects on regional management and sustainable development, and has a regional radio audience. Cáritas has extensive experience in mobilizing international and national cooperation resources.

- 4.2 **Execution structure.** The program will be executed under the leadership of a Board of Directors and a Dialogue Promotion Committee on Local Territorial Development. The **Board of Directors** will consist of five people with the following functions: (i) to select members of the program execution unit, including the program management team; (ii) to prepare the annual work plan; (iii) to approve and monitor the itemized budget for the program; (iv) to approve the manager's reports; (v) to propose changes to the Operating Regulations; (vi) to ensure that funds are allocated as agreed with the Bank, and that they are used in a fully transparent manner; (vii) to represent the program in dealings with other institutions and the Bank; and (viii) to approve agreements and contracts with private and public institutions for the normal operations of the program. Two members of the Board of Directors will be appointed by Cáritas, and the other three by the Dialogue Promotion Committee on Local Territorial Development, which is described in the following paragraph.
- 4.3 A **Dialogue Promotion Committee on Local Territorial Development** will be established to ensure effective communication with all key stakeholders in the process and to provide for continuity. This committee will consist of one representative and one alternate from each of the following entities: the Apostolic Vicariate of San Francisco Javier de Jaén; the Regional Government of Cajamarca, represented by its office for the Jaén subregion; the Provincial Municipal Government of Jaén; the Provincial Municipal Government of San Ignacio; CenfroCafé; Central Solidaria Sol y Café; PERHUSA; Comercio y Cía.; Universidad Nacional de Cajamarca; and IST V.A. Belaúnde; as well as any other entities that decide to contribute resources to the project or are invited by a unanimous decision of the committee members.
- 4.4 The committee will function as an advisory body with the following functions: (i) to approve the "club good" projects to be supported by the program; (ii) to oversee the monitoring of the program; (iii) to review the selection of enterprises to be part of the incubation program; (iv) to review the selection of consultants, trainers, and entrepreneurial tutors, as well as the corresponding certification of capacities in local territorial development; (v) to ensure program sustainability once IDB/MIF cooperation ends; and (vi) to appoint the three representatives to the Board of Directors.
- 4.5 The **program execution unit** will operate in Jaén, in the offices of Cáritas. The managers of the program execution unit will be responsible for: (i) comprehensive management of the program in financial, administrative, and technical matters, in accordance with the Operating Regulations; (ii) monitoring of program activities; (iii) design, implementation, and execution of the annual work plan; (iv) organization and maintenance of the program's administrative files; (v) the

- contracting and oversight of hired consultants; (vi) oversight of budgetary management and administration; (vii) processing of requests for disbursement of the Bank's contribution; (viii) preparation of statements on resources utilized; (ix) submittal of administrative and technical reports to the Bank and the MIF; (x) coordination of necessary actions with the various actors in the program; (xi) review and proposal of changes to the Operating Regulations; (xii) approvals of plans, terms of reference, and procurement processes described in the Operating Regulations; and (xiii) serving as the secretariat of the committee.
- 4.6 **Disbursement by results.** As part of the risk- and performance-based approach to project management, resources will be disbursed through the advance payment procedure, contingent upon meeting milestones set and agreed upon with the executing agency during the process of approving the annual work plan. A revolving fund of up to 15% of the contribution will be established. Meeting the milestones will not affect the program targets described in the Logical Framework.
- 4.7 **Procurement.** The beneficiary agrees to receive training from the Bank to procure goods and related services and consulting services included in the program and previously approved by the Bank pursuant to the Procurement Plan, which will be updated on an annual basis. Such procurements will be conducted in accordance with Bank policies (documents GN-2349-7 and GN-2350-7) and the MIF guidelines. Post reviews will be conducted for procurement processes up to US\$10,000. For the procurement of consulting services, the terms of reference will be subject to the no objection of the MIF.

V. MONITORING AND EVALUATION

- 5.1 **Project status 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 six-month period. These reports will follow a format previously agreed upon with the MIF, and will contain information on program execution, milestones met, outcomes achieved, and completion of program objectives as stated in the logical framework and other operational planning instruments. It will also describe problems encountered during program execution and outline possible solutions. Within 90 days after the end of the execution period, the executing agency will deliver a final report to the MIF, highlighting the outcomes achieved, the sustainability plan, and lessons learned.
- 5.2 In addition, the following workshops will be held: (i) a sustainability workshop, one year before the end of the execution period; and (ii) a closing workshop, three months before the end of the execution period, to jointly assess the outcomes attained and identify the tasks necessary for sustainability.
- 5.3 **Financial supervision.** The executing agency will establish and assume responsibility for maintaining proper financial accounts, internal control mechanisms, and filing systems for the program, consistent with IDB/MIF accounting and auditing policies. The program financial statements will be prepared

by the executing agency within 90 days after the last disbursement of the program. At program start, the MIF will use its contribution resources to commission independent auditors to perform a midterm review and audit of the financial statements immediately after the stated period has lapsed.

