

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

BPA NO.

1. CONTRACT ID CODE

PAGE 1

OF PAGES 20

2. AMENDMENT/MODIFICATION NO.

03

3. EFFECTIVE DATE

See Block 16.c.

4. REQUISITION/PURCHASE REQ. NO.

5. PROJECT NO. (If applicable)

6. ISSUED BY

Regional Contracting Office
USAID/Peru
Unit 3760

CODE

7. ADMINISTERED BY (If other than Item 6)

CODE

APO AA 34031

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

To all Offerors

(X)

9A. AMENDMENT OF SOLICITATION NO.

SOL-527-09-000005

9B. DATED (SEE ITEM 11)

17-03-2009

X

10A. MODIFICATION OF CONTRACT/ORDER NO.

10B. DATED (SEE ITEM 13)

CODE

FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment of each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required) N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this Amendment to Solicitation No. SOL-527-09-000005 is to extend the closing date and time from March 27, 2009 9:00 am local time to March 30, 11:00 am, local time. And to update the following:

- 1) Correct SF 33
- 2) Modify Section B – Supplies or Services and Prices/Costs
- 2) Modify Section C – Description/Specifications/Work Statement
- 3) Modify Section F – Deliveries or Performance
- 4) Modify Section J – List of Attachments
- 5) Modify Section L - Instructions, Conditions and Notices to Offerors
- 6) Modify Section M– Evaluation Factors for Award
- 7) Include a "Questions & Answers" document.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)

Aman S. Djahanbani
Sup. Regional Contracting Officer

15B. CONTRACTOR/OFFEROR

15C. DATE SIGNED

16B. UNITED STATES OF AMERICA

16C. DATE SIGNED

(Signature of person authorized to sign)

BY Aman S. Djahanbani
(Signature of Contracting Officer)

03/18/2009

The Solicitation is therefore amended as follows:

1. SF 33, make the following changes:
 - a. Item 9: Delete “March 27, 2009 – 09:00 am” and replace it with “March 30, 2009 – 11:00 am.”
 - b. Item 12: Replace “90 days” with “120 days.”
2. Section B – SERVICES AND COSTS, delete Item B.4. – COST SCHEDULE, and replace it with the following:

Proposed costs must support the Program Areas listed below.

		Base Year	Option Year-1	Option Year-2	Total
CLIN 1	Sales and jobs increased and outside resources leveraged.				
	Fee				
CLIN 2	Trade and investment climate within selected economic corridors improved.				
	Fee				
CLIN 3	Performance Monitoring and Evaluation implemented.				
	Fee				

3. Section C – DESCRIPTION/SPECIFICATIONS/ WORK STATEMENT:

- (a) Delete Items C.1.3 and C.1.4. There is no replacement.
- (b) Page C 14, Result 4: Performance Monitoring and Evaluation Plan developed and implemented, delete in its entirety and replace with the following:

“Result 4: Performance Monitoring and Evaluation Plan developed and implemented.

Indicator 4.1 – Performance Monitoring and Evaluation Plan for all Results and indicators developed and implemented with approval from USAID.

At a Minimum:

4.1.1 – Cost-effective methodologies to quantifiably measure the poverty reduction impacts of the program at the Economic Corridor level (including the impact on the Gross Domestic Product of the targeted regions), and at the micro-enterprise level established. [1]

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- 4.1.2 – Data on the poverty reduction impact of the program at the Economic Corridor level reported at outset (baseline) and three months prior to the end of the contract.
- 4.1.3 – Data on the poverty reduction focus of the program, using USAID’s Poverty Assessment Tools, collected and reported annually.
- 4.1.4 – Data on sustainable, cohort-based, annual sales and jobs generated, collected and reported quarterly.
- 4.1.5 – Resources leveraged from public, private and civil society entities as a result of USAID assistance monitored, tracked, and reported quarterly.”
4. Section F – DELIVERIES OR PERFORMANCE:
- (a) Item F.5.1 - Start-up and Annual Work Plans, first paragraph: Delete ”taken into account that the school year in Peru runs from March to December...”
 - (b) Item F.5.9 Performance Management Plan, first bullet point, delete last sentence and replace with: “This draft PMP will be finalized with USAID within 90 days from the award date.”
5. Section I – CONTRACT CLAUSES:
- (a) Add: FAR 52.237-8 Restriction of Severance Payments to Foreign Nationals,
 - (b) Add: FAR 52.537-9 Waiver to Limitation on Severance Payments to Foreign Nationals
6. Section J - LIST OF ATTACHMENTS: Include the following:
- IEE
 - MOU
7. Section L – INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS:
- (a) Item L.7.A. Result 4 first paragraph. Delete third sentence “Experimental designs, in which units are randomly assigned to treatment and control groups, are the gold standard for rigorous monitoring and evaluation.” Replace with “Quasi-experimental design, when properly conceived and implemented, is a respected methodology for program evaluation and analysis.”
 - (b) Item L.7.B. B.2. Management Plan, first paragraph, last sentence: Delete “salary structure.”
 - (c) Item L.7.C Organizational Capability, third paragraph, delete part (d) “projected expenditures by month.”
8. Section M – EVALUATION FACTORS FOR AWARD:
- (a) Item M.2.B, Subfactor B-2: Under the first bullet point, delete “(including salary structure).”
 - (b) Item M.2.C, delete first bullet point and replace with “The extent to which the Draft First Year Work Plan includes all 9 elements requested and is realistic, logical and clear. This

will be assessed through (a) steps and target dates to mobilize key personnel and initiate technical assistance; (b) specific steps to achieve the proposed results in year 1; (c) procedures to monitor implementation activities under the control of the contractor; and (e) identification of major issues to be addressed.”

9. Include the following “Questions and Answers” document (see Attachment 1).

ATTACHMENT ONE

QUESTIONS AND ANSWERS

This document includes all Questions and Answers (Q&As) determined to be of general interest. Questions with similar subjects have been grouped together.

RFP No. 527-09-000005

New Private Sector Competitiveness and Poverty Reduction and Alleviation Activity

Clarification Questions for USAID/Peru

TECHNICALPROPOSAL-RELATED QUESTIONS

Q1: Attachment 7, definition 16 (USAID definition of Alliances/ Public-Private Partnerships PPPs) states that “While funds from other donors and multilateral banks can be leveraged, these funds cannot count towards the target to meet Result 3.” Result 3 on page C-10 is listed as “Methodologies developed and implemented to assist public, private and civil society entities to measurably improve the trade and investment climate within selected economic corridors in the Sierra and possibly the Selva.” Is definition 16 referring to the target in Result 2, “Resources leveraged from public, private and civil society entities as a result of USAID assistance exceed US\$ 15 million?”

A1: YES

Q2: Please clarify if “sales of goods and services of participating MSMEs’ that are produced/provided in a way that enhances biodiversity increased by US\$3 million over baseline levels for the life of the Contract” (p. C-11, Indicator 1.3.2) are included in the Result 1 target of “Sales of goods and services produced by MSMEs receiving USAID assistance increased by US\$90 million, which generate 27,000 new full-time equivalent jobs,” as listed on page C-10.

Q2b: Section C-11 1.1.5 states that “ Sales (domestic and international markets) of goods and services of participating MSMEs increased by US\$90 million over baseline levels for the life of the Contract as a result of MSMEs adopting improved business practices and new technologies and adding value and/or diversifying into higher–value products/services (see Definitions)” and 1.3.2 states that “Sales of goods and services of participating MSMEs that are produced/provided in way that enhances biodiversity increased by US\$3 million over baseline levels for the life of the Contract.” It is unclear if the referenced \$3 million are included in the total sales of \$90 million.

A2: YES

Q3: Section L. B.1 – Key Personnel of the RFP states the requirements for key personnel positions under the project and lists, inter alia, the educational requirements of the proposed

Chief of Party as follows: "Education Requirements: A master's degree (or foreign equivalent) required in political science, international relations, economics, geography, public/business administration, other social sciences, or similar relevant area." Please clarify whether an additional 5 years of directly relevant work experience or a licentura in lieu of an advanced degree as currently indicated, would be acceptable or whether such a candidate would be considered non-responsive to the requirement outlined in Section L. B.1?

A3: NO. Master's degree is a minimum requirement

Q4: Must "Result 1: Sales of goods and services produced by MSMEs receiving USAID assistance increased by US\$ 90 million, which generate 27,000 new full-time equivalent jobs" and "Result 2: Resources leveraged from public, private and civil society entities as a result of USAID assistance exceed US\$ 15 million" be achieved during the 3 year base period?

A4: NO

Q5: Section L (page L-9) states "Proposals are limited to 40 pages. Any pages OVER 40 PAGES WILL NOT BE EVALUATED. Items such as graphs, charts, cover pages, dividers, table of contents, and attachments (i.e. key personnel resumes, table summarizing qualifications of proposed personnel, past performance summary table, and past performance report forms) are not included in the 40 page limitation. Is this list comprehensive or may offerors include other technical charts, tables or graphs as attachments? If items, such as tables summarizing qualifications of proposed personnel and an organizational chart are included in the technical narrative, will they be counted against the page limit?"

A5: The Technical Proposal will be a major consideration in the award of this contract. The proposal should be complete and respond to the directions under Section L. Graphs, charts, cover pages, dividers, table of contents, and attachments (i.e., key personnel resumes, tables summarizing qualifications or proposed personnel, past performance summary table, and past performance reports) are not included in the 40 page limitation.

Q6: Please indicate if the "New Private Sector Competitiveness and Poverty Reduction and Alleviation Activity" has a common name or an acceptable acronym, and if so, what it is

A6. No common name or acronym. A name for the program will be assigned after the award of the contract.

Q7: The RFP states that "USAID plans to award a Cost Plus Fixed-Fee-type contract with a total estimated cost between \$13 and \$15 million over a base period of 36 months plus two (2) one-year options." Is the proposed project \$13-15 Million for 36 months or for 60 months?

Q7a: Per page C-11 1.1.5 "Sales (domestic and international markets) of goods and services of participating MSMEs increased by US\$90 million over baseline levels for the life of the Contract as a result of MSMEs adopting improved business practices and new technologies and adding value and/or diversifying into higher-value products/services (see Definitions)" please clarify if this is 36 or 60 months.

A7 and 7a: 60 months

Q8: Per section B-1 "Purpose" of the RFP "The proposed activity will address Program Elements found under "Program Area 4.2: Trade and Investment", "Program Area 4.6: Private

Sector Competitiveness”, and “Program Area 4.8 Environment” and will contribute directly to the USAID/Peru Strategic Objective of “Increased economic opportunities for the poor in selected economic corridors.”.

Please confirm that these program areas are taken from the “Economic Growth” Program Objective for Peru, and not the “Investing in People” Program Objective as stated on page C-2; Section C.1.3 “Work performed under this contract will help achieve USAID’s Investing in People Objective under the U.S. Foreign Assistance Framework (FAF)”?

Q8a: Section C.1.3 and section C.1.4 do not seem to relate to the rest of the RFP. Please advise if this section was included in error or if is in fact meant to be a component of this contract (RFP #527-09-000005) and if offeror’s approach and cost need to address stated outcomes to be accomplished and six strategic objectives relating to “Improve Basic Education Quality in Disadvantaged Areas” program?

Q8b: On page C-2 Section C.1.3 states that “work performed under this contract will help achieve USAID’s Investing in People Objective.” How much of the funds are coming from the Investing in People’s Objective? How much money, therefore, needs to be put towards meeting the requirements and deliverables of the Education Program Area?

Q8c The end of the paragraph of C.1.3 states that “requirements and deliverables are outlined in section C.5 below.” However, section C.5 is missing. What are the requirements and deliverables required by USAID in order for the Offeror to meet the requirements of the Education Program Area?

Q8d On page C-2 in Section C.1.3 there is no mention of achieving USAID’s Economic Growth Objective. Should the Economic Growth Objective be included?

Q8e On page C-2 section C.1.4. Relationship with GOP Plans and Priorities, it is stated that “Activities under this contract will support the GOP’s plans and priorities in basic education.” Are there GOP plans related to the four results laid out on page c-10 in section C.3. Statement of Work that might be worth mentioning in section C.1.4?

A8-8e: Sections C.1.3 and C.1.4 are deleted under this amendment. These Program Areas are taken from the “Economic Growth Program Area.” Sections C.1.3 and C.1.4 are deleted under this amendment.

Q9: The definition of an Economic Corridor contains at least one medium sized city. Please provide us a list or criteria for what USAID considers “medium sized”. Economic Corridors also “contain districts with poverty rates above 50%”. Is poverty rate information available per district? If so, please provide us that information.

