

PERU

AGRICULTURAL COMPETITIVENESS PROGRAM II

(PE-L1097)

LOAN PROPOSAL

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Electronic Links	
Required	
1.	Policy letter http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36195097
2.	Means of verification matrix http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35831163
3.	Results matrix http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35831604
Optional	
1.	Comparison of commitments in the first and the second programmatic PBL http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36141750
2.	Impact monitoring and evaluation plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35839883
3.	Safeguard screening form for classification of projects http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35837718
4.	Environmental and social strategy http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35835116
5.	Report on fulfillment of the special conditions precedent to disbursement of the first programmatic PBL (2160/OC-PE) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35837718
6.	Competitiveness of Peruvian agriculture http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35838932
7.	Agricultural competitiveness and development of chains and clusters http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35839504
8.	Diagnostic assessment and support for formulation of the modernization component of the Agrarian Innovation System http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35839987
9.	The Bank's country strategy with Peru http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35835636
10.	Economic assessment report http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35840036 http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35841400
11.	Current state assessment of the Competitiveness Reward Program (PCC) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36063992
12.	“Agricultural Productivity Growth, Efficiency Change and Technical Progress in Latin America and the Caribbean.” Carlos E. Ludena. IDB working paper series no. IDB-WP-186 http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35838847
13.	Feasibility study for the Program of Support Services to Gain Access to Rural Markets (PROSAAMER) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35837803
14.	INCAGRO impact evaluation http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35837602

ABBREVIATIONS

CNBAF	Centro Nacional de Biotecnología Agropecuario y Forestal [National Center for Biotechnology in Agriculture and Forestry]
CONICA	Comisión Nacional de Innovación y Capacitación para el Agro [National Commission for Agrarian Innovation and Training]
DGCA	Dirección General de Competitividad Agraria [Bureau of Agricultural Competitiveness]
DGTP	Dirección General de Endeudamiento y Tesoro Público [Bureau of the Public Debt and Treasury]
INCAGRO	Innovación y Competitividad para el Agro Peruano [Innovation and Competitiveness for Peruvian Agriculture]
INIA	Instituto Nacional de Innovación Agraria [National Institute of Agrarian Innovation]
IRR	Internal rate of return
MEF	Ministry of Finance
MINAG	Ministry of Agriculture
MINCETUR	Ministry of Foreign Trade and Tourism
NFPS	Nonfinancial public sector
PCC	Programa de Compensaciones para la Competitividad [Competitiveness Reward Program]
PESEM	Multiyear Strategic Sector Plan 2012-2016
PRODUCE	Ministry of Production
PBL	Policy-based loan
PROSAAMER	Program of Support Services to Gain Access to Rural Markets
SENASA	National Service for Animal and Plant Health
SIEA	Integrated Agricultural Statistics System
SNIA	National System for Agrarian Innovation
UCPS	Sector Loan Coordination Unit

PROJECT SUMMARY

PERU

AGRICULTURAL COMPETITIVENESS PROGRAM II (PE-L1097)

Financial Terms and Conditions				
Borrower: Republic of Peru			Amortization period:	20 years
Executing agency: Ministry of Finance (MEF)			Grace period:	5 years
Source	Amount (US\$)	%	Disbursement period:	12 months
			Interest rate:	LIBOR-based fixed
			Inspection and supervision fee:	*
IDB (Ordinary Capital)	25 million	100%	Credit fee:	*
Total	25 million	100%	Currency: U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital	
			Option of conversion into Peruvian nuevos soles: Local Currency Facility	
Project at a Glance				
Project objective: The objective of the program is to help consolidate the agricultural growth process in Peru by improving farmers' average productivity, and increasing and diversifying agricultural exports. The specific objective is to make small and medium-scale agricultural producers more competitive, especially the beneficiaries of the Competitiveness Reward Program (PCC), by increasing their productivity and the value of their sales.				
Special contractual conditions: Disbursement of the loan proceeds will be subject to completion of policy reform measures as specified in Chapter I, Section B, and in Annex II, "Policy Matrix" (see paragraphs 1.28, 1.29, 1.30 and 1.31; see also electronic link 3, "Results Matrix," electronic link 2, "Means of Verification Matrix," and electronic link 1, "Policy Letter" (see paragraph 3.4)).				
Exceptions to Bank policies: None.				
Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
Project qualifies as: SEQ <input type="checkbox"/> PTI <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>				
Procurement: Not applicable for policy-based loans (PBLs).				

- * The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1. Introduction

- 1.1 Under the free trade agreements (FTA) entered into by the Government of Peru in the past three years, the country has instituted a series of policy reforms to improve its competitive position in various economic sectors. In the agricultural sector, the policies have sought to modernize agricultural health and agrifood safety services, strengthen farmland ownership rights, and improve conditions for access to farm credit, among other measures. To supplement this framework of reforms, in 2009 the Government of Peru requested Bank financing for a program of three programmatic policy-based loans (programmatic PBLs) to support additional policy reforms that would help eliminate structural barriers to agricultural competitiveness, associated mainly with access to technology, inclusion of producers in value chains, innovation and research, and agrarian information. The [“Report on fulfillment of the special conditions precedent to disbursement of the first programmatic PBL \(2160/OC-PE\)”](#) describes the achievements under each commitment. This proposed second programmatic PBL involves US\$25 million in financing to be disbursed in 2011, once the policy reforms conditions specified in the Policy Matrix agreed upon with the government have been met.