- 5.4 **Evaluations.** With resources from the contribution, two evaluations will be conducted by independent consultants: the first, when at least 50% of the contribution has been disbursed or 18 months have elapsed, whichever occurs first; and the second, 90 days after the last disbursement. The first evaluation will address the following, *inter alia*: (i) the program's execution mechanism and interagency collaboration; (ii) progress in implementing the club goods; (iii) degree of completion of scheduled activities and their effectiveness; (iv) execution of business incubation activities and training of entrepreneurial consultants from Component 2; (v) effectiveness of the virtual monitoring center for best practices in local territorial development and the monitoring system; and (vi) degree of completion of the indicators in the Logical Framework. The final evaluation will address the following, *inter alia*: (i) the type of businesses and associations benefiting from the project; (ii) the execution mechanism; (iii) the level of development of the club goods and the degree of member participation; (iv) capacities to promote initiatives for local territorial development by the Dialogue Promotion Committee for Local Territorial Development; and (v) program sustainability and impact in terms of environmental and social sustainability.

VI. BENEFITS AND RISKS

- 6.1 **Beneficiaries.** As a result of this operation: (i) 1,000 families engaged in farming of traditional crops will have enhanced their productivity and their income derived from nontraditional activities; (ii) 150 innovative entrepreneurs of small businesses and microenterprises will have strengthened their improvement plans and increased sales and capital formation; (iii) 80 professional staff from four local government agencies at the regional, provincial, and district levels will have developed the skills to formulate regional development strategies linked with the primary actors in society; and (iv) 200 students from two technical/vocational training institutes and two schools will have enhanced their contribution to local development through new job training programs.
- 6.2 **Risks.** This operation faces two main risks. First is a failure of leadership. To mitigate this risk, the program's leadership will seek to continually renew the institutional commitment by highlighting the benefits to be attained as a result of the dialogue for regional development. A second risk is that the prices of commodities, particularly coffee, may fall. While it is true that coffee prices have made for an interesting story of late, there is no guarantee of stability over the next three years. Thus, efforts to improve competitiveness should entail greater benefits for producers, enabling them to absorb any future price drops.

VII. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

- 7.1 Although the program focuses on developing local competitiveness, and does not directly address the region's social or environmental problems, its contribution to generating environmentally and socially sustainable opportunities to increase income for local communities demonstrates the viability of alternatives to land-degrading activities such as illegal logging.
- 7.2 The intervention strategy facilitates the participation of women and all social groups without exception. The operation was reviewed by the Environmental and Social Impact Review Secretariat (ESR) at its meeting 12-08, and classified as Category "C," requiring no further action.

**PROMOTION OF COMPETITIVENESS AND ENTREPRENEURSHIP IN
THE PROVINCES OF JAÉN AND SAN IGNACIO (CAJAMARCA REGION)**

(PE-M1046 / PE-T1156)

LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
Goal			
<p>To contribute to the sustainable economic development of the provinces of Jaén and San Ignacio and their areas of influence by combining the efforts of key local actors¹ around a permanent forum for social dialogue.</p>	<p>Three years after the end of the project:</p> <ol style="list-style-type: none"> 1. A medium-term regional development agenda is in the process of being implemented in the provinces of Jaén and San Ignacio, with the commitment and active participation of the leading local public, private, and educational institutions. 2. Local coffee production has increased by 20%, and productivity for other key products has increased over the baseline. 3. The monthly income of at least 1,000 local families has increased by 10% over the baseline at the end of the project. 	<ul style="list-style-type: none"> ▪ Impact evaluation (subject to eligibility). ▪ Recognition of the agenda by leading local actors. ▪ Statistics from the National Statistics and Information Institute (INEI) and Ministry of Agriculture, and project baseline. ▪ Statistics on family income, national, regional, and municipal sources. Baseline year, project completion, and subsequent years. 	<ul style="list-style-type: none"> ▪ The political and macroeconomic environment is stable. ▪ Demand for, and prices of, coffee, cocoa, and other emerging local products does not experience a severe drop in most significant target markets. ▪ Climate change does not have a significant effect on production. ▪ Social dialogue continues to be considered the best option for dispute resolution.

¹ The entities committed to this vision are the Regional Government of Cajamarca, the municipios of Jaén and San Ignacio, private companies such as Comercio & Cía. and PERHUSA, farmers' cooperatives such as CENFROCAFÉ and Sol y Café, the Universidad Nacional de Cajamarca and vocational training institutes, Cáritas Jaén, and others.