A9: A medium sized city is a department capital or a city with at least 30,000 inhabitants.

The National Statistics Institute (INEI) publishes a comprehensive database of poverty at the regional and district level: Mapa de Pobreza Provincial y Distrital 2007. CDs are available from INEI for 30 soles. You may order the CDs at ventas@inei.gob.pe.

Q10: Please provide us with the USAID Mission Strategic Objective, Results Framework, and PMP (for the SO) for which this activity falls.

A10: USAID no longer uses strategic objectives or results frameworks. USAID now operates under The Framework for U.S. Foreign Assistance. Please visit <http://www.state.gov/f/> to obtain more detail on standardized program structures and definitions and standard indicators.

The proposed activity will address Program Elements found under “Program Area 4.2: Trade and Investment”, “Program Area 4.6: Private Sector Competitiveness”, and “Program Area 4.8 Environment” and will contribute directly to the USAID/Peru Strategic Objective of “Increased economic opportunities for the poor in selected economic corridors.”

In addition, USAID/Peru has identified “Sustainable income opportunities for lower-income groups” as the Mission’s overarching Assistance Objective for economic growth. The Mission selected this objective based on the Government of Peru’s clear commitment to increase trade and investment to stimulate economic growth and spread the benefits of this growth broadly within the country.

USAID wishes to emphasize to offerors that while the Framework for Foreign Assistance serves as a general guide to strategic direction, offerors’ Performance Monitoring and Evaluation Plans should respond primarily to the results and indicators in section C of this RFP.

Q11: The RFP provides a prescriptive list of results and indicators (C-3). However, not all of the indicators demonstrated in the RFP are indicators as detailed in ADS 203 (some are deliverable, milestones, etc). Please provide guidance on how USAID envision the representation of the PMP.

A11: In Section C.3, Indicators should be treated as sub-results.

Q12: The link provided <http://www.state.gov/f/releases/factsheets2006/79645.htm> is an error; Please provide the correct path to this document.

A12: This is not needed for purposes of this program and is not in the RFP.

Q13: Section C.2. Background on page C-4 states “the country faces considerable challenges with 39.3% of Peruvians still living in poverty and 13.7% in extreme poverty” please provide definition of poverty versus extreme poverty for this context.

A13: Poverty is defined as persons who live in homes where monthly expenditures are below amounts calculated by INEI, the National Statistics Institute. The rate varies from 147 nuevo soles in rural jungle areas to 260 nuevo soles in Lima.

Extreme Poverty is defined as persons who live in homes where monthly expenditures are below amounts calculated by INEI, the National Statistics Institute. The rate varies from 95 nuevo soles in rural jungle areas to 122 nuevo soles in Lima.

The website www.inei.gob.pe has a link for Encuesta Nacional de Hogares which has a technical report that details the methodology for calculating poverty and extreme poverty.

Q14: Per page C-10 “Amount of increase in sales of goods and services produced by assisted MSMEs in the targeted regions broken down by type of goods and services, by women and men owned enterprises, and by market (domestic, regional and international). Baseline Zero” . However on page C-11 Indicator 1.1.4 “Participating MSMEs identified and sales baseline established”. Please clarify if a baseline is required for this activity.

A14: Sales baseline shall be established for each MSME as they join the program. From this baseline, increased sales above and beyond this prior year's sales target will count towards achieving the result.

Q15: Page C-11 1.2.1 states "1.2.1 – Participating MSMEs identified and employment baseline established" however on page C-10 the RFP says the baseline is zero? Please clarify.

A16: Same as above for the employment baseline.

Q17: Also, page C-11 1.1.5 "The average incremental annual sales from the annual cohort of participating MSMEs shall be at least equal to or greater than the sales from the previous year through the life of the program" please clarify if USAID wishes to disaggregate MSMEs per an interval (fiscal year, calendar year, or contract signing). Also please clarify if the MSMEs equal to or greater sales are grouped and disaggregated annually OR if all annual (previous) cohorts are summative. Will MSMEs cohorts be counted toward with replacement (sales figures from MSMEs combined) or without replacement (each annual cohort much do equal to better than the same cohort, no new MSMEs from the previous year) in regards to annual sales?

A17: Sales are measured for the U.S. government fiscal year (October 1 to September 30).

Q18: Given the economic crisis and its short and long term effects; how will inflation (especially local currency slipping compared to the USD in which measure our success) be calculated when assessing and measuring costs and consequently jobs?

A18: Sales will be measured in soles or dollars unadjusted for inflation. For reporting purposes, soles will be converted to dollars. The contractor may do currency conversion calculations monthly or quarterly. Inflation rates and currency exchange fluctuations may be reported as footnotes.

Q19: Language under Result #2, Page L-11 states that "In preparing its technical approach, the Offeror may discuss methodologies and approaches with potential resource partners, but the Offeror shall not request letter(s) of commitment from (a) Resource Partners until the contract has been awarded." However, footnote #4 on page C-13 states that "Offerors should not approach Resource Partners or request any letter of commitment until the project has been awarded." While both these make clear that letters of commitment should not be requested, we request USAID to clarify if we can discuss methodologies and approaches with potential resource partners. Is it or is it not acceptable to meet with these organizations?

A19: Language under Result #2, Page L-11 states that "In preparing its technical approach, the Offeror may discuss methodologies and approaches with potential resource partners, but the Offeror shall not request letter(s) of commitment from (a) Resource Partners until the contract has been awarded." However, footnote #4 on page C-13 states that "Offerors should not approach Resource Partners or request any letter of commitment until the project has been awarded." While both these make clear that letters of commitment should not be requested, we request USAID to clarify if we can discuss methodologies and approaches with potential resource partners. Is it or is it not acceptable to meet with these organizations?

There are two types of partners. The first types of partners are what are commonly referred to as subcontractors and subgrantees. These partners are paid for their services, and the Offeror

is free to engage in commitments with these partners. The second types of partners are “Resource Partners.” Resource Partners bring their own resources to match USAID resources. These are the type of partners with which USAID signs “Alliances.” Offerors may discuss methodologies and approaches with potential Resource Partners, and it is acceptable to meet with Resource Partners. USAID requests that Offerors only discuss approaches with Resource Partners and refrain from soliciting letters of commitment. USAID will sign MOUs with Resource Partners after the contract is awarded.

Q20: Section F.5.9 of RFP request for a draft of PMP, along with baseline data when available, be presented with the contractor’s technical proposal. Please confirm that PMP draft plan is to be annexed and not in body of technical proposal counting towards the 40 page limit.

A20: The PMP may be submitted as an Annex.

Q21: Per section C-14, 4.1.1 of the RFP regarding measuring impacts on poverty reduction, please verify if the contractor must use the “client assessment survey” for Peru as detailed at <http://www.povertytools.org/tools.html>. May the contractor use other poverty measurement tools to assess the household (MSME) level impact this project has on poverty?

A21: The contractor must use the “client assessment survey” for Peru as detailed at <http://www.povertytools.org/tools.html>. The contractor may also use other poverty measurement tools.

Q21: In section F.5.1 Start-up and Annual Work Plans, it states that it should be “taken into account that the school year in Peru runs from March to December.” Please explain how this is relevant to this contract and its objectives.

A21: “taken into account that the school year in Peru runs from March to December” is deleted from the RFP.

Q22: In the RFP there are several references to a Result 5 in Section C (i.e. page C-3, first paragraph.... “and (5) policy dialogue and civil society participation enhanced. Requirements and deliverables are outlined in section C.5 below”, page F-5, section F.5.9 Performance and Management Plan....” The PMP shall include indicators with targets (including baseline and control data) in order to draw valid inferences about the impact of USAID activities. (Also see Result 5 in Section C). Please confirm that there is no Result 5.

A22: Sections C.1.3 and C.1.4 are deleted under this amendment. There are four results under this RFP.

Q23: Section H.19, page HG-10; Please confirm that offeror is expected to submit a completed Environmental Mitigation and Monitoring Plan (EMMP) or a Project Mitigation and Monitoring (M&M) plan as part of the Technical Proposal response (as an annex) or is the offeror to plan on providing one once the award is made?

A23: Please submit as an annex.

Q24a: Page B-2, Section B.4, and Section L.8(b) specify a CLIN structure for the budget. However, allocation of costs among the CLINs will be difficult. For example, proposed CLINs 1 and relate to Result 1 and will be achieved through the same set of activities. As a consequence, determining how much to budget against each CLIN is not straight forward.

Given the nature of the activities to be implemented under the project, would USAID consider no CLINs for the budget?

Q24b Per section B.4; the RFP provides three CLINS; however the results on page C-10, section C.3 Statement of work, combines two of the CLINS (CLIN 1 &2) into one result. Please clarify if sales and jobs should be separate results or combined results. If combined, please advise if the CLIN 1 and 2 should also be combined. Can the contractor contribute to two different CLINS to meet one result?

Q24c: The RFP's section B.4 currently requires the submission of a budget in 3 CLIN's. We believe that new jobs are created by increasing sales of goods and services. We therefore believe CLINs 1 and 2 should be combined into 1 CLIN. This would require offeror's to submit a budget with 2 CLIN's, the first being "increasing sales of goods and services by MSME's receiving USAID assistance by \$90 million and generating 27,000 new jobs". The second CLIN would then be "Resources leveraged from public, private and civil society entities as a result of USAID assistance exceeding \$15 million" This is also evident in the technical evaluation criteria (Section M.2A) which lists the 2 CLIN's under one Result 1 (The extent to which methodologies will assist MSMEs receiving USAID support to increase sales of goods and services produced by US \$90 million and generate 27,000 new full-time equivalent jobs). Please confirm if it is acceptable to USAID/Peru to submit the budget with 2 CLINS rather than 3.

Q24d: If there are to be CLINs, it is our understanding that the development results proposed using the DFB methodology should correspond to the four project results included in page C-10 of the RFP. Since one of the purposes of the development-focused budgeting is to also facilitate during implementation the review of the development results achieved in comparison with overall spending for that result, having CLINs that match the development results will facilitate reporting expenditures per result. Currently the CLINs requested in section B of the RFP are not the same as the 4 project results on page C-10 (Result 1 is the same as CLINS 1 &2, Result 2 is the same as CLIN3, and Results 3 and 4 are not included). Therefore, please clarify if offerors can propose CLINs that match the four development results included in page C-10.

Q24e: In Section L.8 (page 20) of the RFP, it states: "DFB involves summarizing cost data to corresponding development results/outcomes as set forth in the Mission's approved Operational Plan. Cost data must be summarized in both the format listed above and DFB categories by the corresponding program elements. If an input serves multiple development results and program elements, the applicant must allocate the input across the corresponding results and provide a rationale in the budget narrative for the method used for each allocated input."

Additionally, in the Scope of Work, Section C.3 (page C-10), it lists 4 results:

"This activity seeks to achieve the following four Results:

Result 1: Sales of goods and services produced by MSMEs receiving USAID assistance increased by US\$ 90 million, which generate 27,000 new full-time equivalent jobs.

Result 2: Resources leveraged from public, private and civil society entities as a result of USAID assistance exceed US\$ 15 million.

Result 3: Methodologies developed and implemented to assist public, private and civil society entities to measurably improve the trade and investment climate within selected economic corridors in the Sierra and possibly the Selva.

Result 4: Performance Monitoring and Evaluation Plan developed and implemented."

Are these results part of the Mission approved plan that was referenced in Section L.8? If so, do we need to provide a budget broken down for each of these results?

Q24f: In reference to Section L.8, page L-20 (the last three paragraphs in the section and table on the DFB cost summary), please confirm that budget summaries should be prepared for all three Program Areas/Elements and clarify whether the Line Items referred to in the table in this section indicate Account Categories/Cost Elements or Contract Line Items

A24a-24f: USAID has amended its suggested budget structure. Offerors should propose three CLINS that match the development results on page C-10. USAID requests three CLINs as follows:

CLIN 1: Sales and jobs increased and resources leveraged from Alliance partners

CLIN 2: Trade and investment climate within selected economic corridors improved.

CLIN 3: Performance Monitoring and Evaluation implemented.

Budgets should summarize costs for each CLIN. Detailed cost categories/elements (i.e., wages, benefits, travel, equipment) shall compliment the summarized costs for each CLIN.

Q25a: Section L.6 (a) 1 states the offerors must submit an electronic copy of all documents in MS Word or Excel. May we submit a PDF copy instead to (1) maintain printer settings and formatting, and (2) keep the file size attachments down?