2. Macroeconomic conditions

- 1.2 Peru has enjoyed strong macroeconomic performance in the past five years in an environment of fiscal stability, external balance and low inflation. Despite coping with the adverse impact of the 2009 international financial crisis, Peru recovered rapidly in 2010 on the strength of its sound economic fundamentals, history of prudential economic policies and timely countercyclical monetary and fiscal policy interventions. Real GDP growth in 2010 was 8.8%, returning the Peruvian economy to its average growth levels of the past five years, after overcoming the effects of the international financial crisis which resulted in a significant slowdown in 2009 (0.9%). The most recent spike in economic growth was driven by more robust output in the nonprimary sectors, construction and trade on the supply side, and greater private investment on the demand side. The 2010 current account of the balance of payments recorded a deficit of 1.5% of GDP, which was financed with long-term private capital flows. In terms of fiscal position, the economic result of the nonfinancial public sector (NFPS) improved from a fiscal deficit of 1.9% of GDP in 2009 to a 0.9% deficit in 2010. The outlook for 2011 remains favorable, with projected economic growth of 7.0%, a fiscal surplus of 0.6% of GDP, a current account deficit of 3.1% of GDP, and an inflation band of 2.5% to 3.5%. Peru maintains an investment grade rating from Dominion Bond Rating Service (DBRS), Fitch, Standard & Poor’s and Moody’s.
- 1.3 The medium-term macroeconomic outlook remains bright, with public finance, external sector, capital flow and private investment indicators supporting growth rates of 6% on average. The government concluded a two-year stand-by

arrangement with the International Monetary Fund in January 2009. Since then, the IMF conducts only periodic monitoring as part of the Article IV consultations.

- 1.4 The fiscal projections are that Peru's NFPS financing requirements will decline in the relevant future. For 2011, gross NFPS financing requirements are approximately US\$3.189 billion (1.9 percentage points of GDP), prefinanced under the Peruvian government's regular public debt management strategy. The relatively low amount of unrestricted loan operations with the Bank in comparison to the country's financing requirements is a sign that, in this programmatic PBL, the Bank is being called upon more for its value-added of technical support than for its contribution to narrowing the fiscal gap.

3. Structure and performance of the agricultural sector

- 1.5 Peru's agricultural sector accounts for one third of total employment and around 8% of GDP and 9% of total exports. The sector GDP annual growth rate has been above 4% in recent years, with agricultural exports rising from US\$642.9 million in 2000 to US\$3.1646 billion in 2010 (National Superintendency of Tax Administration (SUNAT), Ministry of Agriculture). This strong performance of the agriculture sector in the past decade is due in part to the stable macroeconomic and sector policy environment and the great diversity of ecosystems enabling a wide variety of agricultural products to be produced at different times of year. In addition, the opening of the economy to international markets, intensified by a lowering of the effective average tariff to just 2.05%, together with active promotion of international trade agreements by the government, and increased public investment since 1990 to strengthen the National System for Animal and Plant Health, clarification of land ownership rights, and expansion of the rural road network have encouraged renewed private investment in the farming sector, leading to sustained growth rates.
- 1.6 However, agricultural export growth is concentrated in a few fresh products with asparagus and coffee accounting for almost 40% to the total. This points to a prevalence of structural barriers to competitiveness for a broad range of Peruvian products. These barriers affect the four categories of production systems typically used for the Peruvian farming sector: (i) nontraditional export crops; (ii) extensive farming; (iii) crops for the domestic market; and (iv) subsistence farming.
- 1.7 In general, low total factor productivity (TFP) is the problem common to all production systems, including the coastal region export crops. An analysis of the behavior of several coastal crops shows significantly improved competitiveness when measured using the domestic cost of resources method. Potato and grapes improved by 30% and 41%, respectively. Asparagus was the most competitive product until 2007, replaced by avocado and grapes from 2008 onward. According to Cannok (2011), the competitiveness gains have been due primarily to price, and only in part to productivity gains. In fact, whereas the average TFP for Latin America is 51.8% of the United States level, it is just 37% for Peru. Furthermore, Peru's TFP grew only 1.2% from 1961 to 2007 ([Ludena, IDB, 2010](#)).

- 1.8 An important feature of the expenditure structure in Peru is that spending on agricultural public goods represents about 8% of the total, well below the figures for the United States (42%), Chile (37%) or Brazil (22%). Moreover, this spending targets mainly infrastructure (74%) and agricultural schools (15%), leaving relatively fewer resources for important areas such as research and innovation, agricultural health and agrifood safety, and agrarian information. On the other hand, consumer-to-producer transfers through prices are relatively high in comparison to other countries such as Brazil or Chile. In 2007, 85% of these transfers were price and tariff supports, compared to 82% in Bolivia, 75% in Ecuador, 49% for the Organization for Economic Co-operation and Development (OECD), 39% in Brazil and 13% in Chile. Since 2008, the government has significantly lowered agriculture sector tariffs. However, this reduction has not been offset by more efficient direct support to promote financing of public goods for research, innovation, agrarian information, or other areas.

4. Factors limiting agricultural competitiveness

- 1.9 A study on the [competitiveness of Peruvian agriculture](#) was conducted as part of the operation design, adapting the growth diagnostic methodology developed by Hausmann, Rodrik and Velasco (2005), based on evaluating binding constraints that restrict sector growth. Three categories of constraints affecting competitiveness were identified: (i) constraints limiting the return on investment (technology and productivity, infrastructure, land tenure, development of chains and clusters, agrarian information and real exchange rate); (ii) constraints affecting producer ability to appropriate returns (health quality standards and rules, climate change and tax structure); and (iii) constraints restricting the capacity to obtain resources to finance investments (access to credit and long term financing).
- 1.10 With the Bank's support, the Government of Peru has made significant strides to narrow gaps and fill voids relating to several of the factors identified. For example, quality and health standards and rules were addressed through creation of the National System for Animal and Plant Health, putting the country in the vanguard on this issue, a decisive move in the right direction. Significant progress has also been made in the regularization of land tenure, although Peru still faces the challenge of providing legal security for more than 50% of rural parcels in the mountain region, and practically all of the jungle region. Likewise, expansion of the rural road system has contributed to gradually bridge the gap in rural infrastructure.
- 1.11 Given all this, the binding constraints identified by the competitiveness study as seriously lagging and deserving special attention are: (i) productivity and technological change; (ii) development of organizations, clusters and chains; (iii) research and innovation; and (iv) agrarian information. In addition, climate change is a crosscutting risk that must be built into any action taken to address these identified binding constraints. Accordingly, the specific problems, progress made with the reforms supported by the first programmatic PBL and the pending challenges are described below.