Narrative summary	Indicators	Means of verification	Assumptions
Purpose			
<p>To make local entrepreneurs and agricultural producers more competitive through technical optimization and the implementation of public-private solutions to specific problems that currently hinder the development of local productive activities, and expansion of the entrepreneurial base.</p>	<p>Upon project completion:</p> <ol style="list-style-type: none"> 1. Three empowerment projects for entrepreneurial competitiveness have been implemented, with satisfactory reports on the progress of their respective business plans. Six additional projects have been identified. 2. An incubation program has been established, and 150 local enterprises with a high projected competitive sustainability have been assisted, with no fewer than 5 companies graduated and 80 enterprises or economic units with improvement plans executed. 3. 40 business plans with a focus on local territorial development, municipios, and/or agricultural economic units have been executed. 4. The productivity (calculated as average production per hectare) of 1000 coffee-growing families served by the project has improved by 10% over the baseline. 	<ul style="list-style-type: none"> ▪ Project status reports (PSRs). ▪ Midterm and final evaluations. ▪ Reports on empowerment projects. ▪ Reports on productivity at Cenfrocafé, Sol y Café, and marketing companies. ▪ Report from entities on improvements attained. ▪ Report from the monitoring system on improvements attained by agricultural economic units. 	<ul style="list-style-type: none"> ▪ Local public and private actors are interested in enhancing competitiveness and promoting entrepreneurship through agricultural clusters in Jaén, San Ignacio, and surrounding areas. ▪ Cooperatives and coffee-marketing companies remain active in the region. ▪ Beneficiaries remain interested and able to attain the improvements agreed upon in the plans.
Components			
<p>Component 1:</p> <p>Development of competencies in local territorial development</p>	<p>After 24 months:</p> <ol style="list-style-type: none"> 1. 60 improvement plans developed, and 30 plans executed in schools, municipios, and/or outreach specialists in businesses or economic units served. 2. Two proposals submitted to centers of technical/professional higher education to modify technical/professional curricula in locally taught majors, by introducing subjects relevant to the economic and productive needs and potentialities in the region. 	<ul style="list-style-type: none"> ▪ PSRs. ▪ Midterm and final evaluations. ▪ Study of gaps between local technical/professional supply and demand. ▪ Proposals for training course content. 	<ul style="list-style-type: none"> ▪ Local universities and technical/vocational training entities are willing to adapt curricula to the specific needs and projections of the local labor market. ▪ A minimum number of professionals are interested in developing new professional markets, and educators, local government officials, and

Narrative summary	Indicators	Means of verification	Assumptions
	<p>Upon project completion:</p> <ol style="list-style-type: none"> Three cohorts have graduated: one of educators, one of government officials, and one of outreach specialists with a focus on local territorial development, and at least three local trainers have been certified in management and promotion of local territorial development. 80 improvement plans have been designed, and 40 plans executed in schools, municipios, and/or outreach specialists in enterprises or economic units served. 		<p>outreach specialists are interested in receiving the training offered by the project.</p> <ul style="list-style-type: none"> Interest and participation of the regional government, municipios, the university, chambers of commerce, and NGOs.
<p>Component 2:</p> <p>Promotion of innovation and entrepreneurship and support for startups</p>	<p>After 24 months:</p> <ol style="list-style-type: none"> A local model for new business incubation has been implemented, with the participation of public, private, and higher-education entities in corporate governance. 120 business profiles for startups have been submitted and received through calls for bids. 24 startups have completed the preincubation process, and the incubation process has begun for eight startups, with the participation of at least 50% of the members of farming families. A locally administered seed capital fund has been established with contributions from the local counterpart totaling at least 50% of the original fund balance and/or has been negotiated with local financial institutions and guaranty funds. <p>Upon project completion:</p> <ol style="list-style-type: none"> Five new incubated startups have begun to sell goods and/or services in accordance with their respective business plans. 80 improvement plans have been executed for enterprises or economic units served. 15 entrepreneurial consultants have been certified. 	<ul style="list-style-type: none"> PSRs. Midterm and final evaluations. Reports on calls for startups and lists of submitted proposals for business plans. Regular reports (quarterly, semiannual) from the incubation program for startups. List of selected startups. 	<ul style="list-style-type: none"> Members of the project and local higher-education entities, municipios, and local young people welcome the calls for business plans, as measured by expected response rates. Local entities remain interested in establishing incubation capacity, and local financial institutions and investment capital entities remain interested in new local enterprises and in participating in guaranty funds. Young people are interested in participating in the calls for business profiles.

Narrative summary	Indicators	Means of verification	Assumptions
<p>Component 3:</p> <p>Public-private solutions to raise local competitiveness</p>	<p>After 18 months:</p> <ol style="list-style-type: none"> 1. For the three selected empowerment projects, the preinvestment phase has been completed: feasibility studies (with the Bank's agreement, one, two, or three empowerment projects may be selected for execution).² 2. For the project(s) to be executed, a sustainable operational model has been agreed on, along with the necessary commitments, in terms of the contribution and participation of local actors. <p>Upon project completion:</p> <ol style="list-style-type: none"> 3. Empowerment projects in infrastructure, technological support, and/or productive business association and business models have completed the investment and implementation stages. Also, three additional projects have been identified. 4. At least US\$300,000 in contributions has been raised from the counterpart and from public and private sources, and an effort has been made to involve local financial institutions. 	<ul style="list-style-type: none"> ▪ PSRs. ▪ Midterm and final evaluations. ▪ Documents from projects developed at the prefeasibility level, with monitoring indicators. ▪ Memorandums of understanding and project investment agreements. ▪ Semiannual progress reports from each project. ▪ Minutes from the meetings of the executing unit. 	<ul style="list-style-type: none"> ▪ Public- and private-sector actors are interested in co-investing in the development of identified projects.
<p>Component 4:</p> <p>Adaptation of local educational offerings</p>	<p>After the first 6 months:</p> <ol style="list-style-type: none"> 1. A diagnostic assessment of the gaps between projected local demand and the technical and vocational training programs offered, and of the necessary and possible curricular changes and reforms, has been conducted and discussed, and a working plan to address these issues has been developed. 	<ul style="list-style-type: none"> ▪ The diagnostic assessment report. ▪ The approved plan. ▪ Reports from the project monitoring system. ▪ Curricula for locally taught courses of study. 	<ul style="list-style-type: none"> ▪ Universities and local technical/vocational training entities are willing to adapt curricula in accordance with the specific needs and projections of the local labor market.