Q25b: On page L-6, the instructions state that the electronic copies of the technical and cost proposals are to be submitted in MS Word and MS Excel. Because of the nature of certain documents, MS Word file versions are not available for submission. May we instead submit our electronic proposal in Adobe PDF and MS Excel? Alternatively, if this is not acceptable, may we submit graphics and signed documents in Adobe PDF while submitting the rest of the proposal in MS Word and MS Excel?

A25a-25b: Word Documents may be submitted in PDF format and all MS Excel documents shall be unlocked, with clear and accessible formulas. Signed documents are acceptable in Adobe PDF.

Q26: Section C-5 paragraphs 4 and 5 state - "Poverty reduction is a Government of Peru national priority... the GOP has initiated a major program known as Sierra Exportadora to address rural poverty in the Sierra by expanding exports and markets" "Recognizing the synergies between their objectives as well as the value of coordination and collaboration, USAID/PRA and Sierra Exportadora signed a Memorandum of Understanding (MOU) in April 2007." We have been unable to find a copy of this MOU in the attachments of the RFP. We request that USAID make available a copy.

A26: Please see attached.

Q27: Section C-7 paragraph 2 states "for instance, the Offeror will identify policy constraints to competitiveness but will not directly address them; rather it will feed information into the policy dialogue for others to take action." How does USAID plan to go from policy dialogue to actions taken by others? and C-7 Paragraph 3 states that "the new activity should specifically coordinate with MYPE to address policy barriers to competitiveness faced by MSMEs within

economic corridors”. We have learned that the MYPE will end in September, 2009, is USAID contemplating a follow on MYPE project?

A27: USAID’s own staff and its MYPE Competitiva program will be our primary vehicles for engaging in the policy dialogue. Yes, USAID is contemplating an activity to follow MYPE Competitiva.

Q28: In Indicator 1.3 – Sales of products and services that lead to conserving biodiversity increased by US\$ 3 million. 1.3.2 – Sales of goods and services of participating MSMEs that are produced/provided in way that enhances biodiversity increased by US\$3 million over baseline levels for the life of the Contract. The goods and services sold must have an explicit biodiversity objective and the intent to positively impact biodiversity in biologically significant areas. The Offeror must submit a brief analysis of the threats to biodiversity and monitor associated indicators for biodiversity in the area where the goods and services are produced/provided. Can USAID define “biologically significant areas?” for the corridors under consideration?

A28: All areas of Peru, including its coastal waters, have biological significance. We refer you to Peru’s National Biodiversity Strategy <http://www.cbd.int/doc/world/pe/pe-nbsap-01-es.pdf> and USAID’s guidance http://pdf.usaid.gov/pdf_docs/PNADE258.pdf to help you develop your approach.

Q29: Is there flexibility in the first-year budget as indicated on page B-1 or must it be limited to \$3.4 million or under?

A29: Page B-1 will be updated and completed upon award of this contract. The budget disclosed is not a ceiling and reflects what we intend to obligate in the first year.

Q30: On page C-14, 2.6.1 indicates at least “8 institutions and or enterprises strengthened”. Can USAID please clarify if this refers to the ESCs or if this is for other institutions or enterprises?

A30: The offeror shall propose the types of institutes to be strengthened. These institutions may or may not have been part of the first PRA program.

Q31: On page G-4, section G.6 provides Accounting and Appropriation Data that appears to be for a different project and fiscal year cycle. Can USAID please clarify if this is the correct data?

A31: It is correct.

Q32: Can USAID please confirm that it only requires resumes, biodatas, and LOCs for the four key positions described in the RFP and that these will be the basis for the evaluation of Key Personnel as described in Section M?

A32: Yes.

Q33: Page M-2 indicates that the first year work plan should include all 5 elements requested by USAID. However, on page F-3, nine elements are listed. Can USAID please clarify the number of elements USAID would like considered?

A33: To be consistent with Section L, Section M, part C, first bullet point in the RFP is amended to read as follows: “The extend to which the Draft First Year Work Plan includes all 9 elements requested and is realistic, logical, and clear.”

Q34: Our on the ground research for this opportunity has surfaced questions about the potential collaboration with Sierra Exportadora. While we recognize that SE is an important government entity active in the Sierra and that USAID has signed a Memorandum of Understanding with them, interviewees have expressed concerns. Can USAID provide more guidance on how they envision PRA working with Sierra Exportadora and specific activities they have in mind?

A34: The focus should be on implementing the MOU between USAID and Sierra Exportadora. Please see MOU attached.

Q35: We understand that during PRA the employment generation estimates were derived from sales data based on coefficients that varied for each industry. Can USAID please provide more information on how these data were derived?

A36: This information is provided in the definitions and the PRA evaluation.

Q37: Can USAID please clarify if a draft work plan is to be included within the 40 page limit of the technical or if this can be included as an attachment not subject to the technical page limit?

A37: The draft work plan is included in the 40 page limit.

Q38: Can USAID please indicate the amount of non-USAID support and for which periods of time it will be provided by private companies and/or regional governments for the Departments of Ancash and Huancavelica? If there is support from non-USAID support for other Departments, may we request that USAID provide this as well?

A38: In the past, our partners in Ancash and Huancavelica provided about 80-90% of the operating costs of the ESCs, however USAID will renegotiate the MOUs with these companies after the contract is awarded. Past partner contributions are no guarantee of future commitments.

Q39: The RFI stated that “the management plan shall include a staffing plan that fits the organizational charts, with position descriptions for all key personnel plus any professional-level positions that the Offeror proposes.” The RFP states “Clarity and appropriateness of overall organizational structure and staffing plan (including salary structure), including long-term personnel, short-term advisors, and administrative and support staff for the Lima, field, and U.S. headquarters offices.” Can USAID please confirm that we are not presenting c.v.’s or names of non-key personnel in this management plan, as this would give undue advantage to the incumbent?

A39: USAID only will consider CVs and names of key personnel in the management plan.

Q40: May we ask that USAID include a copy of the recommended FSN scale used by USAID/Peru?

A40: Offerors are expected to base salaries for local hires on a combination of various factors including an independent market survey and salary history. The Mission’s compensation plan is not a tool that is used for this purpose.

Q41: The RFP indicates that all reports will be submitted in both electronic and hard copy. For the reproduction line item, please provide the number of hard copies that need to be submitted.

A41: Six (6) hard copies.

Q42: Section L (f) requires the submission of audited balance sheets and profit and loss statements or if not available, returns as submitted to Federal tax authorities for the offeror's last two complete fiscal years and for the current fiscal year as of 30 days prior to proposal submission. Please confirm that if an offeror has a NICRA with the US Government, it is not required to submit the documents in section L.(f) of the RFP. Also, if this item is required, does USAID require it of the offeror's subcontractor's?

A42: Offerors that have an approved NICRA with the USG do not need to provide the documentation listed under Section L (f). This information is not required for proposed subcontractors.

Q43a: On page L16 1. It is written to "list in an annex to the technical proposal up to 10 of the most recent and relevant contracts for efforts similar to the work in the subject proposal." Is this a combined total between the offer and the major subcontractor or is the major subcontractor expected to submit 10 most recent and relevant contracts for efforts similar to the work in the subject proposal in addition to the 10 of the offeror?

Q43b: On page L-10 Result 1.1.1 states to "list in an annex to the technical proposal up to 10 of the most recent and relevant contracts for efforts similar to the work in the subject proposal." This is followed up on page M-3 section M -D which states "USAID will evaluate the Offeror's past performance on related contracts using the following sub criteria of equal importance:

- The Offeror and each major subcontractor's (one whose proposed cost exceeds 20% of the Offeror's total proposed cost) past performance implementing projects of similar size and complexity."

Does this mean that the Offeror must provide 10 of the most recent relevant contracts for the Offeror and for each major subcontractor or 10 recent relevant contracts in total?

A43a-43b: This is a combined total for the Offeror and any and all subcontractors.

Q44: On page L-14, Section B.2 Management Plan it is stated the management plan should be "part of the technical proposal attachments." Is this to say that the management plan is to be annexed in its entirety or is it to be included within the 40 page limit (excluding charts and graphs)?

The management plan, excluding charts and graphs, is included in the 40 page limit.

On page L-14/15, Section B.2 #1 it is stated "The organizational charts and staffing plan must relate directly to the strategies, activities and approaches described in the technical proposal, and will include long-term personnel, short term advisors, and administrative and support staff for the Lima, field and US headquarters offices, and the salary structure proposed for each office and staffing pattern;" From our understanding no cost information is to be incorporated into the technical proposal, therefore can you please clarify what exactly is meant by the incorporation of a "salary structure" for the office and staffing pattern?

A44: The salary structure should be presented as part of the Cost Proposal.

Q45: What are the rules for attribution of client sales and employment generated in terms of level of effort by the implementing agency? Is there a minimum threshold of services delivered in order to claim attribution for sales and employment generated?

A45: For a new business, the implementer must demonstrate involvement in the development of the buyer's business plan and the development of the partnership between the buyer and the producers.

For an existing business, the implementer must demonstrate a direct relationship between its technical assistance and the sales growth of the producers or buyers, and it must demonstrate a direct relationship between its technical assistance and the resolution of a bottleneck or other business challenge that the buyer or producer would not have resolved on their own.

Q46: Does the structure/operations/approach of the existing ESCs in Huancavelica and Ancash have to be kept the same for these two ESCs under the proposed work or can it be changed?

A46: USAID will renegotiate the MOUs with these companies after the contract is awarded. Some modifications are possible, but it will depend on the negotiations.

Q47: Is the Result 2 target of leveraging \$15 million from public, private, and civil society entities for the three base years of the project or does it include the two option years as well?

A47: It is for 5 years.

Q48: In Section C, Result 4.1.2 requests data on poverty reduction impact at the mid-point and three months prior to the end of the contract while Result 4.1.3 requests poverty reduction impact data reported quarterly. We would submit that gathering, analyzing and reporting on comprehensive poverty impact data quarterly would be costly and not show significant changes due to the relatively short period of time involved. May offerors assume that poverty reduction data should be reported consistent with Section C, Result 4.1.2?

A48: Poverty reduction impact data needs to be reported annually. Please see revised indicators 4.1.2 and 4.1.3.

Q49a: With Respect to Attachment 7, Definitions, the following clarifications are requested for No. (16):

a. USAID expects to leverage \$2 worth of cash or in-kind resources from alliance partners for every one dollar USAID contributes to alliance/PPP development. Please clarify how this USAID contribution will be determined in order to know the amount to be leveraged from the alliance partners.

A49a: The contractor shall propose a methodology to track expenditures towards alliance activities which USAID will approve and potentially audit.

Q49b: There are two references to Result 3. Please confirm that these should make reference to Result 2.

A49b: Yes, it should refer to Result 2.

Q49c: The definition states that funds from “other donors and multilateral banks” can be leveraged but cannot count toward the resource leveraging result (i.e., Result 2 in Section C). Please confirm that the “donors” referenced are international government donors, e.g. GTZ, and not international foundations, local foundations, or private Peruvian or international philanthropic organizations.

A49c: Yes, donors and banks includes multi and bilateral donors and banks but does not include foundations.

Q50: Section L.6.(a), Submission, (page L-7, paragraph right after the addresses) states that proposals must remain valid for 120 days while block 12 of Standard Form 33, mentions 90 days. Please clarify.

A50: 120 days.

Q51: In page F-5 under F.5.9 – PMP, the solicitation states that the PMP needs to be delivered within 30 days after contract award and in the table on F-2 it says 90 days. Please clarify the timing for this submission.

A51: 90 days.

Q52: Section L.9 provides instructions for the preparation of a Branding Implementation Plan (BIP) that, per Section D.3, also includes a Marking Plan (MP). Please confirm that the BIP and the MP are to be included in the technical volume as attachments or annexes.

A52: The Branding and Marking Plans can be included as attachments.

Q53: On page L-17, the instructions request submission of the contractor’s most recent SF-294 reports for the past three years. Our SF-294 reports for this period number more than 300 hundred pages. May we instead submit the required set of reports one single PDF file on CD-ROM to be included with the hard copy of the technical proposal? Alternatively, if PDF files on CD-ROM are not acceptable, may we submit copies of our 10 most recent and relevant SF-294 reports in an annex to the technical?

A53: Submit the 10 most recent and relevant SF-294 reports in an annex.

Q54: Section L.7.B.2(1) requires a management plan as an attachment to the technical proposal to include, among others, a staffing plan that provides a salary structure for the project. Please confirm that the salary structure should be part of the cost proposal, not the technical proposal.

A54: The salary structure should be presented as part of the Cost Proposal.

Q55: In accordance with the Peruvian labor law requirement to extend severance payments to local long-term employees, we respectfully request the addition of FAR 52.237-8, Restriction of Severance Payments to Foreign Nationals, and FAR 52.237-9, Waiver of Limitation on Severance Payments to Foreign Nationals, to the contract clauses.