a. Productivity gaps and technological change

- 1.12 Low factor productivity is a problem common to all Peruvian agriculture production systems (see paragraph 1.7). The low technology level is due primarily to the existence of a large number of small production units whose scale precludes farmers from accessing markets and credit on favorable terms. The national average parcel size is 3.1 hectares, with farmers on average holding 3.3 parcels. Fewer than 8% of the 1.8 million agricultural units in Peru have more than 20 hectares. The production practices used by small and medium-scale farmers rely essentially on low efficiency technologies. These technologies may utilize processes that undermine the quality and availability of soil and water, and increase the use of agrochemicals or their use in unsuitable conditions given the agroecological characteristics of the region.
- 1.13 With support under operation 2160/OC-PE, the Government of Peru created the Competitiveness Reward Program (PCC) as an instrument to narrow the technology gaps in agriculture by encouraging small and medium-scale farmers to adopt enhanced technologies, partner at the level of organizations or clusters, and develop management and business skills that enable them to raise productivity and access new markets. The impending challenge is to begin actual implementation of the recently approved policy framework with the formulation of a strategic plan and the establishment of performance and impact evaluation systems for the instrument.

b. Limited development of agricultural organizations, supply chains and clusters

- 1.14 Peru's climate, biodiversity and many different ecological zones, as well as international and domestic consumption patterns, are drivers for a dynamic agroindustrial sector. However, the fragmentation of small and medium-scale farmers operating outside clusters and chains limits their sales and income growth. Sector statistics show that only 35% of producers belong to any type of organization and, in general, small and medium-scale farmers have few ties to markets. The study on [agricultural competitiveness and development of chains and clusters](#), conducted as part of the operation design, distinguishes several groups of clusters and chains, all with specific conditions that determine the type of analysis, needs and strategies to promote. Nonetheless, the study identified a series of common factors that in combination hamper development. These include the lack of information on markets, prices and buyers; small farm sizes; little association-building or partnering among farmers; the absence institutional arrangements such as contract farming or vertical integration of growing, processing and marketing; and infrastructure and financing limitations.
- 1.15 The development of chains and clusters in Peru requires a coordinated effort with competitiveness initiatives at the national level and work initiatives coordinated with regional governments, the private sector and the National System for Agrarian Innovation (SNIA). With support under operation 2160/OC-PE, the Government of Peru began to develop a strategy to identify and map priority farm products in

regional and/or local value chains. The impending challenge is to further support the mapping of farm value products, document the prioritization of clusters and chains, and develop joint mechanisms with the PCC to establish an efficient public-private intervention strategy that eliminates entry barriers to competitive markets and promotes sales and income growth.

c. Limited agricultural research and innovation

- 1.16 Investment in agricultural research and innovation in Peru has ranged between 5% and 10% of the total public investment in agriculture in the past decade, and public expenditure on them was a mere 0.17% of agricultural GDP, well below the 1.14% average for Latin America. According to a study conducted as part of program preparation, “Diagnostic assessment and support for formulation of the modernization component of the Agrarian Innovation System,” in the late 1990s Peru adopted an agricultural innovation and research policy based almost exclusively on demand and private sector participation, supported by the World Bank’s Innovation and Competitiveness for Peruvian Agriculture program (INCAGRO) and the IDB’s Science and Technology program. Although both programs have been successful in specific interventions, generating private benefits in technology, a gap still remains in the supply of public goods for innovation and research. As a result, institutional capacity was lost at all levels, and the current system cannot effectively meet the country’s needs in such key areas as biotechnology and capitalizing on the Peruvian agroecological megadiversity, or address climate change issues. For example, only 10% of staff at the National Institute of Agrarian Innovation (INIA), which is the apex government agency responsible for agrarian innovation, have a postgraduate degree (PhD or MS), compared the average of 65% at similar institutions in the region, and 96% at the Brazilian Agricultural Research Corporation (EMBRAPA).
- 1.17 One important element of factor productivity is the availability of affordable technology for small and medium-scale producers. This group is lagging in Peru in part because the Agrarian Innovation System is not fully developed, and the outreach and technology transfer services are ineffective. As a result, farmers have not been able to adopt state-of-the-art innovations that would improve productivity. One of the results is low Peruvian crop yields compared to the 10 leading producer countries: 19% for corn, 21% for barley, 27% for potato, 30% for banana, 55% for cotton, 61% for coffee, 62% for manioc (cassava), and 76% for rice (FAO-GRADE, 2009).
- 1.18 This situation was addressed with support under operation 2160/OC-PE when the government created a policy framework to govern the National System for Agrarian Innovation (SNIA), tasking it with promoting research, technological development, innovation and technology transfer. Support was provided to institute regulations implementing the legal framework, create governance conditions and management instruments to begin implementing the SNIA. Under this framework, the SNIA draws together public, private and academic organizations, and its activities are coordinated with the agrarian policies of the Ministry of Agriculture (MINAG), and

with the National Science, Technology and Technological Innovation Plan. Additionally, the decision was made to create the National Commission for Agrarian Innovation and Training (CONICA), and to place the SNIA under the authority of the INIA.

- 1.19 Although established as a formal structure, the SNIA still needs to build operating capacity. The challenge facing the government in the short run is to develop the regulations implementing the policy framework, and get CONICA up and running, as part of implementation of the National Agrarian Innovation Policy and Plan.

d. Poor access to markets and limited information systems

- 1.20 A survey and study conducted in 2003 and 2005, respectively, to support preparation of the Program of Support Services to Gain Access to Rural Markets (PROSAAMER) (loan 1586/OC-PE), found evidence that barely 8% of farmers use some sort of price information to make decisions. In addition, the PROSAAMER midterm evaluation, conducted in 2010, concluded that a large number of surveyed public agency users (63% of the Regional Agrarian Bureaus and 82% of Agrarian Agencies) said they had a medium level of access to public sector agrarian information, whereas a relatively low percentage of surveyed farmers (38%) indicated they used this information in the production process, and an even lower proportion (18%) were able to specify the type of information they use. The difficulty in obtaining statistical information does not make it straightforward for farmers to enter the formal market economy. It also limits the efficiency and effectiveness of public sector agrarian programs and policies as there are no reliable current baselines, nor any modern monitoring and evaluation techniques and methods.
- 1.21 Given the prevailing situation, operation 2160/OC-PE supported the drafting and approval of Legislative Decree 1082 creating the Integrated Agricultural Statistics System (SIEA), an important step to enhance the management of National Statistics System information. In addition to creating the SIEA, under that operation MINAG adopted as policy the use of probabilistic methods for agrarian statistics, with partial support from the PROSAAMER program. Nonetheless, the SIEA still needs to be fully implemented, in order to consolidate and coordinate the timely and effective gathering, analysis and dissemination of agricultural statistics in Peru. Commitments are needed to expand usage of the probabilistic method to gather statistical information in the coastal and mountain regions and create mechanisms to disseminate agricultural data, as necessary conditions for farmers to access information.