² Examples: Soil and water laboratories, measurement of the amount of micotoxins in export products, analysis of pesticide waste; small hydroelectric plants; nurseries geared to demand (forest, coffee, cocoa, and others); farmers' markets; cocoa germoplasm bank; quality institute or regional enterprise for coffee and cocoa; Citecacao; regional information center.

Narrative summary	Indicators	Means of verification	Assumptions
	<p>After the second six-month period:</p> <ol style="list-style-type: none"> The curriculum has been developed for two new professions linked with the region's production needs, at the point where production needs and job opportunities intersect. <p>Upon project completion:</p> <ol style="list-style-type: none"> In at least two technical/vocational training institutes, new curricula has been implemented, based on the region's economic/productive needs and potentialities and on young people's expectations, with at least one promotion in each, beginning their course of study with the new curriculum. 	<ul style="list-style-type: none"> Proof of enrollment in training programs and professional development courses. Receipts for payment for courses given. 	<ul style="list-style-type: none"> Young people are interested in enrolling in the new courses of study.
<p>Component 5:</p> <p>Monitoring of the program and development of the virtual monitoring center for good practices in local territorial development</p>	<p>12 months into the project:</p> <ol style="list-style-type: none"> A network that serves as a virtual monitoring center has been implemented, with local entities for identification, characterization, and promotion in good practices in local territorial development. <p>After 24 months:</p> <ol style="list-style-type: none"> A workshop has been held to report on progress and disseminate midterm outcomes, next steps, and conditions for subsequent sustainability of actions implemented by the project. At least 100 attendees from the local public, private, and educational sectors give the workshop a positive evaluation. <p>Upon project completion:</p> <ol style="list-style-type: none"> A closing workshop has been held with the presence of at least 40 regional and local public and educational representatives and at least 80 representatives of the local productive and entrepreneurial sector, in order to present the final outcomes, lessons learned, and conditions for future sustainability and replicability. 	<ul style="list-style-type: none"> PSRs. Midterm and final evaluations. Monitoring system reports. Reports from the virtual monitoring center. Records on dissemination activities. List of attendees and attendee evaluations of midterm and closing workshops. List of attendees and reports from specific meetings to submit and discuss project outcomes. 	<ul style="list-style-type: none"> Actors in local territorial development remain interested in establishing the monitoring center for good practices. Local actors remain interested in and committed to the outcomes and sustainability of activities promoted by the project.

Narrative summary	Indicators	Means of verification	Assumptions
	<p>4. Project outcomes have been disseminated in specific meetings with: (i) representatives of the regional, provincial, and local governments; (ii) representatives of the local business, academic, and educational communities; and (iii) leaders and representatives of associations and communities of local producers.</p>		
Activities			
Component 1			
<p>1.1 Design of a training plan for municipal and subregional mayors and officials.</p>	<p>At 3 months:</p> <ul style="list-style-type: none"> ▪ A training plan for mayors and municipal officials has been submitted, with workshops, seminars, and a municipal internship plan. <p>At 6 months:</p> <ul style="list-style-type: none"> ▪ In the first six months, an international internship will be organized for two mayors and/or officials from each of the two provincial municipios and from one district mayor from each province, sharing costs with the respective entities according to their ability to pay. <p>At 9 months:</p> <ul style="list-style-type: none"> ▪ A seminar for mayors and municipal and subregional officials, led by a competent person experienced in decentralized development and municipal policy, is held. <p>At 12 months:</p> <ul style="list-style-type: none"> ▪ Workshop held to discuss municipal and regional problems, the concept of public service, customer service, diagnostic assessment of needs and how to identify them, product quality needed for local territorial development, administrative simplification, and regional and municipal development experiences. The internship experience will be presented and discussed at the first workshop. 		