A55: FAR 52.237-8, Restriction of Severance Payments to Foreign Nationals, and FAR 52.237-9, Waiver of Limitation on Severance Payments to Foreign Nationals will apply to this procurement.

Q56: Section B.1 Purpose references three Program Areas: 4.2: Trade and Investment; 4.6: Private Sector Competitiveness; and 4.8: Environment. In section B.4 Cost Schedule, USAID indicates that proposed costs must support the program areas listed in the table; however, only 4.2 is listed in the table. Throughout the RFP there is only one other reference to 4.6 in Section C. on page C-2, 3rd paragraph down, and no additional references to 4.8. Should these additional two Program Areas be included in section B.4 as part of the cost schedule?

A56: Please refer to amended section of part B 1.

Q57: Under Section L.7.B.2, point 1), the Offeror is required to include the salary structure proposed for each office and staffing pattern. The salary structure will also be evaluated as one of the evaluation criteria under Sub-factor B-2 Management Plan. Please confirm that USAID expects to see this cost information included in the technical proposal.

A57: The Management Plan does not need to include the salary structure. The reference to salary structure has been deleted from the evaluation criteria under sub-factor B-2 Management Plan and from Section L.7.B.2.

Q58: Under Section L.7.C, Organizational Capability, the Offeror is required to submit a draft first year work plan that includes projected expenditures per month. Please confirm that USAID expects to see this cost information included in the technical proposal.

A58: The RFP is amended to delete this reference. The draft work plan should not include expenditures per month.

Q59: Will the PRA/M&E program and web-based program be transferred and will the PRA/M&E database also be transferred to the new project?

Section L of the RFP instructs offerors to organize the Technical Approach narrative under Result 1 by indicator. Would USAID prefer that the narrative for the remaining three result areas be organized in a similar fashion?

A59: Yes.

Q60: Please confirm that USAID does not expect to receive a draft Performance Monitoring Plan with the proposal as it is not listed in Section L and Section M.

A60: USAID does expect a PMP in accordance with page L-11 under Result 4. USAID will evaluate the PMP in accordance with page M-1, Result 4.

Q61: The RFP states in Section C that the contractor can work in the Selva if significant resources can be raised to replicate the PRA model. Do these resources have to finance new C&PRA activities in the Selva, or could USAID resources be used in the Selva instead, if these new resources are designated specifically for the Sierra. (e.g., funding from a mining company to replicate PRA model in a Sierra Province could free-up USAID funding to work in a Selva province)?

A61: USAID would enter into the Selva if significant resources were raised from a partner based or operating in the Selva.

COST PROPOSAL-RELATED QUESTIONS

Q1: On Page B-2 in the cost schedule, the chart shows “Base year”. Should this be amended to read base years?

A1: There is one base year with two one year options.

Q2: On page B-2, USAID requests a budgeting of activities according to the three CLINs identified. The CLINs requested in the RFP do not refer to separate activities or to activities funded by separate sources of money. May we provide the CLINs at the summary level only and not at the detailed budget level?

Q2a: Please expand upon Section L-20, with regards to the development-focused budget (DFB) requirement. Will the DFB reflect the program Results as per page C-10, or other?

A2-2a: SEE A24.

Q3: Per Cost Schedule B.4, only three CLINS are referenced and do not reflect all of the Results per page C-10. Result 1 of the RFP appears to be broken out into CLINs 1 and 2. Likewise, there are no CLINs represented for Results 3 and 4. Please clarify if the CLINS are meant to reflect the Results per C-10 or is B.4 correct.

A3: SEE A24.

Q4: Will office furniture, equipment, computers, vehicles from the PRA project be made available for this project? And if so, can this inventory be provided ?

A4: Office furniture, equipment, computers, and vehicles should be included in proposed budgets. PRA inventory will not be transferred to the winner.

Q5: Please clarify whether or not short-term expatriate personnel have a six-day work week.

A6: Yes.

Q6: Does the budget of US\$ 13- 15 million refer to the 3 base years, or does that include the 2 options years?

A6: It is a 5 year budget.

OTHER/GENERAL

Q1: Do proposals hand carried by a member of the firm need to be passed through security review? If so, please confirm that the Pre-screening Department would only operate from 9:00 a.m. to 11:00 am on Friday, March 27, 2009 and that the proposals are due at 9:00 am on this day.

A2: The preferred method for hand-delivering proposals is to enter the USAID lobby. A staff member from the Regional Contracts Office will accept the proposal. Delivery should take place no later than the specified/amended due date and time. Pre-screening will take place with the guards. Office hours are 8:00 am – 5:00 pm.

Q2: Will USAID allow submission of electronic files, such as Adobe Acrobat so that appendixes can be merged into one document with the technical proposal?

A2: This is allowed provided that Excel Documents are readable and formulas are accessible.

Q3: What is USAID's anticipated start date for this activity?

A3: Mid-July 2009.

Q4: On the Title Page, USAID indicates that it "plans to award a CPFF contract with a total estimated cost between \$13-\$15 million". Can USAID please clarify if this amount is for the base period of 36 months only, or if this estimated amount is expected to cover five years of implementation, including the two option years?

A4: The passage "plans to award a CPFF contract with a total estimated cost between \$13-\$15 million" on the cover letter that you are quoting, finishes like this: "...over a base period of 36 months plus two (2) one-year options."

Proposed budgets shall be for the entire period of five years.

Q5: What are the provisions for VAT and methods for obtaining appropriate VAT waivers?

A5: VAT is not considered an eligible cost. In Peru, all US contractors should pay the VAT and recover that cost through USAID.

Q6: Will USAID authorize a 6-day work week for Expatriate and TCN STTA in the field?

A6: Yes.

Q7: Is the phase out/transfer to other institutions of service provision to occur in 3 yrs or 5 years?

A7: If USAID decides not to exercise the Option Year(s), then the phase out and transfers will occur the end of Base Year 3.

Q8: USAID refers Offerors to Section J for a copy of the Initial Environmental Examination; however, section J does not include it as provided. Could USAID please provide a copy?

A8: See amendment for Section J.

[END OF ATTACHMENT]

[END OF AMENDMENT ONE TO SOLICITATION 527-09-000005]



USAID
FROM THE AMERICAN PEOPLE

LAC-IEE-08-41

ENVIRONMENTAL THRESHOLD DECISION

Activity Location: Peru

Activity Title: Private Sector Competitiveness

Activity Number: 527-xxxx

Life-of-Activity Funding: \$15 million

Life-of-Activity: FY 2009 – FY 2013

IEE prepared by: Victor E. Merino, MEO

Reference ETDs and EA: LAC-EA-04-08 (PEA); LAC-EA-05-04 (F/BEA); LAC-EA-06-03 (EA)

Recommended Threshold Decision: Categorical Exclusion,
Negative Determination with Conditions

Bureau Threshold Decision: Categorical Exclusion,
Negative Determination with Conditions

Comments:

A **Categorical Exclusion** is issued to aspects of the Private Sector Competitiveness activities involving technical and market studies, training, technical assistance, and institution building activities, pursuant to 22 CFR 216.2(c)(2):

- (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);
- (iii) Analyses, studies, academic or research workshops and meetings;
- (v) Document and information transfers;

- (xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment, such as construction of facilities, etc.

A **Negative Determination with Conditions** is issued to the Private Sector Competitiveness activities related to improving production practices, post harvesting practices, and industrial processing, provided that: 1) the implementing agency will monitor and conduct specific environmental analysis for interventions of significant scale and investment magnitude, to ensure that appropriate mitigation procedures are in place, based on the Programmatic Environmental Assessment approved through LAC IEE-04-08, and 2) the implementing agency will also ensure that technical assistance in production technologies complies with the Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) approved through LAC-EA-06-03, and, finally, GOP environmental regulations. Specific “conditions”:

- The attached IEE Annex 1 “Guidelines for Implementing Partners on the USAID/Haiti Environmental Mitigation Report” will be used as a model for developing an environmental review system for specific, proposed activities that include infrastructure, business development activities, and other activities with potential minor environmental impacts; and develop the necessary mitigation and monitoring plans. The Mission may utilize alternative environmental review procedures similar to those of USAID/Haiti with the concurrence of the Regional Environmental Advisor (REA).
- Each individual environmental review based on the above system will be approved by the Mission Environmental Officer with a copy to the REA.
- Where applicable, comply with the appropriate section (especially Chapter 4, Environmental Issues and Best Practices for Microfinance Institutions and Micro and Small-Scale Enterprises) of USAID/LAC Environmental Guidelines for Development Activities in Latin America and the Caribbean. Link in English:
 - http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html:
 and in Spanish:
 - http://www.imacmexico.org/ev_en.php?ID=15275_201&ID2=DO_TOPIC or
 - <http://www.ecologica.org.br/UserFiles/docs/Artigos%20MudClimaticas/Untitled%20Folder/>
- The mission will make every effort to support (certified) organic and sustainable farming practices in the agricultural sector, and certified sustainable, “green” or similar best environmental practices in its ESCs and MSMEs and other business development as part of its strategy for the Private Sector Competitiveness activity to reach new markets.

- The mission will conduct an external review by a recognized environmental expert of the effectiveness of these conditions, mitigation and monitoring by the 31 December 2009 for approval by the REA and BEO.

Conditions also include:

Responsibilities

- Each activity manager or **Cognizant Technical Officer (CTO)** is responsible for making sure environmental conditions are met (ADS 204.3.4). In addition, CTOs are responsible for ensuring that appropriate environmental guidelines are followed, mitigation measures in the IEE are funded and implemented, and that adequate monitoring and evaluation protocols are in place to ensure implementation of mitigation measures.
- It is the responsibility of the **Strategic Objective (SO) Team** to ensure that environmental compliance language from the ETD is added to procurement and obligating documents, such as activity-related Strategic Objective Grant Agreements (SOAGs) and Modified Acquisition and Assistance Request Documents (MAARDs).
- The **Mission Environmental Officer** will conduct spot checks to ensure that conditions in the IEE and this ETD are met. These evaluations will review whether guidelines are properly used to implement activities under this ETD in an environmentally sound and sustainable manner according to USAID and applicable U.S. Government policies and regulations.
- The implementing **contractor or partner** will ensure that all activities conducted under this instrument comply with this ETD. Also, through its regular reporting requirements, a section on environmental compliance (e.g. mitigation monitoring results) will be included.

Amendments

- Amendments to Initial Environmental Examinations (IEE) shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE, which include:
 - Funding level increase beyond ETD amount,
 - Time period extension beyond ETD dates (even for no cost extension), or
 - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment), among others.
- Amendments to IEEs include Environmental Assessments (EA or PEA) and approval of these documents by the LAC BEO could require an annual evaluation for environmental compliance.

Victor H. Bullen Date 07-22-2008

Victor H. Bullen

Bureau Environmental Officer

Bureau for Latin America & the Caribbean

Date _____

Victor H. Bullen

Bureau Environmental Officer

Bureau for Latin America & the Caribbean

Copy to:

Paul Weisenfeld, USAID/Peru, Mission

Director

Steve Olive, EGT

Juan Robles, EGT

Victor Merino, MEO

Jeremiah Carew, PDP

Catherine Lott, ODI

Copy to:

Bruce Bayle, Regional Environmental

Advisor, USAID/Colombia

Copy to:

Mike Karbeling, David Johnston, Joann

Lawrence, LAC/SA

Copy to:

IEE File

Attachments:

- Initial Environmental Examination

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INITIAL ENVIRONMENTAL EVALUATION

Activity Location:	Peru
Activity Title:	<u>Private Sector Competitiveness</u>
Activity Number:	527-
Life of Activity Funding	\$15,000,000
Life of Activity:	FY 2009 – FY 2013
Reference Environmental Threshold Decisions	LAC-EA-04-08 (PEA); LAC-EA-05-04 (F/BEA); LAC-EA-06-03 (EA)
IEE Prepared by:	Victor E. Merino, MEO
Date Prepared:	June 3, 2008
Recommended Threshold Decision:	Negative Determination with Conditions and Categorical Exclusion

1. BACKGROUND AND ACTIVITY/PROGRAM DESCRIPTION

1.1 Purpose and Scope of IEE

The approval of this Initial Environmental Evaluation (IEE) is needed to comply with existing policy and statutory requirements for the implementation of the new private sector competitiveness activity to be implemented in the highlands and jungle regions of Peru.

