

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PERU

**TAJIMAT: ECONOMIC INCLUSION OF THE AWAJÚN PEOPLE
THROUGH COCOA AND BANANA VALUE CHAINS IN THE
AMAZONAS REGION**

(PE-M1088/PE-T1293)

DONORS MEMORANDUM

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TAJIMAT: ECONOMIC INCLUSION OF THE AWAJÚN PEOPLE THROUGH COCOA AND BANANA VALUE CHAINS IN THE AMAZONAS REGION (PE-M1088)

The Awajún people native to the provinces of Bagua and Condorcanqui in the Amazonas Region of Peru represent one of the poorest groups in the country, with 62% of the population living in poverty, and half in extreme poverty. For the most part the Awajún have not been able to take advantage of economic opportunities in their territory because they have a traditional economy based on reciprocity and redistribution with little connection to the market. The level of business development is therefore low, since they do not have the expertise to attract and use public funds that would help improve their access to such opportunities and to the infrastructure required for marketing and market access. As they are integrated into the rest of society, the Awajún people recognize the need to build their organizational and economic capacity, which would enable them to improve their living conditions as well as their integration into regional economic and commercial systems.

This project seeks to facilitate Awajún farmers' market access and better integrate them into value chains. Its purpose is to increase the value of cocoa and banana production, not only by improving volume, quality and commercial ties, but also through partnering with various government agencies. To achieve this objective, the MIF and Expertisse Plus Consultores, a firm specializing in the management of social-environmental disputes that has more than 20 years of experience with native communities in the Amazon, will join forces to implement a local economic development model based on an intercultural intervention with native communities aimed at building relationships between Awajún farmers and commercial agents, and improving ways of working with the local government for productive development.

The project will pursue the following lines of action: (i) lay the groundwork for establishing a dialogue between the Awajún community, government agencies, and private companies, which will facilitate land use planning processes and commercial agreements on cocoa and bananas; (ii) establish systems to build the productive capacities of Awajún farmers, using technical assistance methodologies that have been tailored to their culture and world view; (iii) develop a marketing system so that the Awajún community can receive the benefits of a more transparent and informed relationship with commercial agents and the market in general; and finally (iv) document and disseminate the local economic development model that is implemented, with the goal of not only guiding the learning process, but also influencing the actions of political and business decision-makers in similar circumstances.

The project's actions are expected to benefit more than 600 Awajún families that produce cocoa and banana, as well as two local business cooperatives, the Amazonas regional government, and the municipios of Bagua, Condorcanqui, and Imaza. In addition, the improved quality of the public investment projects identified in the participatory budgets is expected to have a widespread positive impact on the Awajún community.

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ABBREVIATIONS

APROCAM	Asociacion de Productores Cafetaleros y Cacaoteros del Amazonas [Association of Coffee Producers and Cocoa Growers of Amazonas]
AWP	Annual work plan
Binational Plan	Binational Peru-Ecuador Border Region Development Plan, Peru Chapter
CDP	Concerted Development Plan
COCIG	Consejo Consultivo Intercultural y de Género [Intercultural and Gender Advisory Board]
GAP	Good agricultural practices
ICR	Italian Trust Fund for Regional Competitiveness
INEI	Instituto Nacional de Estadística e Informática [National Statistics and Informatics Institute]
LED	Local economic development
OR	Operating Regulations
PBP	Participatory budget process
PIP	Public investment project
PSR	Project status report