5. Conceptual overview

- 1.22 This program will further consolidate the Bank's role as the strategic partner of the Government of Peru on aspects of sector knowledge for policy development, building on its extensive work in the past 15 years through investments in public goods. With investment loans, the Bank has strengthened the delivery of public goods and services in animal and plant health, land titling and tenure, rural roads

and market access services. This programmatic series will reinforce past actions by emphasizing policies for the implementation of sector supports that are more efficient and less distorting than price and tariff transfers. Thus, the Bank will support the direction taken by the Peruvian agriculture policy reforms to channel resources towards actions to deliver public goods in the four areas indicated above. More specifically, the proposed public policy actions will benefit the farming population as a whole, that is to say 2.73 million producers. In the first four years, some 43,000 small and medium-scale farmers would directly receive technological and management support through the PCC. This figure is expected to grow to 60,000 by the fifth year.

- 1.23 In addition, technical assistance program PE-T1207 for US\$1 million will support this operation by developing management skills and instruments for each program component, thereby buttressing government policy decisions.

6. Consistency with the Bank's country strategy and strategic development objectives

- 1.24 The program is consistent with the objectives of the Bank's country strategy with Peru for the period 2007-2011 (document GN-2472). More specifically, the program is aligned with the strategy objective to reinforce the country's competitiveness and productive diversification while deepening its participation in the global economy, based on greater capacity to access markets (see paragraphs 3.7 to 3.11 of the country strategy). The country strategy identifies fostering agricultural exports as one of the primary areas for Bank support (see paragraphs 3.54 and 3.55 of the country strategy). Accordingly, the Results Matrix indicators of this operation are aligned with the country strategy indicators.
- 1.25 The program will also help to meet the lending targets for both poverty and equity, inasmuch as it supports small-scale farmer production (see paragraph 1.26) while strengthening climate change and environmental sustainability initiatives by promoting the adoption of relevant agricultural technologies (see paragraph 1.28). It will also help to meet the regional development target for annual rural GDP growth and the IDB-9 indicator "farmers given access to improved agricultural services and investments" (see paragraph 1.28).

B. Program objectives and description

- 1.26 The objective of the program is to help consolidate the agricultural growth process in Peru by improving farmers' average productivity, and increasing and diversifying agricultural exports. The specific objective is to make small and medium-scale agricultural producers more competitive, especially the beneficiaries of the Competitiveness Reward Program (PCC), by increasing their productivity and the value of their sales.
- 1.27 **Component 1. Macroeconomic stability.** The objective of this component is to ensure a macroeconomic framework consistent with the program objectives and with the principal points of the sector policy letter.

- 1.28 **Component 2. Implementation of the Competitiveness Reward Program (PCC).** The objective of this component is to consolidate and strengthen operational management measures for the effective implementation of the policy framework approved as a result of the first programmatic loan of the series (2160/OC-PE). The policy commitments include: (i) approve an Institutional Strategic Plan (2011-2014) for the PCC, whose objectives include sustainable use of natural resources, environmental conservation and climate change adaptation; (ii) agree on incentives with at least ten beneficiary producer organizations in accordance with the quality principles specified in the regulations implementing Legislative Decree 1077; (iii) design an impact evaluation methodology using control groups and the corresponding baseline, supported by an evaluation plan and a data collection and analysis budget; (iv) monitor program performance and establish and implement a monitoring system for business plans associated with the incentives granted, so as to monitor beneficiary indicators disaggregated by gender and environmental compliance indicators, among others; (v) update the PCC Operating Manual; (vi) develop an environmental good practices guide for beneficiaries; and (vii) prepare a public investment proposal to institutionalize the PCC as a MINAG management instrument in the medium term.
- 1.29 **Component 3. Development of agricultural clusters and value chains.** The objective of this component is to promote the competitiveness of farm products in priority value chains within the purview of the MINAG, in harmony with efforts to promote competitiveness at the national level. The commitments assumed by the MINAG in connection with this component include: (i) develop a Region Selection Matrix to promote product clusters and chains, taking into account market conditions, international trade trends, opportunities for organic production and carbon footprint reduction, potential contribution to GDP, employment and export indicators, and other considerations; (ii) select at least four regions and four agricultural product clusters eligible for MINAG support through a validation and coordination process involving at least the INIA, SENASA, Bureau of Agricultural Competitiveness (DGCA), Ministry of Production (PRODUCE), Ministry of Foreign Trade and Tourism (MINCETUR) and the PCC; and (iii) in the framework of the PCC, develop a mechanism to promote joint activities with the selected regions to boost the competitiveness of agricultural products in the prioritized clusters/value chains. Through these actions, MINAG will incorporate the clusters/value chains approach as a priority strategic line of activity for the Multiyear Strategic Sector Plan 2012-2016 (PESIM) and its intervention targets.
- 1.30 **Component 4. Modernization of the National System for Agrarian Innovation (SNIA).** Legislative Decree 1060 was approved under the first loan of the programmatic series. This decree governs the SNIA and provided the basis for a work plan to strengthen it. The objective in this second programmatic PBL is to advance and consolidate the SNIA reforms in fulfillment of the mandates of Legislative Decree 1060. The following commitments have been agreed upon: (i) approve a proposal for public investment to strengthen and consolidate the SNIA, building public and private capacity to generate, transfer and adopt

knowledge about prioritized strategic products, the capacity of private actors to generate, transfer, adopt and use agricultural innovations, develop specialized human resources and develop modern infrastructure and specialized equipment; (ii) approve rules of procedure for the National Commission for Agrarian Innovation and Training (CONICA), including a work plan; (iii) formulate and send to CONICA the profile for the National Agrarian Innovation Policy, including the design principles for the SNIA, the operation of subregional subsystems and a sustainable financing mechanism; (iv) make progress on implementation of the delegation of authority and seed certification, with reference to the fourth supplemental provision of Legislative Decree 1060; and (v) approve a public investment proposal for the National Center for Biotechnology in Agriculture and Forestry (CNBAF).