Narrative summary	Indicators	Means of verification	Assumptions
	<p>At 24 months:</p> <ul style="list-style-type: none"> Workshop held to discuss municipal and regional problems, the concept of public service, customer service, diagnostic assessment of needs and how to identify them, product quality needed for local territorial development, administrative simplification, and regional and municipal development experiences. 		
<p>1.1 Design of a training plan for tutors of development programs, with a focus on local territorial development for educators, government officials, and outreach specialists from the coffee cluster and other agricultural-production clusters.</p>	<p>At 2 months:</p> <ul style="list-style-type: none"> A specialist in local territorial development has been hired to plan and develop the process, and 3 specialists have been hired to plan it (one in education, another in municipal officials, and a third to plan the work with the outreach specialists). <p>At 4 months:</p> <ul style="list-style-type: none"> A plan for selecting, training, and certifying educators has been submitted. A plan for selecting, training, and certifying municipal officials has been submitted. A plan for selecting, training, and certifying outreach specialists has been submitted. 	<ul style="list-style-type: none"> Specialists' contracts. Submitted plans for selection, training, and certification. 	
<p>1.2 Potential tutors are selected, and training plan is implemented.</p>	<p>At 6 months:</p> <ul style="list-style-type: none"> 10 educators, 10 municipal officials, and 10 outreach workers have been identified to receive retraining in local territorial development. <p>At 9 months:</p> <ul style="list-style-type: none"> The 30 aforementioned professionals have been trained. 4 tutors have been selected to assist in the work with the educators. 	<ul style="list-style-type: none"> List of professionals identified, trained, and selected. List of selected trainers. 	<ul style="list-style-type: none"> There is a critical mass of professionals or specialists and officials, men and women, who are interested and have sufficient capacity.

Narrative summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> 4 tutors have been selected to assist in the work with the municipal officials. 4 tutors have been selected to assist in the work with the outreach specialists. 		
<p>1.3 Call for the Local Territorial Development Program for local professors, municipal officials, and outreach workers, and selection of participants.</p>	<p>At 8 months:</p> <ul style="list-style-type: none"> The call for those interested in enrolling in the program has been issued. <p>At 10 months:</p> <ul style="list-style-type: none"> The educators, municipal officials, and outreach specialists who will continue in the program have been selected. 	<ul style="list-style-type: none"> Announcement and list of media outlets used. List of persons selected. 	<ul style="list-style-type: none"> Anticipation has been generated among professionals called on to participate.
<p>1.4 Process of training agents in local and regional training.</p> <p>Certification of competencies for promoting local educators, municipal officials, and outreach specialists.</p>	<p>At 10 months:</p> <ul style="list-style-type: none"> The first module has begun. <p>At 14 months:</p> <ul style="list-style-type: none"> The agents have designed and are executing plans to improve schools, municipios and associations, enterprises or individual producers, under the supervision of tutors. <p>At 24 months:</p> <ul style="list-style-type: none"> Three additional modules have been carried out. 60 improvement plans have been designed. 30 improvement plans have been executed. <p>Upon project completion:</p> <ul style="list-style-type: none"> Three classes have graduated: one of educators, one of government officials, and one of outreach specialists with a focus on local territorial development. 	<ul style="list-style-type: none"> Module report. List of improvement plans designed and executed. Table of consulting rates, copies of professional receipts. List of improvement plans. List of graduated classes. List of certified persons. 	<ul style="list-style-type: none"> Acceptance of improvement proposals and incorporation of plans of respective entities. Commitment and active participation of persons from each category.

Narrative summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> 15 educators, 15 officials from local, provincial, and district municipios, and 15 outreach specialists have been certified in facilitation of local territorial development and entrepreneurial management. At least three local trainers have been certified in management competencies and promotion of local territorial development. 		
Component 2			
2.1 Establishment of rules for the incubation process.	<p>At 4 months:</p> <ul style="list-style-type: none"> Rules have been designed for submitting business ideas for preincubation and incubation, and have been approved by the project's Board of Directors. 	<ul style="list-style-type: none"> Meeting minutes from the Board of Directors. Activity reports. 	<ul style="list-style-type: none"> Anticipation of project intervention has been generated.
2.2 Promotion of business incubation.	<p>At 6 months:</p> <ul style="list-style-type: none"> The incubator proposal has been disseminated, and two workshops have been promoted and organized, one in Jaén and another in San Ignacio, for submitting ideas for business to be incubated. 		<ul style="list-style-type: none"> Anticipation of project intervention has been generated.
2.3 Consultant training work plan.	<p>At 3 months:</p> <ul style="list-style-type: none"> A senior consultant who specializes in entrepreneurial consultant training and who has submitted a work plan for the process has been hired. The work plan has been approved. 	<ul style="list-style-type: none"> Contract and work plan. 	