1.2 Background

The purpose of this activity is to help reduce poverty in targeted areas of Peru through trade-led growth. A top U.S. Government policy priority for Peru is to help the Government of Peru (GOP) down this path and demonstrate that increased trade and investment will also bring reductions in poverty. The activity focuses on linking micro, small, and medium enterprises (MSMEs) to new markets where Peruvian businesses potentially can be competitive.

A methodology developed by USAID, and implemented extensively in recent years in Peru, is the Economic Service Centers (ESC) model, where centers stimulate trade and investment through a market-led approach. The ESCs identify markets first, and then provide business development services that link MSMEs to higher value markets. This model, developed under USAID/Peru's Poverty Reduction and Alleviation (PRA) project, has greatly increased sales and jobs of MSMEs in the targeted geographical areas where poverty is well entrenched and constraints to economic growth are great. This activity will use PRA's proven methodology while leveraging a variety of new public and private resources.

The activity will address elements of the Foreign Assistance Framework found under "Program Area 4.6: Private Sector Competitiveness," and will contribute directly to the USAID/Peru Economic Growth and Environment (EGE) Program objective of "increased economic opportunities for the poor in selected economic corridors."

1.3 Description of Activities

The proposed activity aims to: (1) Expand this model in the impoverished highlands and jungle departments of Peru to improve the competitiveness of MSMEs; (2) Create strategic public-private partnerships to reduce poverty through trade-led growth; and (3) Increase private and public investments in infrastructure and business development services to support market-led economic activities in the targeted regions.

This activity will finance the creation and operation of ESCs in a minimum of four highland regions, which may include the continuation of ESCs already existing under PRA as well as the creation of new ESCs.

Interventions would include:

- 1) Provide technical assistance to producers and investors in targeted economic corridors to improve sector supply and value-chain competitiveness, to ensure that product characteristics meet product specifications demanded by markets, and increase productivity, including access to new technologies. The program will include training small-scale farmers to build their capacity to enter higher value supply chains.

- 2) Facilitate access to market information needed to make business investment and management decisions.
- 3) Conduct public-private dialogues (business roundtables) to identify and implement actions to reduce transaction costs and promote market-led development in the targeted regions.

1.4 Locations Affected

Interventions will take place in targeted economic corridors in the highland and jungle regions to link them into higher value chains and to create market-driven income and employment opportunities. For the purposes of this activity, the highlands is defined by altitude and will be considered to include those Departments in the Andes mountains where the majority of land area is above 5,905 feet of elevation (1,800 meters). The jungle is defined as the Departments east of the Andes. USAID/Peru will provide final concurrence on the location of the ESCs and economic corridors that will be served. The Contractor will propose priority corridors in the highlands and jungle with economic potential where USAID/Peru can implement ESCs by leveraging other public and private resources, and where assistance may be provided consistent with USAID/Peru's counternarcotics policy.

1.5 National Environmental Policies, Procedures, and Regulations

The General Environmental Law N° 28611 (Ley General del Ambiente) is the main GOP regulation governing environmental protection and management issues. Law N° 27446 establishes the national system for environmental impact assessment (see: respectively <http://www.conam.gob.pe/LGA.pdf> and <http://www.conam.gob.pe/documentos/evaluacion/Ley%20N%2027446%20-%20EIA.pdf>).

There are also specific regulations that are applicable to each economic sector such as agriculture, manufacture, fisheries, tourism, transportation, and communication (for most sectors, see: http://www.conam.gob.pe/modulos/home/leg_amb.asp).

2. EVALUATION OF ENVIRONMENTAL IMPACT POTENTIAL

Training, technical assistance, providing market information, and conducting business roundtables will not have a significant effect on the natural or physical environment. However, depending on the kind of products and location of production activities that an ESC will support, production practices, post-harvesting, and industrial processing could have an impact on the environment and biodiversity due to the use of pesticides, generation of waste products, and use of water and soil for production. The to-be-selected Contractor will be required to follow guidelines to prevent and/or mitigate environmental impacts. It is, therefore, expected activities related to the themes mentioned previously shall comply with Peruvian regulations and USAID/Latin America and the Caribbean Environmental Guidelines.

3. RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS

3.1 Recommended Threshold Decisions and Conditions

In accordance with USAID Environmental procedures set forth in Title 22 of the Code of Federal Regulations, Part 216 (22 CFR 216), the EGE Team recommends that the BEO issue a **Categorical Exclusion** for technical and market studies, training, technical assistance, and institution building activities, since they fall within the classes of actions described in Section 216.2(c)(2), as follows:

- (i) education, technical assistance or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);
- (iii) Analyses, studies, academic or research workshops and meetings;
- (v) Document and information transfers;
- (xiv) studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment, such as construction of facilities, etc.;

and **Negative Determination with Conditions** for the activities related to improving production practices, post harvesting practices, and industrial processing, provided that: 1) the implementing agency will monitor and conduct specific environmental analysis for interventions of significant scale and investment magnitude, to ensure that appropriate mitigation procedures are in place, based on the Programmatic Environmental Assessment approved through LAC IEE-04-08, and 2) the implementing agency will also ensure that technical assistance in production technologies complies with the Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) approved through LAC-EA-06-03, and, finally, GOP environmental regulations. Specific “conditions”:

- The attached Annex 1 “Guidelines for Implementing Partners on the USAID/Haiti Environmental Mitigation Report” will be used as a model for developing an environmental review system for specific, proposed activities that include infrastructure, business development activities, and other activities with potential minor environmental impacts; and develop the necessary mitigation and monitoring plans. The Mission may utilize alternative environmental review procedures similar to those of USAID/Haiti with the concurrence of the Regional Environmental Advisor (REA).
- Each individual environmental review based on the above system will be approved by the Mission Environmental Officer with a copy to the REA.
- Where applicable, comply with the appropriate section of USAID LAC Environmental Guidelines for Development Activities in Latin America and the Caribbean. Link in English:
 - http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html:
 and in Spanish:

- o http://www.imacmexico.org/ev_en.php?ID=15275_201&ID2=DO_TOPIC
or
- o <http://www.ecologica.org.br/UserFiles/docs/Artigos%20MudClimaticas/Un titled%20Folder/>

3.2 Mitigation, Monitoring, and Evaluation

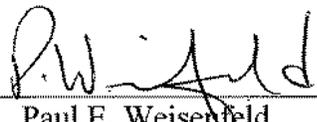
The team recommends that for activities related to improving production practices, post-harvesting practices, and industrial processing, the following actions are taken:

- a) USAID/Peru will monitor this activity to ensure compliance with accepted guidelines;
- b) The contractor will ensure incorporation of best practices in compliance with existing GOP regulations;
- c) The contractor will work to implement an environmental monitoring plan to ensure that recommended mitigation measures are being adopted during the implementation of this activity; and
- d) The contractor will include a section on environmental compliance (monitoring/evaluation) in its regular quarterly/final reports.

Compliance with these recommendations will be monitored by the Cognizant Technical Officer and the Mission Environmental Officer.

Approval: _____
Paul E. Weisenfeld
Mission Director

Date: _____

Approval: 
Paul E. Weisenfeld
Mission Director

Date: 7/14/08

Clearances Page:
INITIAL ENVIRONMENTAL EVALUATION

Activity Title: Private Sector Competitiveness

EGE: JRobles <u>i.d.</u>	Date: <u>6/5/2008</u>
EGE: SOlive <u>i.d.</u>	Date: <u>6/5/2008 w/edits</u>
PDP: JCarew <u>i.d.</u>	Date: <u>6/17/2008 w/edits</u>
REA: BBayle _____	Date: <u>e-mail 06/24/08</u>
A/DD: CLott _____	Date: _____
REA: BBayle _____	Date: <u>e-mail 06/24/08</u>
A/DD: CLott <u>CLott</u>	Date: <u>7/4/08</u>

P:\EGE\VMERINO\IEE\IEE Private Sector Competitiveness.doc

GUIDELINES FOR IMPLEMENTING PARTNERS ON THE USAID HAITI ENVIRONMENTAL MITIGATION REPORT (EMR)

Attachment 1:

I. COVERSHEET FOR ENVIRONMENTAL MITIGATION REPORT (EMR)

USAID HAITI MISSION SO # and Title: _____

Title of IP Activity: _____

IP Name: _____

Funding Period: FY_____ - FY_____

Resource Levels (US\$): _____

Report Prepared by: Name:_____ Date: _____

Date of Previous EMR: _____ (if any)

Status of Fulfilling Mitigation Measures and Monitoring:

_____ Initial EMR describing mitigation plan is attached (Yes or No).

_____ Annual EMR describing status of mitigation measures is established and attached (Yes or No).

_____ Certain mitigation conditions could not be satisfied and remedial action has been provided within the EMR (Yes or No).

USAID Haiti Clearance of EMR:

Cognizant Technical Officer: _____ Date: _____

Mission Environmental Officer: _____ Date: _____

Regional Environmental Advisor: _____ Date: _____

II. Environmental Mitigation Report Narrative

Note: summary instructions are in italics and not to be included in the report, but rather should be filled out with project specific information)

Note: Outline to be included in the report is in bold.

1. **Background, Rationale and Outputs/Results Expected:**

Summarize and cross-reference proposal if this review is contained therein.

2. **Activity Description:**

Succinctly describe location, siting, surroundings (include a map, even a sketch map). Provide both quantitative and qualitative information about actions needed during construction, how intervention will operate and any ancillary development activities that are required to build or operate the primary activity (e.g., road to a facility, need to quarry or excavate borrow material, need to lay utility pipes to connect with energy, water source or disposal point or any other activity needed to accomplish the primary one but in a different location). If various alternatives have been considered and rejected because the proposed activity is considered more environmentally sound, explain these.

3. **Environmental Baseline:**

Described affected environment, including essential baseline information available for all affected locations and sites, both primary and ancillary activities.

4. **Evaluation of Environmental Impact Potential of Activities (Table 2):**

As a component of the Identification of Mitigation Plan (Attachment 1, Table 2), describe impacts that could occur before construction starts, during construction and during operation, as well as any problems that might arise with restoring or reusing the site, if the facility or activity were completed or ceased to exist. Explain direct, indirect, induced and cumulative effects on various components of the environment (e.g., air, water, geology, soils, vegetation, wildlife, aquatic resources, historic, archaeological or other cultural resources, people and their communities, land use, traffic, waste disposal, water supply, energy, etc.). Indicate positive impacts and how the natural resources base will be sustainably improved.

For example, any activity that increases human presence in an area, even temporarily, will increase noise, waste, and the potential for hunting, timbering, etc.

5. Environmental Mitigation Actions (Tables 2 & 3):

For each component of the program, list the mitigation measures in the Identification of Mitigation Plan (Table 2) and monitoring of these mitigation measures in the Environmental Monitoring and Evaluation Tracking Table (Table 3).

Describe status of complying with the conditions. Examples of the types of questions an IP should answer to describe "status" follow.

- 1) What mitigation measures have been put in place? How is the successfulness of mitigation measures being determined? If they are not working, why not? What adjustments need to be made?**
- 2) What is being monitored, how frequently and where, and what action is being taken (as needed) based on the results of the monitoring? In some situations, an IP will need to note that the monitoring program is still being developed with intent to satisfy the conditions. Alternatively, it could happen that the conditions cannot be achieved because of various impediments.**

III-A. Environmental Screening Form (Table 1)

Name of Activity: _____ Type of Activity: _____ Grantee: _____ Date: _____		Column A	Column B	Col C	
		Yes	No	If answered yes to Col. A. is it a--?	
				High Risk	Medium-Risk
IMPACT ON NATURAL RESOURCES & COMMUNITIES					
1	Will the project involve construction ¹ of any type of structure (building, check dam, walls, etc)?				
2	Will the project involve the construction ² or repair of roads or trails?				
3	Will the project involve the use, involve plans to use or training in the use of any chemical compounds such as pesticides ³ (including neem), herbicides, paint, varnish, lead-based products, etc?				
4	Involve the construction or repair of irrigation systems?				
5	Involve the construction or repair of fish ponds?				
6	Involve the disposal of used engine oil?				
7	Will the project involve implementation of timber management ⁴ or extraction of forest products?				
8	Are there any potentially sensitive terrestrial or aquatic areas near the project site, including protected areas?				
9	Does the activity impact upon wildlife, forest resources, or wetlands?				
10	Will the activities proposed generate airborne gases, liquids, or solids (i.e. discharge pollutants)				
11	Will the waste generated during or after the project impact on neighboring surface or ground water?				
12	Will the activity result in clearing of forest cover?				
13	Will the activity contribute to erosion?				
14	Is the activity <u>incompatible</u> with existing land use in the vicinity?				
15	Will the activity contribute to displace housing?				
16	Will the activity affect unique geologic or physical features?				
17	Will the activity contribute to change in the amount of surface water in any body?				
18	Will the activity deal with mangroves and coral reefs?				
19	Will the activity expose people or property to flooding?				
20	Will the activity contribute substantial reduction in the amount of ground water otherwise available for public water supplies?				
21	Will the activity create objectionable odors?				
22	Will the activity violate air standard?				
LOCAL PLANNING PERMITS					
23	Does the activity e.g. infrastructure improvements require local planning permission(s)?				
24	Does the activity meet the national building code (e.g. infrastructure improvements)?				
25	Is the activity <u>incompatible</u> with existing land use?				