- 1.31 **Component 5. Strengthening of the Agricultural Statistics Information System.** This component arises from the regulations implementing Legislative Decree 1082 approved under the first loan of this programmatic series, creating the Integrated Agricultural Statistics System (SIEA) as part of the National Statistics System. The objective of the component is to help implement and strengthen this system based on the following commitments: (i) create and begin operation of the SIEA Technical Committee, in accordance with the functions specified in the regulations; (ii) begin SIEA operation at the central level, disseminating statistics through its portal and periodicals; (iii) develop a sector policy directive to apply the probabilistic method to gather statistical information in the coastal and mountain regions; (iv) formulate a public investment proposal to strengthen the SIEA and improve decision-making by farmers and agriculture public sector agents, approved at the level of the MINAG Planning and Budget Office; (v) formulate a technical/cost proposal to conduct the Fourth Agricultural Census; and (vi) develop mechanisms to disseminate agricultural information, including a SIEA Web portal and specific information modules with statistical information and other market variables to assist farmer decision-making.

C. Results Matrix indicators

- 1.32 The objective of the program is to help consolidate the agricultural growth process in Peru by improving farmers' average productivity, and increasing and diversifying agricultural exports, which will improve Peru's position in the World Economic Forum's Global Competitiveness Index. The main expected outcomes are a 20% increase in the value of domestic and foreign market sales, and a 10% productivity gain for PCC beneficiaries compared to nonbeneficiaries at program completion in 2014. These outcomes will be achieved through the adoption of technologies or better management by the direct beneficiaries, some 43,000 in four years, 42% of whom are expected to be women (see the electronic link, "Results Matrix"). Thus, the program contributes to achievement of the expected outcome under the institutional priority to "Protect the environment, respond to climate change, promote renewable energy and ensure food security" in the "Report on the Ninth General Increase in the Resources of the Inter-American Development Bank"

(document AB-2764). Moreover, competitiveness gains will be favored by a greater number of innovations, such as registered local seed varieties and more scientific publications, resulting from a 30% increase in SNIA financing in real terms, and by more information available for farmers in Peru (see Annex II and Results Matrix).

Table I-1. Key Results Matrix indicators

Results indicators Purpose and components	Measurement time	Selection rationale
Increased yields for beneficiary farmers	Year 4	Measures the impact of improved adoption of technologies, partnering and business management
Average value of sales for the selected value chains	Year 4	Measures the impact on income-earning capacity due to greater integration in the chain
Total annual production of scientific works	Years 3 and 4	Measures the impact on the SNIA's scientific and technology production capacity
Development of new varieties	Years 1 to 4	Measures the impact on the production of immediately marketable experimental findings
Number of visits to the agrarian statistics information portal	Year 4	Measures the impact of more information available for farmer decision-making

D. Evaluation considerations and economic rationale

- 1.33 A [economic feasibility analysis of the PCC](#) was conducted as part of the economic evaluation using the cost-benefit method. The projection was based on a sample of business plans submitted as part of the proposed program and other comparable programs (PROSAAMER, Regional Fund for Agricultural Technology (FONTAGRO), and National Irrigation Program), and yielded an estimated annual internal rate of return (IRR) of 30.5% within a range of 14% to 35% per year. A sensitivity analysis was also done of the variables most likely to affect program execution, such as program budget allocation rates, farmers' adoption capacity and discount rate. In all scenarios, the resulting net present value (NPV) was positive (a mean of 205,730,847 Peruvian nuevos soles). Furthermore, the program's [economic evaluation report](#) also reviewed the economic rationale of the policy interventions in the other components, based on investment and budget programming actions identified under each component and the usual benefits, using results and evaluations conducted in Peru and other countries of the region as parameters. For the agrarian innovation component, it is reasonable to expect yields in the range of 25% to 35% per year, comparable to earlier experiences such as INCAGRO. Likewise, the projected IRR for the component to strengthen the information system could range from 15% to 28% under highly conservative assumptions. Accordingly, the economic rationale of the programmatic PBL components and planned actions is justified.

II. FINANCING STRUCTURE AND RISKS

A. Financing instrument

- 2.1 This loan is the second in a series of three programmatic policy-based loan operations (programmatic PBLs). The proposed US\$25 million in financing for the second operation would be scheduled for disbursement in 2011 upon fulfillment of the policy reform conditions agreed in the Policy Matrix (see Annex II). This programmatic PBL ensures continuity for the policy dialogue initiated with the first loan, and for the agreed policy commitments, seeking to consolidate the processes already begun and achieve the outcomes upon completion of the programmatic sequence in 2012. The electronic links include a [matrix](#) comparing the commitments to be fulfilled by 2011 as specified in the first programmatic PBL with the final commitments agreed upon for this loan.

B. Environmental and social safeguard risks

- 2.2 The program [environmental and social strategy](#) describes the sustainability and safeguard actions included in the design. Because this program focuses on policy reforms, management of environmental and social opportunities and risks is built in from a strategic standpoint, seeking to internalize management decisions in the policy commitments agreed upon with the government. Specifically, it was agreed in this programmatic PBL that the PCC Strategic Plan will include, as priority objectives, sustainable use of natural resources and the environment, and climate change adaptation. Moreover, the component 1 commitments are for monitoring and evaluation of environmental performance using the program monitoring system, incorporation of environmental viability into the PCC Operating Manual, and development of a manual of good practices and environmental and social guidelines for farmers. Legislative Decree 1077 and its implementing regulations mandate that all PCC support for technology adoption will be governed by: (i) criteria of viability and environmental sustainability, including agricultural pesticide prohibitions in compliance with the country's environmental laws; and (ii) criteria to promote proper use of soil and water, in accordance with the capacity and limitations of agroecological systems, and their adaptation to climate change.
- 2.3 Policy commitments under the other program components also promote the pursuit of opportunities for organic production and carbon footprint reduction, in addition to lines of research in climate change and agrobiodiversity.