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I. EXECUTIVE SUMMARY

Country:	Peru	
Executing agency:	Expertisse Plus Consultores SRL	
Beneficiaries:	Approximately 600 Awajún families that grow cocoa and banana crops; and at least two business cooperatives. Indirect beneficiaries will be the local economic development planning offices of the subnational governments.	
Objectives:	Facilitate market access for the Awajún people, further integrating them into local economic development processes. Increase the value of cocoa and banana crops by improving not only volume, quality, and commercial ties, but also interaction with various government agencies.	
Financing:	MIF (nonreimbursable)	US\$1,072,138 (65%)
	Italian Trust Fund for Regional Competitiveness (ICR)	US\$570,000 (35%)
	Local counterpart:	US\$1,007,923 (38%)
	Total:	US\$2,650,061
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Exceptions to Bank policy:	None.	
Consistency with the Bank's country strategy:	The project is aligned with rural development objectives since it helps boost the competitiveness of the agricultural sector and increase the number of farmers who have access to small rural infrastructure.	
Special contractual clauses:	Conditions precedent to the first disbursement are as follows: (i) the Board of Directors has been formed; (ii) the project's Operating Regulations have entered into effect; and (iii) the project coordinator has been selected pursuant to Bank procedures.	

Environmental and social impact review:	The project was reviewed on 1 August 2012 and was classified as a Category “C” operation. Resources from the contribution will be used pursuant to the Bank’s Environment and Safeguards Compliance Policy (OP-703) and Operational Policy on Indigenous Peoples (OP-765).
Coordination with other donors:	The Binational Peru-Ecuador Border Region Development Plan, Peru Chapter, will contribute the counterpart resources and will support the strategic management of the project.

II. BACKGROUND AND RATIONALE

A. Profile of the target territory

- 2.1 The native population in the provinces of Bagua and Condorcanqui in the Amazonas region is among the poorest groups in the country. They live in an area that has abundant natural resources, but is very remote. According to the most recent national census, with 55,366 inhabitants, the Awajún comprise the second largest group of indigenous peoples,¹ and over 50% of them are young. In all, 62% of its population are poor, and half live in extreme poverty. Despite bilingual education efforts, only 2% of students understand what they read.² The main access roads are paved, but are difficult to travel on during the rainy season. Cultural factors and outside influences impeded the development of healthy growth in the market for years. Many of their economic activities are basic subsistence, primarily from a traditional economy that includes hunting, fishing, and gathering. The reciprocity, redistribution, and barter-type exchange of goods and services no longer meets growing needs resulting from the population’s interaction with the national society in areas such as education, health, and access to goods with which they were previously unfamiliar, which requires activities that generate greater monetary income. Other external stakeholders lack the proper tools to understand their culture and create an adaptive, inclusive process that is appropriate and culturally non-invasive.
- 2.2 In effect, the Awajún do not have the business experience that would enable them to take advantage of local economic opportunities in a more sustainable manner, and their level of capacity to partner commercially is low. At the same time, the forest and fauna are being harvested at rates that exceed sustainability limits, which affects their ability to ensure survival. In addition, informal productive initiatives have been observed such as artisanal gold mining, which have

¹ 2007 National Census: 11th Housing and 6th Population Census, Instituto Nacional de Estadística e Informática [National Statistics and Informatics Institute] (INEI).

² Ministry of Education-Strategic Planning Secretariat-UMC; 2010 Census Survey of Students.

- significant adverse effects on the environment, with lop-sided commercial relations and environments conducive to crime.
- 2.3 Agriculture represents 39.9% of production in the Amazonas region, and accounts for 65.5% of the economically active population.³ The yields of cocoa and banana plantations are between one-third and one-half of what they could be with basic improvements in agronomic and business management. The prevailing commercial system does not always recognize the quality of these products, and loss rates are very high. The natives' traditional productive organizational structure gives preference to individual action, and existing associations have weak commercial and productive performance. The existing farmers cooperatives⁴ in the southern part of Bagua province have little penetration among the Awajún, despite the fact that they have performed experiments to identify opportunities that would benefit from collective action.
 - 2.4 The Awajún have received limited technical assistance, with approaches that did not ensure the sustainability of the proposed actions, since they did not result in a supply of products or stable commercial agreements. One of the reasons for this was the use of educational methodologies and techniques with major limitations in terms of recognizing Awajún learning codes and communication techniques consistent with the aboriginal social and cultural system.
 - 2.5 The lack of productive infrastructure further weakens the region's economic potential. The Awajún do not wield much influence in tapping public funds at the local level, with which to improve access and the small infrastructure needed for marketing and market access purposes.⁵ In addition, initiatives have been undertaken by various civil society organizations, which are being carried out in a disjointed and uncoordinated manner and are not in line with a conscious approach to the objectives of local and sustainable economic development of non-welfare-based opportunities that would benefit the native communities.
 - 2.6 From a broader regional perspective, the project area neighbors the country's largest cocoa production region, which is recognized as among the best in the world in terms of quality and aroma. Ninety percent of the production from the San Martín region is quality certified and exported through the Amazonas region, which offers a significant opportunity to connect the value chains in the two