ENVIRONMENT & HEALTH					
26	Will the project activities create conditions encouraging an increase of waterborne diseases or populations of disease carrying vectors?				
27	For road rehabilitation as well as water and sanitation grants, has a maintenance plan been submitted?				
28	Will the activity generate hazards or barriers for pedestrians, motorists or persons with disabilities?				
29	Will the activity increase existing noise levels?				
30	Will the project involve the disposal of syringes, gauzes, gloves and other biohazard medical waste?				

¹ Construction projects need to be reviewed for scale, planned use, building code needs and maintenance. Some small construction projects, such as building an entrance sign to a park, may require simple mitigations whereas larger buildings will require more extensive review and monitoring.

² New construction of roads and trails will require a full environmental assessment of the planned construction.

³ The planned involvement of pesticides will trigger the need to develop a Supplemental Initial Environmental Examination that meets USAID pesticide procedures (Pesticide Evaluation Report and Safer Use Action Plan or "PERSUAP") for the project.

⁴ Any activities the involve harvesting trees or converting forests will require a full environmental assessment of the activity.

III-B. Identification of Mitigation Plan (Table 2)

→ Enter the Question/Row # of the potential negative impacts with check marks in Column A (Table 1) and complete table below for mitigation measures to reduce or eliminate the issue.

#	Sub-activity or component	Description of Impact	Mitigation Measures
1	Component 1		
2	Component 2		
3			
4			

* provide overview of measures used from the USAID LAC Environmental Guidelines or other pertinent guidelines, details on exact monitoring plan are illustrated in Table 3, Environmental Monitoring and Evaluation Tracking Table.

RECOMMENDED ACTION (*Check Appropriate Action*):

(*Check*)

(a)	The project has no potential for substantial adverse environmental effects. No further environmental review is required.	
(b)	The project has little potential for substantial adverse environmental effects, however the recommended mitigation measures will be incorporated in the activity design. No further environmental review is required.	
(c)	The project has substantial but mitigatable adverse environmental effects and required measures to mitigate environmental effects will be incorporated.	
(d)	The project has potentially substantial or significant adverse environmental effects, but requires more analysis to form a conclusion. An Environmental Assessment will be prepared.	
(e)	The project has potentially substantial adverse environmental effects, and revisions to the project design or location or the development of new alternatives is required.	
(f)	The project has substantial and unmitigable adverse environmental effects. Mitigation is insufficient to eliminate these effects and alternatives are not feasible. The project is not recommended for funding.	

III-C. Environmental Monitoring and Evaluation Tracking Table (Table 3).

Type of Project:	
Project Name:	
Implementing Organization:	
Location Name:	
Project Size:	
Nearby Communities:	
Senior Project Manager:	Date:
Monitoring Period:	

#	Description of Mitigation Measure	Responsible Party	Monitoring Methods			Estimated Cost	Results			Recommended Adjustments
			Indicators	Methods	Frequency		Dates Monitored	Problems Encountered	Mitigation Effectiveness	
1							1			
							2			
							3			
							4			
2							1			
							2			
							3			
							4			
3							1			
							2			
							3			
							4			
4							1			
							2			
							3			

Summary of the Environmental Mitigation Report (EMR)

The EMR initially categorizes projects into three types: No Risk, Medium Risk and High Risk. Those with No Risk can continue without further review. Those with High Risk must be reconsidered for the need of an Environmental Assessment. The EMR deals with those projects at Medium Risk.

During the acquisition process, the applicant or contractor submits a suggested EMR. Once the Implementing Partner is chosen a revised initial EMR is submitted for approval by the Mission Environmental Officer BEFORE commencing activities. A format for this initial EMR is provided and includes an initial screening process (Table 1) to assure the project is at the Medium Risk Level. Potential Impacts and related mitigation measures (Table 2) are also identified per sub-activity.

At the end of each year of implementation the EMR is resubmitted with the same information as provided initially plus a component reflecting implementation and effectiveness monitoring of the identified mitigation measures.

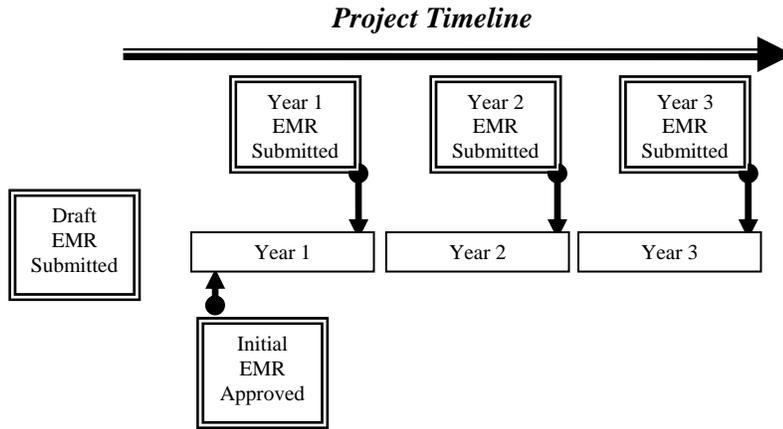
The benefit of this process is:

- The majority of the work is in the hands of the implementing partner, not the AID Mission personnel
- The Implementer Partner does not have to consult with the mission for No-Risk projects, thus streamlining the implementation.
- The Implementing Partner itself identifies the appropriate mitigation measures (using the appropriate resources) to make sure they make sense. This is verified and approved by the MEO.
- The mitigation measures are identified and in place before project initiation.
- There is an annual monitoring process for implementation and effectiveness of the recommended mitigation measures.

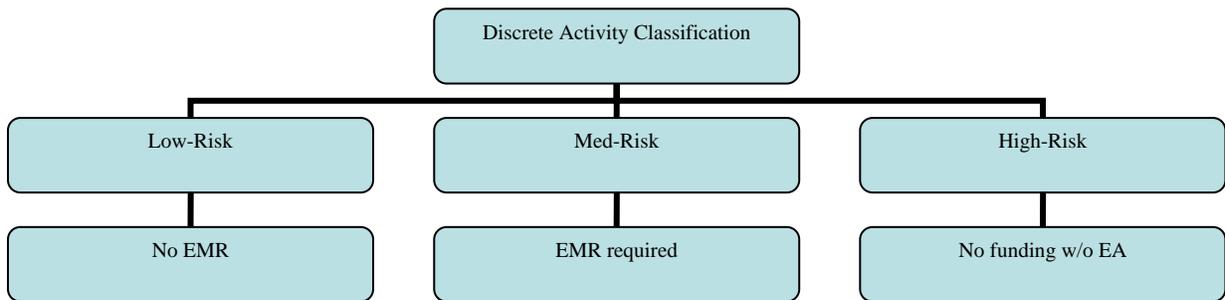
Potential Pitfalls:

- The CTOs will be crucial in ensuring the Implementing Partners take this process seriously and comply. The importance must be emphasized with them.
- The MEO will need more time to start the process off effectively.
- Support of the process from Mission Management and Team Leaders is crucial to success.

Timeline of Reporting Requirement for Environmental Mitigation



Schematic of required action based on the level of risk of a component or discrete activity under an award. This process is intended to address the Medium Risk activities.





2007 MAY 24 PM 12:39:51

033880

Lima, 23 de Mayo del 2007

OFICIO N° 0627 -2007-GG-SE

Señor
Jhon Irons
Oficina de Desarrollo Económico y Medio Ambiente
USAID
Surco.-

DUE DATE. 6/05

ACTION COPY	
ACTION TAKEN:
DATE:
INITIALS:

ASUNTO: ENTREGA DE MEMORANDO DE ENTENDIMIENTO

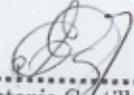
Estimado señor Irons

Tengo el agrado de dirigirme a usted, a fin de hacerle llegar, adjunto a la presente, un ejemplar del Memorando de entendimiento firmada.

Sin otro en particular me despido y hago propicia la ocasión para expresarle mis sentimientos de consideración y estima personal.

Atentamente

SIERRA EXPORTADORA



 Antonio Castillo Garay
 Gerente General

ACTION E.G.T. W.P.G. 1
INFO

MEMORANDO DE ENTENDIMIENTO

ENTRE

SIERRA EXPORTADORA

Y

LA AGENCIA DE LOS ESTADOS UNIDOS PARA EL

DESARROLLO INTERNACIONAL

(USAID)

MEMORANDUM OF UNDERSTANDING

BETWEEN

SIERRA EXPORTADORA

AND

THE UNITED STATES AGENCY FOR INTERNATIONAL

DEVELOPMENT

(USAID)

10 Abril 2007
April 10, 2007

MEMORANDO DE ENTENDIMIENTO

ENTRE

**LA AGENCIA DE LOS ESTADOS
UNIDOS PARA EL DESARROLLO
INTERNACIONAL
Y**

SIERRA EXPORTADORA

MEMORANDUM OF UNDERSTANDING

BETWEEN

**THE U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT
AND**

SIERRA EXPORTADORA

Artículo 1. Propósito

El Gobierno del Perú, por intermedio de Sierra Exportadora ("SX"), está implementando una estrategia global para expandir las oportunidades económicas en la sierra. El Gobierno de los Estados Unidos de América, actuando a través de la Agencia de los Estados Unidos para el Desarrollo Internacional ("USAID"), desea apoyar a SX en estos esfuerzos. USAID y SX, en adelante referidos conjuntamente como las Partes, desean cooperar en la expansión de las oportunidades económicas para los pobres en la sierra del Perú. La cooperación abarca un rango de actividades e iniciativas.

Como primer paso en esta cooperación, y en respuesta a una solicitud de SX, el Proyecto Reducción y Alivio a la Pobreza ("PRA") de USAID será extendido por el periodo desde el 1 de marzo del 2007 hasta el 30 de setiembre del 2008 (el "Periodo de Apoyo"). El PRA es financiado y administrado por USAID, a través de un contrato de implementación (el "Contrato PRA"), actualmente a cargo de Chemonics Int., y operará de acuerdo con lo establecido en el Anexo 1. Como parte de su metodología, el PRA financia la operación de Centros de Servicios Económicos ("CSE") en áreas específicas de la sierra y selva con altos niveles de pobreza así como un claro

Article 1. Purpose

The Government of Peru, acting through ("SX"), is implementing a comprehensive strategy to expand economic opportunities in the Sierra. The Government of the United States of America, acting through the U.S. Agency for International Development ("USAID"), wishes to support SX in these efforts. USAID and SX, hereinafter referred to jointly as the Parties, wish to cooperate in expanding economic opportunities for the poor in Peru's sierra. Cooperation will comprise a range of activities and initiatives.

As a first step in this cooperation, and in response to a request from SX, USAID's Poverty Reduction and Alleviation Activity ("PRA") will be extended for the period from March 1, 2007 to September 30, 2008 (the "Support Period"). PRA is financed and managed by USAID, through its implementation contract (the "PRA Contract"), currently operated by Chemonics Int'l, and will operate as described in Annex 1. As part of its methodology, PRA finances the operation of Economic Service Centers ("ESC") in specific areas of the highlands and jungle that have high levels of poverty as well as clear potential for economic growth.

potencial de desarrollo económico.

En apoyo a este primer paso, SX ha trabajado con el Ministerio de la Mujer y Desarrollo Social ("MIMDES") de modo que, en el marco del Convenio de Donación para Monetización de Ayuda Alimentaria de Título II para el Año Fiscal 2006 ("Convenio de Monetización"), el Gobierno del Perú ("GdP") contribuirá, y USAID considerará hasta US\$1.000.000 como la contribución inicial del GdP al PRA durante el Periodo de Asistencia. La contribución del GdP financiará parte de los costos operativos de los CSEs ubicados en la sierra durante el Periodo de Asistencia. La diferencia será financiada con la contribución de USAID y de otros aportes que se encuentran en gestión con las empresas mineras de cada área más las que puedan conseguir en el futuro.