C. Other key risks and issues

- 2.4 The operation falls strictly within the jurisdiction of the Ministry of Agriculture (MINAG) and the Ministry of Finance (MEF), so the execution risks are less from a technical and operational standpoint. Both the MEF and MINAG possess the necessary instruments and technical capacities to execute the program. Nevertheless, several risks were identified in the risk management framework, an exercise conducted together with the government. Their evaluation and mitigation measures are included in the Risk Matrix. The main risks relate to institutional

weakness within the MINAG. The policy commitments to be fulfilled prior to loan disbursement were designed specifically to address the institutional weaknesses giving rise to the main risks identified. The Bank, moreover, with its strong sector presence and the outputs of technical cooperation operation PE-T1207, is well positioned to maintain and enrich the policy dialogue with the new administration. The program's nature and scope in terms of enhanced competitiveness opportunities for small and medium-scale producers reflect top priorities across the political spectrum in Peru. This type of Bank loan entails no execution fiduciary risks.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Implementation and management

- 3.1 The borrower will be the Republic of Peru. The executing agency will be the Ministry of Finance (MEF), acting through the Bureau of the Public Debt and Treasury (DGTP) and Sector Loan Coordination Unit (UCPS). The UCPS will be responsible for meeting the commitments specified in the Policy Matrix (see Annex II), in coordination with the Ministry of Agriculture (MINAG). As executing agency, the UCPS will have the following responsibilities: (i) maintain official communications with the Bank and deliver reports and evidence of fulfillment of the conditions for the operation, as well as any other report the Bank may require, on the agreed terms and deadlines; (ii) conduct activities to achieve the policy objectives specified in the program, in particular those intended as triggers for the second and third programmatic PBLs; and (iii) gather, store and deliver to the Bank any and all information, indicators and parameters for the Government of Peru and the Bank to monitor, measure and evaluate program outcomes. MINAG, as the sector agency responsible for the program, is committed to the timely delivery and fulfillment of the targets and results on the agreed terms and deadlines, channeling them through the MEF.

B. Supervision and evaluation of results

- 3.2 The programmatic commitments identified in the Policy Matrix, as well as the Means of Verification Matrix (electronic link 2) and the Results Matrix (electronic link 3), establish the key parameters for the supervision and evaluation of program results. The MEF and MINAG will be responsible for the compilation, analysis and delivery of progress and performance reports. Two types of methodology will be used to evaluate the changes produced and effectiveness of the interventions. A quasi-experimental randomized control trial (RCT) with an encouragement design will be used for the PCC and value chains components. These two components are clearly linked, inasmuch as the PCC seeks to prioritize the selected value chains. A reflexive method will be used to evaluate the impact indicators of the innovation and research and the agricultural information components, given their institutional nature. Moreover, since the beneficiary population for these components is all Peruvian farmers, it is impossible to create a counterfactual for a statistical

comparison of the condition of beneficiaries without the program. Implementation of these evaluations is part of the Policy Matrix commitments.

- 3.3 The [impact monitoring and evaluation plan](#) describes the evaluation methods in detail, as well as the indicators to be assessed, those responsible for the surveys and analysis, the milestone timeline and the budget. The PCC Impact Evaluation has a budget of US\$428,000 financed with proceeds from technical cooperation operation PE-T1207, now in execution. In terms of monitoring, when execution of this program is complete, the project team will draft a project completion report that will also serve as the basis for the third programmatic PBL operation and any necessary adjustments to the Policy Matrix.

C. Policy letter

- 3.4 The Bank has agreed with the Government of Peru on the macroeconomic and sector policies included in the Policy Letter presented by the MEF on 12 May 2011, describing the main components of the country's strategy for the Agricultural Competitiveness Program, and reaffirming its commitment to implement the policy measures and activities agreed upon in the Policy Matrix with the Bank.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	The intervention contributes to the lending program for poverty reduction and equity enhancement, climate change initiatives, renewable energy and environmental sustainability.		
Regional Development Goals	The intervention contributes to protecting the environment, responding to climate change, promoting renewable energy, and enhancing food security.		
Bank Output Contribution (as defined in Results Framework of IDB-9)	The intervention contributes to Bank output: Farmers given access to improved agricultural services and investments (providing information on the percentage of beneficiaries that are women and men).		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2472-2	Foothold in the global economy and competitiveness.	
Country Program Results Matrix	GN-2617	The project is included in 2011 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Highly Evaluable	Weight	Maximum Score
	9.8		10
3. Evidence-based Assessment & Solution	10.0	25%	10
4. Ex ante Economic Analysis	10.0	25%	10
5. Monitoring and Evaluation	9.1	25%	10
6. Risks & Mitigation Monitoring Matrix	10.0	25%	10
Overall risks rate = magnitude of risks*likelihood	Not available		
Environmental & social risk classification	Unclassified		
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)			
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality	-		
Labor	-		
Environment	-		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	yes	PE-T1207 - This operation is supporting the consolidation of the commitments reaches by the Government in all the components of the Program, with a particular focus on the impact evaluation of the PCC, the implementation of the innovation agricultural policy and the prioritization and selection of valuable value chains in the sector.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.	yes	The impact evaluation of teh PCC is going to provide rigouros empirical evidence on the impact of interventions that agricultural technologies to small and medium entrepreneurs provide to productivity, sales, returns. The impct evaluation will be delivered applying a random encouragement design.	

This program is the second of three Programatic Policy Base Loans that the Government of Peru asked the Bank in 2009 in order to work on additional policy reforms that could help eliminating those structural barriers that affect agricultural competitiveness, especially related to access to technology, insertion of producers into value chains, innovation and information in agriculture. The specific objective of this program is to improve competitiveness of small and medium agricultural producers, particularly of the beneficiaries of the Program of Compensation for Competitiveness (PCC) both in terms of their productivity and sales.