³ Demographic profile of the Amazonas department, INEI, 2009.

⁴ The Center of Farmers from Amazonas (CEPROA), the Association of Coffee Producers and Cocoa Growers of Amazonas (APROCAM) and La Palma are cooperatives of coffee and cocoa growers located in the southern part of the Awajún territory, primarily for marketing. Although APROCAM has some indigenous members, in general the relationship with Awajún growers is fractured and lop-sided due to cultural differences and disparities in market data management; however, there is interest in surmounting these issues in order to improve access to international markets.

⁵ For example, the National Public Investment System of the Ministry of Economy and Finance (MEF), which since 2007 has had several public investment projects (PIPs) totaling 13 million soles. These investment projects are aimed at implementing production and infrastructure initiatives but have not been executed as expected because the proposals were not socially and environmentally adapted to the intercultural environment.

subregions. Currently, the confidence in the region due to the quality of this product stems from a very good combination of natural and technical conditions, such as extremely humid heat, an elevation of 300 meters above sea level, and an emotional and ancestral relationship with the territory and the sustainable traditional management of resources. In addition, this product is considered a highly profitable option because prices have risen in recent years and held there over time.

B. Challenges and opportunities

- 2.7 Poverty among the Awajún is due largely to their limited access to the market and the lack of productive technologies that would enable them to take advantage of the economic opportunities in their territory in contexts of modernization. Despite there being few linkages between the Awajún economy and the market, and the low level of public investment in their territory, they have great hope of improving their involvement in participatory local economic development planning processes. Furthermore, the Awajún people wish to formulate intercultural communication strategies that would enable them to participate in market programs and better meet their needs. Indeed, this project stems from the initiative of leaders representing the Awajún people who approached the MIF based on early marketing experiences with banana in the Wawas native community and cocoa in the Imacita community. In addition, there is access to tailor-made technical assistance methods based on intercultural approaches that incorporate a comprehensive vision of natural resources and their traditional lifestyle, which would make the integration of native communities more effective. Finally, the local and regional governments are interested in supporting the intercultural dialogue with a view toward the development and integration of indigenous peoples, in order to make the region more competitive through sustainable economic opportunities.

C. The project

- 2.8 The project will validate a local economic development (LED) model based on an intercultural intervention with native communities that seeks to: (a) strengthen relations between Awajún farmers and commercial agents; and (b) improve conditions for working with the local government for productive development. Accordingly, the project will carry out specific activities to unblock bottlenecks such as low productivity, little coordination among stakeholders, and lack of small infrastructure that would facilitate logistics and increase production. Through training and technical assistance, the project will build the necessary capacities in the Awajún communities and promote more effective coordination among the key development stakeholders: the government, the private sector, and the native communities. Support will be provided to the local government to improve the targeting of local public investment projects (PIPs) needed by farmers to facilitate their market access.
- 2.9 The project design took into account the **lessons learned** from the Delegation of Authority Program with the project ATN/ME-11854-PE, which confirmed the

quality of cocoa from the area as well as the immediate benefits of improving the technical capacity of indigenous farmers.⁶ In conjunction with the Netherlands Development Organization (SNV) (ATN/ME-11712-PE), the MIF gained experience in promoting inclusive businesses that will make it possible to improve the intervention strategy with cooperatives and entrepreneurs.⁷