En consecuencia, las Partes han concluido el presente Memorando de Entendimiento ("MDE") para configurar una base para establecer actividades y procesos en apoyo de sus mutuos objetivos. Esto no constituye un acuerdo internacional o un vinculante compromiso financiero. Los principios delineados serán implementados de acuerdo con las leyes, regulaciones y procedimientos de las Partes.

Artículo 2. Antecedentes

2.1 Sierra Exportadora

SX, entidad peruana gubernamental, es un organismo público descentralizado adscrito a la Presidencia del Consejo de Ministros, que tiene como sus más importantes funciones: la promoción de planes de negocio y proyectos productivos que permitan una mayor integración de la sierra rural pobre del Perú a los mercados nacionales y de exportación; para ejecutar actividades y promover proyectos de inversión pública en apoyo a

In support of this first step, SX has worked with the Ministry of Women and Social Development ("MIMDES") so that, under the Grant Agreement for Monetization of Title II Food Aid for the Fiscal Year 2006 ("Monetization Agreement"), the Government of Peru ("GOP") will contribute, and USAID will consider, up to US\$1,000,000 as the initial contribution of the GOP to PRA during the Support Period. The GOP contribution will finance part of the operating costs of ESCs located in the sierra during the Support Period. The balance is expected to be financed with USAID and other contributions which are under negotiation with mining enterprises of each area in addition to those that could be obtained in the future.

Accordingly, the Parties have concluded this Memorandum of Understanding ("MOU") to set forth a basis for establishing activities and processes in support of their mutual objectives. It does not constitute an international agreement or binding commitment of funding. The principles it outlines will be implemented in accordance with the Parties' respective laws, regulations and procedures.

Article 2. Background Information

2.1 Sierra Exportadora

SX, a Peruvian governmental entity, is a public sector decentralized organization ascribed to the Presidency of the Council of Ministers, that has as its most important functions: to promote business plans and productive projects that allow the greatest integration of Peru's poor rural sierra into national and export markets; to implement activities and promote government investment projects supporting rural businesses; and, to strengthen economic corridors, all of

negocios rurales; y, reforzar los corredores económicos; todo lo cual genera empleo productivo y lucha contra la pobreza.

SX ha solicitado que la USAID extienda y expanda la actividad del PRA para ayudar a SX a alcanzar sus objetivos de desarrollo económico y generación de empleo en la sierra rural pobre del Perú.

2.2 Proyecto de Reducción y Alivio a la Pobreza

El PRA es un proyecto de desarrollo cuyo propósito es promover la reducción de la pobreza a través de actividades de ingresos sostenibles y generación de empleo en corredores económicos específicos. Las actividades del PRA actualmente intervienen en los corredores económicos de Jaén, Tarapoto, Piura, Huánuco, Pucallpa, Huancayo, Ayacucho, Cusco y Huancavelica

Los objetivos del PRA son:

- Facilitar de manera significativa y sostenible aumentos en el ingreso y en oportunidades de empleo productivo a través de los CSEs.
- Formular y promover un efectivo diálogo de políticas y propuestas dirigidas a fomentar la inversión privada y el desarrollo productivo. Esto se logra identificando las políticas que obstaculizan el desarrollo económico y realizando estudios que conduzcan a mejorar la competitividad regional y aumentar la productividad y la identificación de mercados.
- Promover la inversión pública en infraestructura, recursos humanos y gasto social.

which generate productive employment and fight against poverty.

SX has requested that USAID extend and expand the PRA activity to assist SX in achieving its objective of economic growth and employment generation in Peru's poor rural sierra.

2.2 Poverty Reduction and Alleviation Activity

PRA is a development project whose purpose is to promote poverty reduction through sustainable income and employment generation activities in specific economic corridors. PRA's activities currently cover the economic corridors of Jaen, Tarapoto, Piura, Huanuco, Pucallpa, Huancayo, Ayacucho, Cusco and Huancavelica.

The objectives of PRA are:

- To facilitate substantial and sustainable increases in income and productive employment opportunities through ESCs.
- To formulate and promote effective policy dialogue and proposals targeted to foster private investment and productive development. This is accomplished by identifying policies that hinder economic development and carrying out studies that will lead to the improvement of regional competitiveness and increase productivity and market identification.
- To promote public investment in infrastructure, human resources and social expenditures.

2.3 Gobierno del Perú

El Gobierno del Perú (GdP), representado por el Ministerio de Relaciones Exteriores, según lo coordinado por SX y MIMDES en base a lo delineado en el Convenio de Monetización, ha acordado apoyar el proyecto PRA, mediante financiamiento u otra asistencia. CARE es la entidad que administra dichos fondos del GdP. Estos fondos serán utilizados para financiar un monto de hasta US\$1.000.000 como la contribución inicial para cubrir un porcentaje a determinarse por USAID de los gastos de operación de los CSEs durante el Periodo de Asistencia.

2.4 Agencia de los Estados Unidos para el Desarrollo Internacional

USAID es parte de la misión diplomática del Gobierno de los EE.UU. en Perú y proporciona asistencia técnica y financiera a los países en desarrollo. En el Perú, uno de sus objetivos principales es el de apoyar el crecimiento económico sostenido de amplia base.

USAID apoya los objetivos de SX y quisiera ayudar a SX en alcanzar sus objetivos. USAID tiene varias actividades relacionadas con el mejoramiento del ámbito operacional para negocios y para expandir de los mercados de servicios financieros y de desarrollo empresarial. Uno de los programas de USAID en Perú es la reducción de la pobreza a través de la implementación del PRA el cual apoya el desarrollo de corredores económicos seleccionados, principalmente mediante la operación de CSEs. USAID administra el proyecto PRA a través de un contratista (el "Contratista PRA"), que en la actualidad es la firma consultora Chemonics Int'l.

2.3 Government of Peru

The Government of Peru (GOP), as represented by the Ministry of Foreign Affairs, as coordinated by SX and MIMDES on the basis of what is outlined in the Monetization Agreement, has agreed to support the PRA activity, through financing or otherwise. CARE is the entity that administers these GOP funds. These funds will be used to finance an amount up to US\$1,000,000 as the initial contribution to cover a percentage to be determined by USAID of the ESCs operating costs during the Support Period.

2.4 United States Agency for International Development

USAID is part of the U.S. government's diplomatic mission in Peru and provides technical and financial assistance in developing countries. In Peru, one of its primary objectives is to support broad-based sustainable economic growth.

USAID supports the objectives of SX and would like to assist SX in achieving its objectives. USAID has various activities related to improving the operating environment for businesses and to expanding the financial and business development services markets. One of USAID's programs in Peru is poverty reduction through the implementation of PRA which supports the development of selected economic corridors, primarily through the operations of ESCs. USAID manages the PRA activity through a contractor (the "PRA Contractor"), which is currently Chemonics Int'l, a U.S. consulting firm.

Artículo 3. Compromisos de USAID

3.1 Comité de Coordinación

Con el propósito de definir objetivos comunes, operacionalizar enfoques y además identificar como USAID podría apoyar a SX, USAID y el Contratista PRA participarán activamente y apoyarán al Comité de Supervisión (como se describe abajo).

3.2 Ampliación del Contrato PRA

De acuerdo con los términos del Contrato PRA, USAID intenta cubrir: a) 100% de los gastos de la Oficina Central del PRA, estimados en US\$2.500.000 por año, los cuales incluyen servicios técnicos especializados en planificación estratégica, información en mercados internacionales, monitoreo y evaluación; y b) un porcentaje de los gastos operativos de cada CSE.

De acuerdo al Contrato PRA, el Contratista PRA es responsable de presentar a USAID, de manera oportuna y confiable, informes trimestrales de avance sobre los resultados de los CSE. USAID acuerda compartir los informes del Contratista PRA con SX, de manera oportuna o indicar al Contratista PRA para que envíe una copia directamente del informe a SX.

3.3 Diálogo de Políticas

Continuando con su diálogo de políticas con el GdP, el PRA continuará identificando obstáculos, los cuales una vez resueltos, ayudarán a crear un ambiente más propicio para los negocios. Se espera que el diálogo incluya varias formas de comunicar la información a SX y otros ministerios y entidades relevantes del GdP.

Article 3. USAID Undertakings

3.1 Coordination Committee

In order to define mutual objectives, operationalize approaches and otherwise identify how USAID might support SX, USAID and the PRA Contractor will actively participate on and support the Coordination Committee (as described below).

3.2 Expansion of the PRA Contract

In accordance with the terms of the PRA Contract, USAID intends to cover: a) 100% of PRA's Central Office costs, estimated at US\$2,500,000 per year, which includes specialized technical services in strategic planning, information on international markets, monitoring and evaluation; and b) a percentage of each ESCs operating costs.

As provided for in the PRA Contract, the PRA Contractor is responsible for submitting timely and accurate quarterly progress reports on all of the results of the ESCs to USAID. USAID agrees to share, as appropriate, the PRA Contractor's reports with SX in a timely manner or to direct the PRA contractor to submit a copy of the report directly to SX.

3.3 Policy Dialogue

In its continuing policy dialogue with the GOP, PRA will continue to identify issues which, once resolved, will help to create a more supportive environment for businesses. It is expected that the dialogue will include various means of communicating information to SX and other relevant GOP ministries and entities.

Artículo 4. Compromisos de SX

4.1 Coordinación de Financiamiento

SX continuará coordinando con MIMDES y otras entidades del GdP el financiamiento del GdP de los costos operativos de los CSEs localizados en la sierra durante el Periodo de Asistencia.

4.2 Comité de Coordinación

SX reconoce la importancia de y acepta participar en activamente y apoyar al Comité de Coordinación (como se describe abajo).

Artículo 5. Establecimiento del Comité de Coordinación

Las Partes acuerdan establecer un Comité de Coordinación para identificar y coordinar mejor las acciones y procedimientos que apoyan los objetivos comunes de las Partes. El Comité de Coordinación analizará, discutirá y aprobará los lineamientos resultados, estándares de rendimiento, diálogo de políticas, y la evaluación de procedimientos y resultados relacionados con los intereses de las Partes. El Comité de Coordinación incluirá representantes de USAID (Equipo para la Reducción de la Pobreza), el Contratista PRA y Sierra Exportadora. Otras partes podrán ser invitadas a participar basándose en necesidades específicas. Las responsabilidades del Comité de Coordinación se presentarán en un convenio aparte, sujeto a la revisión y aprobación de las Partes.

El Comité de Coordinación identificará aquellas actividades en las cuales se pueda lograr sinergias para la implementación de las actividades de USAID y SX, especialmente en los casos de asistencia técnica, promoción comercial, capacitación, difusión de

Article 4. SX Undertakings

4.1 Coordination of Funding

SX will continue to coordinate with MIMDES and other GOP entities the GOP financing of the operating costs of ESCs located in the sierra during the Support Period.

4.2 Coordination Committee

SX acknowledges the importance of and agrees to actively participate on and support the Coordination Committee (as described below).

Article 5. Establishment of Coordination Committee

The Parties agree to the establishment of a Coordination Committee to better identify and coordinate actions and procedures which support the common objectives of the Parties. The Coordination Committee will analyze, discuss and approve the guidelines, results, benchmarks, policy dialogue, and evaluation procedures and results related to the interests of the Parties. The Coordination Committee will include representatives of USAID (Poverty Reduction Team), the PRA Contractor and Sierra Exportadora. Other parties may be invited to participate based on the specific need. The responsibilities of the Coordination Committee will be set forth in a separate agreement, subject to the review and approval of the Parties.

The Coordination Committee will identify those activities where synergies can be achieved in implementing USAID and SX activities, especially in cases of technical assistance, trade promotion, training, market information dissemination and credit. For each area,

información de mercado y crédito. Para cada área, las responsabilidades de las partes se presentarán tanto a nivel central como regional.

Artículo 6. Estipulaciones Generales

- 6.1 Publicidad. SX otorgará publicidad a la asistencia del Gobierno de los EE.UU. en una manera consistente con los compromisos realizados en acuerdos internacionales entre los gobiernos del Perú y de los EE.UU. de América. SX reconoce que los socios ejecutores de la USAID están sujetos a los requerimientos de los EE.UU. en cuanto a la forma y estilo de publicidad.
- 6.2 Intercambio de Información. Las Partes deberán proporcionar unas a otras la información correspondiente conforme sea requerida para facilitar la provisión de asistencia y evaluar la efectividad de esta asistencia.
- 6.3 Enmienda y Modificación. Este MDE puede ser enmendado o modificado por acuerdo escrito entre las Partes.

Artículo 7. Idioma

Este MDE es preparado en inglés y español. En caso de ambigüedad o conflicto entre las dos versiones, prevalecerá la versión en inglés.