Narrative summary	Indicators	Means of verification	Assumptions
2.4 Selection of candidates, training and selection of tutors.	<p>At 4 months:</p> <ul style="list-style-type: none"> 10 professionals from the highest level in the region have been identified, from which four will be chosen to conduct the tutoring work for the first class of entrepreneurial consultants for small and medium-sized enterprises and to qualify as local trainers in management competencies and promotion of local territorial development. <p>At 6 months:</p> <ul style="list-style-type: none"> These professionals have been trained, and the four tutors have been selected. 	<ul style="list-style-type: none"> Training report, list of selected professionals. List of selected tutors. 	
2.5 Receipt and selection of business ideas.	<p>At 8 months:</p> <ul style="list-style-type: none"> 120 business ideas have been received. <p>At 9 months:</p> <ul style="list-style-type: none"> 24 business ideas have been selected for preincubation. 	<ul style="list-style-type: none"> List of ideas received and selected. 	<ul style="list-style-type: none"> Initiative is welcomed by enterprises and enterprising individuals.
2.6 Preincubation of businesses.	<p>At 15 months:</p> <ul style="list-style-type: none"> Business plans and plans for searching for partners have been completed. <p>At 16 months:</p> <ul style="list-style-type: none"> Eight business plans have been selected for business incubation. 	<ul style="list-style-type: none"> Project status report. List of approved business plans. 	<ul style="list-style-type: none"> A number of economic units are interested and submit proposals.
2.7 Incubation and graduation of businesses	<p>At 18 months:</p> <ul style="list-style-type: none"> The incubation of eight enterprises has begun. <p>At 36 months:</p> <ul style="list-style-type: none"> Five incubated enterprises have graduated. 	<ul style="list-style-type: none"> List of incubated businesses. 	<ul style="list-style-type: none"> Selected enterprises meet their commitment.
2.8 Post-incubation of businesses.	<ul style="list-style-type: none"> Post-incubation plans have been developed to support the implementation of strategies to help young enterprises assume a competitive position in clusters. 	<ul style="list-style-type: none"> Document on post-incubation plans. 	

Narrative summary	Indicators	Means of verification	Assumptions
2.9 Call to participate in the training program, issued to local entrepreneurial consultants, and selection of participants.	<p>At 4 months:</p> <ul style="list-style-type: none"> Call to enroll in the entrepreneurial consultant training program has been issued. <p>At 6 months:</p> <ul style="list-style-type: none"> Consultants in training who will be continuing the program have been selected. 	<ul style="list-style-type: none"> Announcement and list of media outlets used List of selected consultants. 	<ul style="list-style-type: none"> Anticipation has been generated among professionals devoted to or interested in providing entrepreneurial consulting services.
2.10 Consultant training process.	<p>At 6 months:</p> <ul style="list-style-type: none"> The first consultant training module has begun. <p>At 9 months:</p> <ul style="list-style-type: none"> Consultants have designed and executed plans to improve enterprises and coffee farmer associations and charge the interested parties 30% of the consulting rate, under the supervision of senior consultants. <p>At 24 months:</p> <ul style="list-style-type: none"> 80 improvement plans have been designed. 40 improvement plans have been executed. Business plans for preincubated enterprises have been designed. <p>At 30 months:</p> <ul style="list-style-type: none"> 15 entrepreneurial consultants have been certified. 	<ul style="list-style-type: none"> List of improvement plans designed and executed. Consulting rate schedule, copies of professional receipts. List of certified consultants. 	
2.11 Financing arrangement.	<p>At 12 months:</p> <ul style="list-style-type: none"> Initial capitalization of a seed capital fund has been designed and secured for potential entrepreneurs, jointly with local lending entities, and/or a guaranty fund has been negotiated with FOGAPI or another organization, with clearly defined conditions for deposit and withdrawal. 	<ul style="list-style-type: none"> Commitment documents. Contract with FOGAPI. Budget execution report. 	<ul style="list-style-type: none"> Local lending entities and/or FOGAPI are willing to participate in these funds.

Narrative summary	Indicators	Means of verification	Assumptions
	<p>At 18 months:</p> <ul style="list-style-type: none"> ▪ The project has contributed funds to create the guaranty fund. 		
Component 3			
<p>3.1 Promotion and identification of empowerment projects.</p>	<p>At 3 months:</p> <ul style="list-style-type: none"> ▪ Two identified project ideas have been promoted: soil laboratory and rural hydroelectric plants. ▪ Interest groups for soil laboratory and rural electrification have formed. ▪ Workshops and internships. <p>At 6 months:</p> <ul style="list-style-type: none"> ▪ Four additional business ideas have been promoted, and the respective groups have been formed. <p>At 36 months:</p> <ul style="list-style-type: none"> ▪ Six new ideas for empowerment projects have been identified. 	<ul style="list-style-type: none"> ▪ Project status report. ▪ Offers for co-investment and benefits to coffee growers and interest groups in the project. 	<ul style="list-style-type: none"> ▪ Parties are interested in participating in the selection and execution processes. ▪ Contracts or protocols established between participating institutions are fulfilled on time (for all). ▪ Previous dynamics have generated response initiatives.
<p>3.2 Prefeasibility studies.</p>	<ul style="list-style-type: none"> ▪ Consultants have been identified for development of prefeasibility studies. <p>At 6 months:</p> <ul style="list-style-type: none"> ▪ Prefeasibility studies have been conducted of soil laboratory and rural hydroelectric plants. <p>At 9 months:</p> <ul style="list-style-type: none"> ▪ Two additional prefeasibility studies have been conducted. <p>At 12 months:</p> <ul style="list-style-type: none"> ▪ Two additional prefeasibility studies have been conducted. 	<ul style="list-style-type: none"> ▪ Submitted proposals for prefeasibility studies. ▪ Completed prefeasibility studies. 	<ul style="list-style-type: none"> ▪ There is no significant variation in the conditions of the environment.