- 2.10 Based on the lessons learned, the project will build on the regional positioning and the financial and commercial resources available in the region. It will facilitate market access for Awajún farmers and will better integrate them into value chains, connecting them with existing service cooperatives in the southern part of the region that are associated with CEPICAFE, a major local buyer of cocoa and coffee. As for bananas, the project will help increase the production that goes along with growing demand, particularly from buyers for the domestic market in the La Libertad region.⁸
- 2.11 The project holds interest for the Binational Peru-Ecuador Border Region Development Plan, Peru Chapter (the 'Binational Plan'),⁹ which considers this project a key component of the new intervention strategy and has agreed to provide counterpart funds. The regional Amazonas government has also expressed interest in the project, since it will increase the effectiveness of its work with native communities. The regional Amazonas government will coordinate the identification and financing of public investments that will enhance the project's reach. Consequently, the project will not increase public expenditure. The provincial municipios of Bagua and Condorcanqui have also expressed interest in supporting the project and strengthening the participatory budget and planning processes.
- 2.12 The project also seeks to expand technical knowledge for women who work with crops for commercial use and household consumption. In Awajún families,

⁶ Two key lessons from the Delegation of Authority Program were: (a) Managing an intercultural dialogue requires hard work, patience, and educational efforts, as well as achieving small immediate results that would support the next steps. These results must be achieved in the social, commercial, and productive areas and must be tangible and valued by the community. The communication strategy will be key to achieving this goal, and should identify needs according to gender; (b) The Awajún people value the concepts of "market," "business," and "company" from their own experience and viewpoint, which is different from how we see them in western society. For this reason, methods must be incorporated to transfer and adapt concepts that are culturally influenced.

⁷ The inclusive business project helped to link Condor Travel and Rainforest Expeditions with the Andean highland indigenous communities of Cuzco and the rainforest communities of Tambopata, respectively.

⁸ Reyner Berrios is a businessman involved in the wholesale banana market in the city of Trujillo. He has established a commercial relationship with some Awajún communities, and regularly purchases three varieties of banana from them. During the analysis mission, Mr. Berrios said that he could double what he buys, but there is currently not enough production. Nonetheless, he offered to support the project.

⁹ Under the comprehensive peace agreement signed by Peru and Ecuador, these countries established the "Peruvian-Ecuadorian Good Neighbor Agreement on Border Integration and Development," including the Binational Development Plan, in order to improve the quality of life in both countries through economic integration and investments in infrastructure, small and medium-sized enterprise, environmental projects, tourism, health, water and sanitation, electricity, and mail service.

women and men primarily work the land in separate plots. In general, the crops grown by women are used to feed the family, with some sold at the market in order cover the family's daily expenses such as education for children and other minor services. Thus, the project will seek to train men and women in new farming techniques in order to increase their productivity and enhance the overall quality of crops, so as to provide more income. To this end, the executing agency will establish working relationships with the Federación de Mujeres Awajún del Alto Marañón [Federation of Awajún Women from the Upper Marañón] (FEMAAM), which was formed in 2003 to promote development and the rights of Awajún women.

- 2.13 **Beneficiaries:** Six hundred Awajún families that grow cocoa and banana crops, who live in the provinces of Bagua and Condorcanqui. The estimated Awajún population in these areas is approximately 55,000 inhabitants spread throughout the department of Amazonas. At least two commercial cooperatives will also benefit from the project. Indirect beneficiaries will be the regional government of Amazonas, and the municipios of Bagua, Condorcanqui and Imaza. The improvement in the quality of the projects identified in the participatory budgets is expected to have a greater impact among the population, and will be measured at the appropriate time.
- 2.14 **The project is of interest to the MIF's LED Agenda**, which builds capacities and promotes collaboration and cooperation opportunities between indigenous communities, local and regional governments, and other stakeholders in the productive sector. The project will facilitate native communities' participation in participatory public budgets¹⁰ in order to improve the small productive infrastructure needed for the production and logistics of cocoa and banana value chains. Moreover, this initiative will make it possible to test an intervention model that is not part of the MIF's current portfolio in areas of extreme poverty with indigenous populations. It will also provide a broader regional view, given its proximity to the San Martín region. Finally, the project will provide new information to the MIF on how to design and execute development projects with indigenous peoples. To this end, a work team will be set up that will facilitate coordination within the IDB Group as well as with executing agencies and other related entities.