Artículo 8. Fecha de Efectividad y Culminación

Este MDE será efectivo a partir de la fecha de firma por ambas Partes aquí involucradas. Este MDE culminará el último día del Periodo de Asistencia a menos que se acuerdo lo contrario por escrito entre ambas Partes.

responsibilities for the parties will be set forth both at the central and regional levels.

Article 6. Standard Provisions

- 6.1 Publicity. SX will give publicity to U.S. Government assistance in a manner consistent with commitments made in international agreements between the governments of Peru and of the United States of America. SX recognizes that USAID's implementing partners are subject to United States requirements for the form and manner of publicity.
- 6.2 Information Sharing. The Parties shall provide each other with such information as may be needed to facilitate provision of the assistance and to evaluate the effectiveness of this assistance.
- 6.3 Amendment and Modification. This MOU may be amended or modified by written agreement of the Parties.

Article 7. Language

This MOU is prepared in both English and Spanish. In the event of ambiguity or conflict between the two versions, the English language version will control.

Article 8. Effective Date and Term

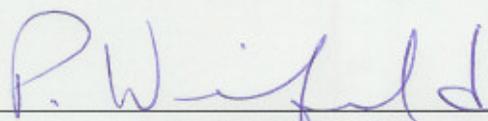
This MOU shall be effective once signed by both Parties hereto. This MOU shall terminate on the last day of the Support Period unless otherwise agreed in writing by the Parties.

En testimonio de lo cual, las Partes, cada una actuando a través de sus representantes debidamente autorizados, han suscrito este Memorando de Entendimiento a ser firmados en sus nombres y lo han otorgado en el día ____ de abril de 2007.

In witness whereof, the Parties, each acting through their duly authorized representatives, have caused this Memorandum of Understanding to be signed in their names and delivered as of this ____ day of April, 2007.



Gastón Benza Pflucker
Presidente Ejecutivo
Sierra Exportadora



Paul E. Weisenfeld
Director
U.S. Agency for International Development

ANEXO 1

1. ANTECEDENTES

El PRA es el Proyecto de Reducción y Alivio a la Pobreza, financiado y asistido técnicamente por la Agencia para el Desarrollo Internacional de los Estados Unidos de América en el Perú, USAID-PERU, y es ejecutado en la actualidad por la empresa consultora norteamericana Chemonics International Inc.

El Proyecto PRA remonta su origen al “Estudio Sobre Seguridad Alimentaria en el Perú” encargado por la USAID en el año 1994. Concluyó el estudio que los programas sociales en las áreas en pobreza extrema, básicamente rurales andinas, tenían un impacto muy marginal para lograr superar las limitaciones que esas áreas tienen para generar ingresos sostenibles y alcanzar la ruta del desarrollo. La distancia a los mercados, la baja calidad de los recursos humanos y naturales, la falta de infraestructura básica, etc..., hacían poco viable que los programas de apoyo productivo tuvieran un impacto importante para cambiar la situación de los pobres de esas áreas. El lugar donde se ubicaba el problema no era el lugar donde necesariamente se ubicaba la solución. Había que buscar zonas alternativas donde los pobres de esas áreas pudieran encontrar el empleo y los ingresos que los sacaran sosteniblemente de la pobreza.

En 1996, USAID encargó un estudio para dar forma a una estrategia alternativa para la lucha contra la pobreza extrema. Este estudio concluyó en la presentación de la “Estrategia de Corredores Económicos”. El estudio identificó 24 Corredores Económicos al interior del país. Entre ellos se presentaban unos corredores con las tasas más altas de crecimiento económico y que por tanto constituían áreas en las que, potencialmente, se podrían generar los empleos y los ingresos que los pobres extremos requieren para salir de manera sostenible de la pobreza. Los Corredores Económicos son áreas determinadas por un conjunto de ciudades y sus entornos rurales que conforman un sistema urbano por estar vinculados vitalmente entre sí, formando circuitos comerciales cuyo dinamismo se potencia por conexiones transversales hacia ciudades más importantes (mercados de costa), y que se considera como una unidad económica para el fomento de su desarrollo.

Para determinar prioridades al interior de los 24 Corredores Económicos, se tomaron en cuenta dos criterios básicos: el potencial económico del Corredor y su conexión con la población extremadamente pobre. La conexión puede tener lugar de dos maneras: a través de la proximidad geográfica y a través de la migración. De acuerdo a esta calificación, y teniendo en cuenta los recursos disponibles, se propuso que el PRA concentre su atención originalmente en 10 Corredores considerados como prioritarios: Ayacucho, Cajamarca, Cusco, Huancayo, Huanuco, Pucallpa, Huaylas, Jaén, Puno y Tarapoto.

El PRA inició sus actividades bajo el Convenio entre CONFIEP y USAID firmado el 30 de Septiembre de 1998. Este Convenio Cooperativo se extendió hasta el 30 de Marzo del 2001. Durante la vigencia de este Convenio se pusieron en marcha diez Centros de Servicios Económicos (CSEs) en igual número de Corredores Económicos. Durante el

período de vigencia del Convenio entre CONFIEP y USAID, las actividades de la dirección y la asistencia técnica del proyecto PRA estuvieron centradas en implementar y poner en funcionamiento los diez CSEs.

A partir del 1° de Abril del año 2001, el PRA pasó a ser ejecutado directamente por Chemonics International. Los diez operadores de los CSE originalmente designados bajo el Convenio con CONFIEP, firmaron contratos similares con Chemonics International.

2. ESTRATEGIA

El enfoque de desarrollo del PRA para combatir la pobreza (Estrategia de los “Corredores Económicos”) es situarse en una zona con Potencialidades (a través de ciudades intermedias con potencial y vinculadas a áreas pobres), desde donde irradiar hacia las áreas más pobres, consiguiendo de esta forma establecer una dinámica interdependiente entre las ciudades de menor jerarquía con las de mayor jerarquía. La provisión de insumos y mano de obra de la ciudad menor es necesaria para la ciudad de mayor jerarquía, así como ésta última permite el acceso a un mercado potencial mayor. Los Centros de Servicios Económicos (CSE) constituyen el instrumento fundamental con el cual el PRA busca desarrollar la Estrategia de Corredores Económicos para la reducción de pobreza.

Los CSE tienen la función de prestar y/o canalizar diversos tipos de servicios no financieros dirigidos a empresas privadas, empresas de comercialización y/o pequeños productores urbanos o rurales, de cualquier sector productivo o de servicios, individuales o asociados, ubicados en el Corredor Económico. En última instancia interesa que tengan potencial de acumulación y posibilidad de impacto sobre la dinámica económica regional. Para ello, la estrategia es contribuir a lograr que estas actividades productivas o de servicios sean más rentables y sostenibles en una lógica de mercado y que ésta sostenibilidad, a su vez, contribuya a formar y consolidar un mercado local o regional para la producción de alimentos, insumos, servicios y mano de obra proveniente de las zonas pobres relacionadas del Corredor Económico.

El punto de partida de toda la estrategia a desarrollarse es el mercado. En este sentido, la estrategia a implementar por el PRA en los Corredores puede clasificarse como orientada por el mercado (“market driven”). Los CSE concentrarán sus esfuerzos de servicios económicos en apoyo a empresarios privados o productores competitivos que puedan satisfacer una demanda identificada de nivel local, regional o internacional.

En la prestación de sus servicios los CSE deben guiarse por los principios siguientes:

- a. Intermediar en la relación comprador-productor, atendiendo el “producir lo que se vende” (en vez de “vender lo que se produce”) y motivando así a productores locales interesados en atender esa demanda y brindando asistencia técnica, principalmente, para la comercialización.

- b. La asistencia técnica que requieran los clientes del CSE será otorgada si el incremento en los ingresos del productor o empresario obtenido es superior a su costo (lo cual deberá ser demostrable en todo momento).
- c. Asimismo, y con relación a la formación de un mercado local de servicios no financieros a productores y empresarios, cabe mencionar que la prestación de asistencia técnica se hará, en la medida de lo posible, teniendo presente la necesidad de desarrollar localmente una oferta permanente de estos servicios a los clientes.
- d. Prestar servicios a clientes que evidencian el firme compromiso de:
 - implementar las recomendaciones que se derivan de la asistencia técnica (incluida mayor inversión en activos, cambios de gestión, etc.),
 - permitir acceso al PRA a información para determinar el mayor volumen de ventas y empleo generado.
- e. Fomentar el establecimiento de “clusters” o conglomerados regionales, así como las posibilidades de sub-contratación de los pequeños y microproductores con el empresariado regional y nacional, apoyando de manera preferencial a aquellos clientes que tengan esta lógica de asociatividad y de desarrollo de una plataforma competitiva regional.

Finalmente, la estrategia del PRA considera que la tarea de reducir la pobreza recae principalmente en el sector privado, que es quien debe generar las oportunidades de empleo y de aumento de ingresos. El rol del Estado es complementar la tarea del sector privado mediante la creación de infraestructura económica básica (caminos, energía y agua para riego), así como un entorno jurídico adecuado y confiable. Los CSE deberán por ello participar activamente en la red institucional local relevante (Comités de Coordinación Multisectorial, mesas de concertación, etc., llamados por el Proyecto PRA como “Comités Regionales de Apoyo”), orientándose a contribuir a que los principales actores públicos (Gobierno Regional, Gobiernos Locales, Proyectos Especiales) y privados (Empresarios, Organismos de Cooperación, ONG's, etc.), identifiquen los problemas a fin de desarrollar la competitividad regional y lograr que la inversión pública se oriente con criterios de rentabilidad económica, y que se contribuya a la reducción de los costos de transacción y el aumento de la actividad e inversión privadas en el Corredor.

3. VISION DE FUTURO

Al cabo de la ejecución, el proyecto espera:

- a. Un conjunto amplio de agentes económicos privados (agrupados y formando clusters o conglomerados) que se encuentran articulados a cadenas de mercado sostenibles, sobre la base del desarrollo de un nivel de especialización en una canasta de

productos o servicios competitivos y a un mercado de servicios empresariales de soporte a esa producción.

- b. Tasas altas de crecimiento (5 - 6%) del Producto Bruto Interno Regional, reflejado en un gran dinamismo económico y comercial (en particular, en las áreas urbanas con potencial en el Corredor Económico), lo que se traducirá en ciudades intermedias más grandes y con mejores servicios, que se constituyen en polos de atracción para la mano de obra regional y en mercado de destino de los productos de las zonas más pobres.
- c. El papel del Estado como promotor de la inversión privada para desarrollar infraestructura económica básica (carreteras, puertos, etc.) habrá sido redefinido, habiéndose logrado un gran consenso nacional sobre la viabilidad y necesidad de este tipo de participación público-privada (PPP) en el desarrollo de grandes proyectos de infraestructura.

4. IMPLEMENTACION

Chemonics International, bajo contrato con USAID, asumió a partir del 1° de Abril del 2001, la responsabilidad de la ejecución del Proyecto PRA. Esto comprende, principalmente, la implementación, supervisión y asistencia técnica de los Centros de Servicios Económicos en funcionamiento en igual número de Corredores Económicos, además del desarrollo y conducción de iniciativas para el "Diálogo de Políticas" con el gobierno.

Chemonics International ha asumido responsabilidad por resultados concretos que se fijan anualmente para cada corredor dentro de las metas totales fijadas en el contrato y medidos en:

- Ventas adicionales de los clientes a consecuencia de la intervención del proyecto
- Nuevos empleos , y
- Nuevas inversiones en activos fijos en los negocios promovidos por el PRA

Para la consecución de estos resultados, Chemonics ha firmado sub-contratos con igual número de Operadores Locales, compuestos por Organismos No-Gubernamentales asociados con empresas privadas, que son quienes asumen la responsabilidad por la implementación del CSE, contratación de personal y el manejo general de los fondos, reportando sus gastos a Chemonics International- Sucursal Perú, quien aprueba las liquidaciones y efectúa el reembolso de fondos mensualmente. Los Operadores Locales reciben una remuneración como "gastos indirectos", para cubrir el costo asociado a la supervisión del CSE a su cargo.

A nivel técnico, cada CSE recibe un importante apoyo de la Dirección del Proyecto PRA para su planeamiento, diseño de estrategias de negocios así como asistencia técnica externa especializada (consultores extranjeros). Asimismo, la Unidad de Monitoreo y

Evaluación del Proyecto PRA, es responsable del diseño, implementación y auditoría del Sistema de Monitoreo en cada CSE en funcionamiento.

En el gráfico siguiente se ilustra el organigrama de funcionamiento del Proyecto PRA y las unidades respectivas que supervisan y apoyan a cada CSE.