Narrative summary	Indicators	Means of verification	Assumptions
3.3 Feasibility studies.	At 12 months: <ul style="list-style-type: none"> Up to two feasibility studies have been conducted. At 16 months: <ul style="list-style-type: none"> Up to three feasibility studies have been conducted. 	<ul style="list-style-type: none"> Completed prefeasibility studies 	<ul style="list-style-type: none"> There is no significant variation in the conditions of the environment.
3.4 Decision of the Board of Directors.	At 18 months: <ul style="list-style-type: none"> The Board of Directors has approved co-investment in selected empowerment projects. 	<ul style="list-style-type: none"> Decision by the Board of Directors for co-investment and acceptance of IDB/MIF. 	
3.5 Implementation of empowerment projects.	At 24 months: <ul style="list-style-type: none"> Execution of selected projects has begun. Determination of executing bodies. Training in management. At 36 months: <ul style="list-style-type: none"> Projects are up and running. 	<ul style="list-style-type: none"> Co-investment record. Documentary proof. 	<ul style="list-style-type: none"> There is no significant variation in the conditions of the environment.
Component 4			
4.1 Diagnostic assessment of gaps between local demand and technical/vocational training programs offered, and curricular improvements.	In the first quarter: <ul style="list-style-type: none"> A consultant has been hired for this task. In the first six-month period: <ul style="list-style-type: none"> The report describing the gaps has been issued. A task force has been established with universities and technical/vocational training centers to discuss and reduce these gaps. In the third quarter: <ul style="list-style-type: none"> The consultant has submitted his/her work plan to help reduce these gaps. 	<ul style="list-style-type: none"> Consultant's contract. Report describing gaps. Task force meeting minutes. Plan document. Plan approval document. Proceedings of workshops and courses. PSRs. List of selected persons. 	<ul style="list-style-type: none"> Training entities in the area and a significant number of their members respond to the project proposal. The corresponding educational authorities are willing and cooperative. Professionals are willing.

Narrative summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> The plan has been approved. <p>In the fourth quarter:</p> <ul style="list-style-type: none"> Two certification workshops have been scheduled and held, in accordance with the aforementioned plans. <p>At 24 months:</p> <ul style="list-style-type: none"> Based on attendance at and outcomes of locally taught courses, officials and/or educators (at least three) have been selected for training as trainers in the competencies being taught, in Lima or Trujillo. 		
4.2 Design of curricular progression for two new professions linked to the region's production needs based on the point where production needs and job opportunities intersect.	<ul style="list-style-type: none"> Institutes have been advised in two curricular progressions for technical/vocational training in locally taught courses of study, by introducing subjects relevant to the region's economic and productive needs and potentialities. 	<ul style="list-style-type: none"> Curricula and curricular progressions developed. 	<ul style="list-style-type: none"> Institutes are receptive.
4.3 Advising for implementation with emphasis on the promotion strategy that ensures an appropriate degree of acceptance among young people.	<p>At 36 months:</p> <ul style="list-style-type: none"> At least two curricular progressions have been implemented with local higher-education entities, which respond to needs linked to local clusters. 	<ul style="list-style-type: none"> Report on implementation of curricular changes. 	<ul style="list-style-type: none"> Students are willing to enroll in these curricular progressions.
Component 5			
5.1 Development of a forum for processing knowledge and a system for monitoring progress and compliance with project milestones.	<p>In the first 6 months:</p> <ul style="list-style-type: none"> A consultant has been hired to design the monitoring system. A person has been designated to be responsible for the monitoring system. Feedback received is taken into account in the decisions of the project's Board of Directors. 	<ul style="list-style-type: none"> Project status report. Designed system. 	

Narrative summary	Indicators	Means of verification	Assumptions
	<p>At 12 months:</p> <ul style="list-style-type: none"> Empowerment projects, and good practices in local territorial development, enterprises, and business incubation, are being monitored. 		
<p>5.2 Creation of virtual monitoring center for good practices in local territorial development.</p>	<p>At 6 months:</p> <ul style="list-style-type: none"> The project publishes a bulletin with an intensive monitoring information program to lay the foundation for generating the monitoring center. "Inform to be informed." <p>At 18 months:</p> <ul style="list-style-type: none"> A network has been implemented to serve as a virtual monitoring center with local entities for identifying, describing, and promoting good practices in local territorial development. 	<ul style="list-style-type: none"> PSRs. Published bulletins. 	<ul style="list-style-type: none"> The project monitoring system is up and running. The commitment assumed by participating entities and individuals has been fulfilled.
<p>5.3 Dissemination of outcomes.</p>	<p>After 24 months:</p> <ul style="list-style-type: none"> A workshop has been held to report on progress and disseminate midterm outcomes, next steps, and conditions for subsequent sustainability of actions carried out by the project. At least 100 attendees from the local public, private, and educational sectors give the workshop a positive evaluation. <p>Upon project completion:</p> <ul style="list-style-type: none"> A closing workshop has been held with the presence of at least 40 regional and local representatives of the public and educational sectors, and at least 80 representatives of the local productive and enterprising sectors, in order to present the final outcomes, lessons learned, and conditions for future sustainability and replicability. 	<ul style="list-style-type: none"> Reports from workshops with list of attendees. Report on dissemination activities, with list of participating individuals. 	<ul style="list-style-type: none"> Invitees are receptive.