III. OBJECTIVE AND DESCRIPTION

A. Objectives

- 3.1 The general objective of the project is to help facilitate market access for the Awajún people, further integrating them into local economic development

¹⁰ Participatory budget processes allow a first level of decisions to be made on investments in public infrastructure with no technical complexities of up to US\$115,000. Above this level, the public investment projects require a more elaborate and lengthy process. The MIF project will increase the participation of indigenous communities, in order to have access to public assets such as collection centers and riverside loading docks.

processes. The expected outcome is to increase the value of cocoa and banana crops by improving not only volume, quality, and commercial ties, but also interaction with various government agencies

- 3.2 To achieve these outcomes, the project will implement the following components: (i) Forum for reaching a consensus on production and intercultural planning of LED; (ii) Building productive skills and techniques; (iii) Improving marketing processes; and (iv) Knowledge management and strategic communication.

B. Description

Component 1: Forum for reaching a consensus on production and intercultural planning of local economic development (MIF US\$177,067; ICR US\$37,066; Counterpart US\$37,065)

- 3.3 This component seeks to lay the groundwork for an intercultural dialogue between the Awajún communities, government agencies, and private companies, which will pave the way for land use planning and public investment processes that contribute to the region's competitiveness, in addition to facilitating commercial agreements for cocoa and banana.
- 3.4 The following activities will be carried out: (a) design, establish, and coordinate the Consejo Consultivo Intercultural y de Género [Intercultural and Gender Advisory Board] (COCIG), which is key for validating the adaptation of the intervention tools; (b) training of indigenous persons so that they can take part in participatory budget processes and the review of the local Concerted Development Plan (CDP);¹¹ (c) identify and manage the approval of small local public investment projects and projects to promote cocoa and banana production; and (d) organize a round table with the participation of public and private stakeholders for the production of cocoa and banana, to improve the quality of public and private investment and the competitiveness of these two productive chains.
- 3.5 Expected outcomes: (i) a round table on cocoa and/or banana production; (ii) a planning COCIG; (iii) 10 trained production leaders who participate in participatory budget formulation processes; (iv) 8 PIPs to improve cocoa and banana chains are processed in the participatory budgets; and (v) the plans of the local development offices of subnational governments state the project's strategic priorities for cocoa and banana value chains.

¹¹ The Participatory Budget Process (PBP) and Concerted Development Plan (CDP) are planning tools formulated by means of a participatory process and constitute guidelines for short and long-term action, respectively. The participatory budget process prioritizes the programs and projects identified in the CDP. The PBP involves not only deciding what the public resources will be invested in, but also undertaking commitments to achieve the "strategic objectives" of the district, province, and/or region, which are identified in the CDP. The CDP is the guide to actions to be carried out in the long term, as well as how and what the resources will be used for, taking into account the citizens' view of the future and objectives.

Component 2: Building production skills and techniques (MIF US\$478,534; ICR US\$15,444; Counterpart US\$571,693)

- 3.6 The purpose of this component is to establish the system for improving the productive skills of Awajún farmers, using technical assistance methodologies adapted to their culture and world view, which will help 80% of the beneficiaries improve their productivity rates.¹²
- 3.7 The following activities will be carried out: (a) adaptation of the technical assistance system to the Awajún reality; (b) training activities and technical assistance in cocoa and banana production; and (c) analysis and grading of cocoa and banana from the intervention area.
- 3.8 Expected outcomes: (i) 600 families trained in quality and organic farming, in the processing and post-harvest handling of cocoa and banana, the planning of production and good agricultural practices; (ii) 30 community extension workers trained in agricultural production techniques for cocoa and banana; (iii) a field assistance system for production and processing operated by 30 community extension workers; and (iv) 100% of the farmers use organic processes and good agricultural practices.