The intervention is aligned with two dimensions of the lending program (Lending for poverty reduction and equity enhancement and lending to support climate change initiatives, renewable energy and environmental sustainability). Also, it is aligned with the country strategy.

The structure of the results matrix is satisfactory. Output correspond to the commitment agreed in the policies matrix. The POD includes CBAs of the overall program and of each of its components. The project includes a complete monitoring and evaluation plan (M&E). The M&E plan includes a clear discussion of the methods to be used for the evaluation and all technical aspects required (selection of comparison group, definition of counterfactual, power analysis, information on data collection). The project has a risk matrix that identifies potential risks and mitigation measures.

POLICY MATRIX

General objective	To make small and medium-scale Peruvian agricultural producers more competitive			
Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
I. Macroeconomic stability				
Maintain a stable macroeconomic framework		The macroeconomic framework is consistent with the program objectives and with the principal points of the sector policy letter.	The macroeconomic framework is consistent with the program objectives and with the principal points of the sector policy letter.	The macroeconomic framework is consistent with the program objectives and with the principal points of the sector policy letter.
II. Implementation of the Competitiveness Reward Program (PCC)				
Support implementation of the Competitiveness Reward Program (PCC), intended to make small and medium-scale farmers more competitive within the framework of more open trade practices	MINAG Competitiveness Reward Program	<ol style="list-style-type: none"> 1. Regulations implementing the PCC approved, including: <ol style="list-style-type: none"> a. Establishment and membership of the multisector PCC Directing Council b. Program incentives for organization of farmer associations, business management, and the adoption of technologies c. Incentive for adoption of technologies that meet the economic and environmental viability requirement d. Requirements for producer participation in the program, covering at least the following: <ol style="list-style-type: none"> i. Belong to a legally established organization of small and medium-scale farmers ii. Cofinance the cost for adopting technologies and for management services 	<ol style="list-style-type: none"> 1. Institutional Strategic Plan (2011-2014) for the PCC approved, including: <ul style="list-style-type: none"> • Development of agricultural products in value chains, in coordination with other public/private sector actors • Partnering as a key factor for the competitiveness of small and medium-scale farmers • Existing guidelines for the National System for Agrarian Innovation (SNIA) and the Integrated Agricultural Statistics System (SIEA) • Sustainable use of natural resources and the environment, and climate change adaptation 2. Legislative Decree 1077 in implementation, along with its Operating Regulations and Operating Manual, as evidenced by incentives 	<ol style="list-style-type: none"> 1. Program results evaluation completed 2. Incentives granted in accordance with the disbursement schedule for each agreement 3. PCC strategic plan evaluated, based on performance indicators 4. Public investment plan prepared to help make farmers more competitive 5. Program added to the MEF investment plan to strengthen and consolidate the institutional structure developed by the PCC and other MINAG programs to make farmers more competitive

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
		<ul style="list-style-type: none"> iii. Evidence of the right to use the land iv. Submit, through an accredited agent, the request for support including a business plan supporting the suitability and viability of the technologies, a viable scale for the farming operation, and participation of the product in a value chain with access to domestic and international markets 	<p>with producer organizations in accordance with the conditions set in these policy instruments and for program management</p> <ul style="list-style-type: none"> 3. PCC impact evaluation methodology designed, including: <ul style="list-style-type: none"> • Program impact evaluation variables of interest, to be included in the baseline survey • Guides for the preparation of questionnaires for conducting the baseline survey • Guidelines for conducting the PCC baseline survey, including treatment and control groups • Criteria for a preliminary statistical analysis of the baseline information, to determine whether the control group is a suitable comparator for the treatment group 4. Program performance monitoring system in operation, including monitoring of business plans associated with the incentives granted, and availability of information on gender and environmental compliance 5. PCC Operating Manual updated, covering issues such as efficient use of scarce natural resources and environmental viability 6. Environmental good practices guide for PCC beneficiaries in development 7. Public investment proposal prepared, to strengthen the PCC's and 	

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
			MINAG's institutional capacity in general to support access by farmers and agricultural agents to local, regional and international markets	
	<p>MINAG Bureau of Advisors Competitiveness Reward Program</p>	<p>3. PCC governance mechanism introduced, including:</p> <ul style="list-style-type: none"> a. Appointment of members to the Directing Council b. At least the following features for the operation of the executing agency: <ul style="list-style-type: none"> i. Approved budget resources ii. Proposed short list for the head of the program execution unit submitted to MINAG by the Directing Council 		
	<p>MINAG Bureau of Advisors Competitiveness Reward Program</p>	<p>4. Development of PCC management instruments, including:</p> <ul style="list-style-type: none"> a. Operating Manual, with business plan models and evaluation criteria b. Monitoring and control system c. Impact evaluation system incorporating the PCC baseline methodology 		

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
III. Development of agricultural clusters and value chains				
Promote the competitiveness of agricultural products in priority value chains under MINAG authority	MINAG Competitiveness Reward Program	1. Guidelines ¹ approved for studies to identify and map priority agricultural products in value chains at the selected regional and/or local level	1. Matrix for the selection of regions and agricultural product clusters developed, incorporating at least the following criteria: <ul style="list-style-type: none"> • Market conditions • International trade and price trends • Opportunities for organic production and carbon footprint reduction • Potential contribution to GDP, employment and exports • Institutional development to support clusters (regulations, infrastructure, existing public-private partnerships, etc.) • Compliance with sanitary regulations and/or enforcement of technical standards 2. At least four regions and four clusters of agricultural products selected as priorities for MINAG support through a validation and coordination process with the PCC, INIA, SENASA, DGCA, PRODUCE, MINCETUR, and others	1. Study developed to identify and analyze the principal constraints and opportunities for developing the competitiveness of prioritized clusters 2. The Multiyear Strategic Sector Plan 2012-2016 approved by MINAG, incorporates strategies to develop agricultural products in clusters and value chains consistent with national guiding principles. It also takes into account factors such as sustainability and environmental quality (organic certification systems, fair trade, climate change adaptation, etc.) 3. Four regions have signed cooperation agreements with MINAG to support cluster and value chain initiatives 4. Organizations belonging to the prioritized clusters access support mechanisms offered by the government 5. Baselines and specific outcome targets established for all farmer organizations of the prioritized clusters that receive PCC financing

¹ Given the crosscutting nature of the value chain approach, and in order to avoid duplication with national programs and initiatives, these guidelines will be taken into account by the Government of Peru when mapping multisector supply chains and clusters.