Narrative summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> Project outcomes have been disseminated in specific meetings with: (i) representatives of regional, provincial, and local government; (ii) representatives of the local business, academic, and educational communities; and (iii) leaders and representatives of local associations and communities of producers. 		
5.4 Publication on lessons learned and conditions for project replicability.	<p>At 22 months:</p> <ul style="list-style-type: none"> On the basis of the reports and outcomes of the project and the evaluation, a publication is prepared on lessons learned and the conditions for project replicability. The publication is issued. 	<ul style="list-style-type: none"> Processing document. Decision by the Board of Directors. 	<ul style="list-style-type: none"> The final reports and evaluation have been issued by their respective deadlines.

ANNEX II
Promotion of Competitiveness and Entrepreneurship in the Provinces of Jaén and San Ignacio
(Cajamarca Region)
(PE-M1046 / PE-T1156)
Budget in U.S. dollars

CATEGORY	MIF	IRC	Local	TOTAL
Program coordination unit (total)	92,186	92,186	61,087	245,459
Personal	82,800	82,800	14,400	180,000
Logistics	9,386	9,386	46,687	65,459
Component 1: Development of competencies in local territorial development	52,995	52,995	47,895	153,885
1.1. Design of a training plan in local territorial development	8,000	8,000	6,000	22,000
1.2. Awareness-raising among mayors, officials, and regional leaders	6,500	6,500	3,700	16,700
1.3. Selection of potential tutors in local territorial development, and implementation in training plans	3,750	3,750	4,125	11,625
1.4. Process of training agents in local territorial development for educators, municipal staff, and agricultural outreach specialists	24,500	24,500	34,070	83,070
1.5. Hiring of assistant for Component 1	8,100	8,100		16,200
1.6. Transportation and travel and per diems	2,145	2,145		4,290
Component 2: Promotion of innovation and entrepreneurship and support for startups	133,896	133,896	110,350	378,142
Part A: Business incubation	79,600	79,600	93,150	252,350
2.1. Design of rules for the incubation process	2,000	2,000	750	4,750
2.2. Promotion of business incubation	2,400	2,400	5,200	10,000
2.3. Gathering and selection of business ideas	1,200	1,200	900	3,300
2.4. Business preincubation	36,000	36,000	24,000	96,000
2.5. Business incubation and graduation	28,000	28,000	19,300	75,300
2.6. Financing mechanism	10,000	10,000	43,000	63,000
Part B: Training of local entrepreneurial consultants	16,150	16,150	17,200	49,500
Specialist in business management	38,146	38,146	0	76,292
Component 3. Public-private solutions to raise local competitiveness	120,709	120,709	349,750	591,168
3.1. Promotion and identification of empowerment projects	10,500	10,500	13,500	34,500
3.2. Prefeasibility studies	10,500	10,500	6,000	27,000
3.3. Feasibility studies	7,500	7,500	1,000	16,000
3.4. Implementation of empowerment projects	82,500	82,500	329,250	494,250
3.5. Hiring of assistant for Component 3	8,100	8,100		16,200
3.6. Travel and transportation expenses for this component	1,609	1,609		3,218
Component 4: Adaptation of local educational offerings	13,073	13,073	19,950	46,096
4.1. Diagnostic assessment of the gap between local demand and the supply of technical and vocational training programs	6,250	6,250	4,950	17,450
4.2. Design of the curricular progression for two new professions	1,250	1,250	7,500	10,000
4.3. Advisory support for implementation	4,500	4,500	7,500	16,500
4.4. Travel and transportation expenses for this component	1,073	1,073		2,146
Component 5: Monitoring of the program and development of the virtual monitoring center for good practices in local territorial development	30,910	30,910	51,400	113,220
5.1. Setting of the baseline of productive activity, business activity, capacities, and local governance	4,000	4,000	1,500	9,500
5.2. Design and implementation of the virtual monitoring center for good practices in local territorial development	8,500	8,500	11,250	28,250
5.3. Design of the internal monitoring system	5,800	5,800	7,600	19,200
5.4. Processing, validation, and dissemination of experiences	9,500	9,500	4,500	23,500
5.5. Hiring of the director of the virtual monitoring center for good practices			25,200	25,200
5.6 Travel and transportation expenses for this component	3,110	3,110	1,350	7,570
Subtotal	443,769	443,769	640,432	1,527,970
5. Evaluation	15,000	15,000		30,000
6. Audits	5,000	5,000		10,000
7. Contingencies	16,256	16,256		32,512
SUBTOTAL	480,025	480,025	640,432	1,600,482
<i>pari passu</i>	<i>30%</i>	<i>30%</i>	<i>40%</i>	<i>100.0%</i>
Impact Evaluation Account	2,475	2,475		4,950
Cluster activities	12,500	12,500		25,000
TOTAL	495,000	495,000	640,432	1,630,432