Component 3: Improving marketing processes (MIF US\$31,275; ICR US\$225,188; Counterpart US\$100,386)

- 3.9 The purpose of this component is to build the necessary capacities and culturally adapted mechanisms so that the Awajún people can obtain the benefits of a more equitable relationship with commercial agents and the market in general that is more transparent, formal, and informed, so that cocoa and banana sales increase from 40% to 60%.
- 3.10 To this end, the following activities are proposed: (a) improve organizational skills by supporting grassroots associations, leadership, and the entrepreneurship of indigenous leaders; (b) promote access to financial services through cooperation with related institutions; (c) develop a marketing strategy for positioning Awajún products in regional cocoa and banana value chains; (d) identify new regional markets, commercial channels, and customers; (e) design a mechanism to monitor the participation and benefits received by the Awajún community;¹³ and (f) develop a marketing model with Awajún participation and oversight.
- 3.11 Expected outcomes: (i) 80% of the leaders of farmers associations are trained in administrative-business management issues and good practices in associative governance; (ii) 80% of the farmers attain certifiable production levels; (iii) 50% of total production meets quality requirements; (iv) at least five farmers' organizations are strengthened in terms of legality and management; and (v) 70%

¹² This rate is measured as the average volume of quality product, per plant and/or hectare.

¹³ This may include a mechanism to monitor market prices and the price obtained by farmers; the quantities they sold and production; interaction with other cooperatives and intermediaries; and the participation of women.

of the farmers are satisfied with the terms and conditions for selling their cocoa and/or banana crops.

Component 4: Knowledge management and strategic communication (MIF US\$38,900; ICR US\$10,136; Counterpart US\$128,572)

- 3.12 The objective of this component is to validate, document, and disseminate the experience of the Awajún communities in terms of their active participation in LED. It is expected to not only guide their learning but also influence the actions of political and business decision-makers in similar spheres. This component seeks to systematize the knowledge obtained during project execution, such as: a technical note on the intervention model in Awajún communities; a description of Awajún agro-cultural production, processing and marketing models; and systematization of the experience with implementing technology packages adapted to the Awajún reality. A video will also be produced that summarizes the project experience, including testimonials of the various audiences involved in the project. The communication strategy will seek to: (i) increase awareness and obtain the effective commitment of the audiences involved; (2) build and maintain an effective dialogue or local governance mechanism between representatives of the indigenous communities and local and regional governments; and (3) broadly disseminate the LED model validated in this project in regions with indigenous communities, in order to influence public policies. The execution of this component will be technically supported by external consultants with experience in knowledge management and communication.
- 3.13 The activities to be carried out are: (a) develop three knowledge products; (b) design and implement a comprehensive communication and dissemination strategy, formulating the design of a comprehensive communication strategy, organizing dissemination events on project outcomes, designing a website, and producing a video.
- 3.14 Expected outcomes: (i) 80% of the population in the project's area of influence are aware of the project's activities and outcomes; (ii) national and foreign public and private institutions related to the production of cocoa and banana that are involved with the situation of indigenous populations are informed about the Awajún production and business model; (iii) systematization of the model and outcomes disseminated at the national level; and (iv) two statements of interest expressed to replicate the intervention model in indigenous populations.

C. Expected project outcomes

- 3.15 Outcomes: The project is expected to achieve the following: (i) 80% of the beneficiaries sell their crops through associations; (ii) 80% of the beneficiaries introduce improved organic farming techniques; (iii) three agreements from the round tables are included in the CDPs; (iv) two trade agreements of the Awajún people organized with cooperatives for the collective sale of cocoa; and (v) four new markets for cocoa and banana are opened. Impact: The project seeks to: (i) increase the sale of cocoa and banana grown by the beneficiary families by 40% to 60%; (ii) increase sales of cocoa and banana grown by female

beneficiaries by 40% to 60%; (iii) 80% of the beneficiaries succeed in boosting their productivity rates; and (iv) three PIPs proposed by the beneficiaries related to the competitiveness of cocoa and banana chains are being executed.