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
			3. The PCC has developed a mechanism to promote joint activities with the selected regions to boost the competitiveness of agricultural products in the prioritized clusters/value chains	
IV. Modernization of the National System for Agrarian Innovation (SNIA)				
Support implementation of the National System for Agrarian Innovation (SNIA), strengthening its strategic research and management capabilities, and coordinating public and private sector operators	MINAG National Institute for Agrarian Innovation (INIA)	<ol style="list-style-type: none"> 1. Regulations approved, implementing the National System for Agrarian Innovation, which: <ol style="list-style-type: none"> i. Authorize the INIA, as the SNIA's apex authority, to delegate its functions to public or private sector persons or corporations, including regional and local governments (with the purpose of establishing agricultural science and technology cooperation networks) ii. Determine the membership for the National Commission for Agrarian Innovation and Training, which will operate in accordance with the priorities, criteria and principal points of the National Agrarian Innovation Policy and the National Agrarian Innovation Plan 	<ol style="list-style-type: none"> 1. Rules of procedure approved for the National Commission for Agrarian Innovation and Training (CONICA), including procedures to elect representatives, rules for meetings, and the quorum needed to adopt decisions 2. Work Plan approved for CONICA 3. Profile for the National Agrarian Innovation Policy formulated and sent to CONICA, including the design principles for the SNIA with its subregional subsystems and a sustainable financing mechanism 	<ol style="list-style-type: none"> 1. The national commission is operating and has the capacity to perform its functions

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
		<p>2. Guidelines approved to draw up the National Agrarian Innovation Policy and the National Agrarian Innovation Plan, to:</p> <ul style="list-style-type: none"> i. Decide crop and animal husbandry zoning issues ii. Determine research priorities based on farmer demand iii. Determine the responsibilities and capacities of the INIA and other SNIA entities concerning research, technology transfer, technical assistance and agrarian innovation iv. Develop mechanisms to cooperate with international agencies and network with national research centers v. Determine the main outline for design of the information, monitoring and control system for SNIA activities vi. Establish national agricultural extension policies and methodologies vii. Agree on criteria to transfer INIA research capacities to regional governments 	<p>4. Public investment proposal to consolidate the SNIA approved by the MINAG, with the following components:</p> <ul style="list-style-type: none"> • Strengthen the SNIA • Build public and private capacity to generate, transfer and adopt knowledge about prioritized strategic products • Strengthen the capacity of private actors to generate, transfer, adopt and use agricultural innovations in Peru • Develop specialized human resources • Develop modern infrastructure and specialized equipment <p>5. Public investment proposal approved for the National Center for Biotechnology in Agriculture and Forestry (CNBAF), with the following components:</p> <ul style="list-style-type: none"> • Specialized human resources • Innovation program • Infrastructure and specialized equipment • Improved regulatory framework 	<p>2. National Agrarian Innovation Policy and National Agrarian Innovation Plan approved and in implementation</p> <p>3. SNIA investment program approved</p> <p>4. CNBAF investment program approved at the feasibility level</p> <p>5. Proposed SNIA sustainable financing mechanisms adopted</p> <p>6. Zoning process under way, based on a methodology allowing for interventions in each region during execution</p> <p>7. SNIA information, control and monitoring system in operation</p>
			<p>6. Progress made on implementation of the delegation of authority and seed certification, with reference to the fourth supplemental provision of Legislative Decree 1060</p>	<p>8. Delegation of authority in process</p>

Specific objectives	Responsible institution/agency	Commitments Programmatic loan I (2009)	Commitments Programmatic loan II (2011)	Triggers Programmatic loan III (2012)
V. Strengthening of the Agricultural Statistics Information System				
Strengthen the Integrated Agricultural Statistics System (SIEA), to assist decision-making for a broad spectrum of users	<p>MINAG Office of Economic and Statistical Studies</p>	<ol style="list-style-type: none"> 1. Regulations established, implementing the SIEA 2. Probabilistic methodology adopted to gather statistical data 3. Preparations under way for the Fourth National Agricultural Census 	<ol style="list-style-type: none"> 1. SIEA Technical Committee in operation, in accordance with Chapter II, Article 5, of the SIEA Regulations 2. SIEA in operation at the central level, disseminating statistics through its portal 3. Probabilistic method developed to gather statistical information in the coastal and mountain regions 4. Public investment proposal formulated to strengthen the SIEA and improve decision-making by farmers and agriculture public sector agents, with a favorable opinion issued by the MINAG Planning and Budget Office 5. Technical/cost proposal prepared to conduct the Fourth Agricultural Census 	<ol style="list-style-type: none"> 1. SIEA Strategic Plan approved 2. Statistics disseminated through the SIEA at the regional level 3. Evaluation of the outcomes of the applied methodology completed 4. Investment project profile submitted to the MEF by MINAG 5. Preparatory stage begun for the Fourth Agricultural Census
	<p>Bureau of Agricultural Competitiveness / Bureau of Agrarian Information Office of Economic and Statistical Studies</p>		<ol style="list-style-type: none"> 6. Mechanisms developed to disseminate agricultural information, including at least: <ul style="list-style-type: none"> ▪ A SIEA web portal ▪ Specific information modules with statistical information and other market variables to assist farmer decision-making 	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/11

Peru. Loan ____/OC-PE to the Republic of Peru
Agricultural Competitiveness Program II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Peru, as Borrower, for the purpose of granting it a financing to cooperate in the execution of an agricultural competitiveness program II. Such financing will be for an amount of up to US\$25,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ ____ 2011)

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