- 3.16 Consistency with the Bank's country strategy. The project is consistent with rural development objectives, since it helps boost the competitiveness of the agricultural sector and increases the number of farmers who have access to small rural infrastructure.

IV. COST AND FINANCING

- 4.1 **Cost summary.** The total estimated cost of the project is US\$2,650,051. The MIF will provide up to US\$1,072,138 (65%) and US\$570,000 (35%) will come from the Italian Trust Fund for Regional Competitiveness (ICR), with both sums as nonreimbursable financing. The executing agency in conjunction with the Binational Plan will contribute US\$1,007,923 as counterpart resources.

Categories	MIF	ICR	Local	TOTAL	%
C. 1. Forum for reaching a consensus on production and intercultural planning of LED	\$ 177,067	\$37,066	\$37,065	\$251,198	10.0%
C. 2: Building production skills and techniques	\$ 478,534	\$15,444	\$571,693	\$1,065,671	42.4%
C. 3: Improving marketing processes	\$31,275	\$225,188	\$100,386	\$356,849	14.2%
C. 4: Knowledge management and strategic communication	\$ 38,900.35	\$10,136	\$128,572	\$177,608	7.1%
Project executing unit	\$156,372	\$208,494	\$163,707	\$528,573	21.0%
Midterm and final evaluations, baseline and monitoring	\$70,942	\$33,306	- . -	\$104,248	4.1%
Audit and ex post review	\$21,236	-	- . -	\$21,236	0.8%
Contingencies	\$3,500		\$6,500	\$10,000	0.4%
SUBTOTAL	\$977,826	\$529,634	\$1,007,923	\$2,515,383	100%
<i>Percentage</i>	<i>65%</i>	<i>35%</i>	<i>40%</i>	<i>100%</i>	
Institutional strengthening	\$19,305		- . -	\$19,305	
Impact evaluation account	\$ 48,891	\$26,482	- . -	\$75,373	
Local Economic Development Agenda Account	\$ 26.116	\$13,884	- . -	\$40,000	
TOTAL	\$ 1,072,138	\$570,000	\$1,007,923	\$2,650,061	
<i>Percentage</i>	<i>65%</i>	<i>35%</i>	<i>38%</i>	<i>100%</i>	

- 4.2 **Sustainability:** The project's sustainability stems from: (a) the strengthened capacity of the local government to support the economic activities of indigenous communities; (b) building commercial relationships between the Awajún people and the cooperatives and other participating companies; (c) the Binational Plan,

which will continue to promote similar action strategies. The project will develop a new set of skills among the Awajún, which will help them generate more income in a sustained manner, while respecting their local development principles and cultural values. In this way the project beneficiaries will become the principal stakeholders in their development model. One year before the project ends, a **sustainability workshop** will be held to identify the measures needed to ensure the continuity of the project's actions after the funding has ended.

V. EXECUTION

A. Executing agency

- 5.1 Expertisse Plus Consultores SRL is a consulting firm specializing in the management of social and environmental disputes, that has 20 years of experience in the rainforest with indigenous communities in the Amazon region. The company's professional team has worked in management positions in international technical cooperation projects. Its clients include private transnational companies, the Peruvian government, and social organizations. It should be noted that this organization was proposed by the representative leaders of the Awajún communities due to its solid reputation and the long-term relationship it has established in this area. As part of its social responsibility program, the firm is implementing a project to provide basic healthcare services to 3,500 native Urarinas who live in the low Amazon rainforest area. This project solidifies the firm's involvement in the territory where it has been working for several years, and provides a great opportunity for increasing knowledge about integrating indigenous communities into national economic development.¹⁴

B. Execution mechanism

- 5.2 **Organization.** The **Board of Directors** will be comprised of representatives of the executing agency, the Binational Plan, the coordinator, and invited members. Immediately after it is formed, it will draft an internal operations manual for the purpose of achieving its objectives and performing its duties. It will meet at least once every quarter. The board will have the following duties: (i) approve the annual work plan (AWP) and its annexes; (ii) monitor and evaluate the project activities, based on the submitted timeline of activities and the Operating Regulations (OR) for the project; (iii) approve the Operating Regulations and any amendments thereto; (iv) ensure the sustainability of the program when the MIF cooperation ends; and (v) enter into any agreements with private and public partners that would facilitate project execution.
- 5.3 In addition, during the first six months of the project the COCIG will be set up, which will be comprised of individuals representing the Awajún communities based on their commitment to the project's purposes, as well as a coordinator. Its functions will be to: (i) serve as the advisory body for decision-making;

¹⁴ The consulting firm will not provide consulting services to the project. The cooperation resources will only be used to partially finance the executing unit and services for the beneficiaries.

- (ii) formulate intercultural communication strategies, validate them, and ensure their timely implementation; (iii) support the process of implementing and executing the project, serving as a tool to ensure efficient social relations between key stakeholders; (iv) ensure the social executability of the project; (v) help systematize the intervention processes and outcomes achieved; and (vi) help compile and disseminate the lessons learned and knowledge products.
- 5.4 The **project executing unit** will be set up in the vicinity of the beneficiaries, and will be comprised of a project coordinator and the technical team. It will be responsible for: (i) comprehensive management of the project in financial, administrative and technical areas, as specified in the OR; (ii) the operational monitoring of project activities; (iii) the design, implementation, and execution of the AWP; (iv) the organization and maintenance of the project's administrative files; (v) all procurement and contracting processes for the project, including the formulation of terms of reference and the supervision and coordination of the contracted consultants; (vi) oversight of budget management and handling; (vii) processing requests for disbursements from the MIF contribution and funds from the Binational Plan; (viii) preparation of financial statements on the resources used; (ix) submitting administrative and technical reports to the MIF and the Binational Plan; (x) coordination of the required actions with the various stakeholders involved in the project; (xi) reviewing and proposing changes to the OR; and (xii) educating stakeholders and disseminating the outcomes of the project.
- 5.5 **Results-based disbursement:** Disbursements will be contingent on verification that the milestones have been reached, pursuant to the means of verification agreed to by the executing agency, the MIF, and the Binational Plan. The attainment of milestones does not release the executing agency from responsibility for fulfilling the indicators specified in the logical framework and the project objectives. Under the risk and performance-based project management modality, the disbursement amounts will be determined based on the project's liquidity needs, for a maximum period of six months. These needs will be agreed on by the MIF and the executing agency, and will reflect the activities and costs programmed in the annual planning exercise. The first disbursement will be contingent on fulfillment of the conditions precedent, and successive disbursements will be made provided the following terms are met: verification by the MIF that the milestones have been reached on time, and the executing agency has justified 80% of the fund advances.
- 5.6 **Procurement:** For the procurement of goods and contracting of consulting services, the executing agency must comply with the Bank's procurement policies (documents GN-2349-9 and GN-2350-9). Given that the diagnostic needs assessment of the executing agency showed a low need/risk level, the project team determined that pursuant to Appendix 4 to those policies, the executing agency, which belongs to the private sector, will use its own procurement methods that are compatible with the Bank's policies. In addition, all project procurements will be reviewed annually on an ex post basis. Before initiating any

procurement processes, the executing agency must submit the project procurement plan to the MIF for approval. This plan should be updated each year, and whenever there is a change in the methods and/or the goods or services to be procured.

VI. MONITORING, EVALUATION, AND KNOWLEDGE MANAGEMENT

- 6.1 The executing unit will prepare an AWP for each year of execution, which will define the expected outcomes for the year based on compliance with the logical framework, a calendar of activities, including the estimated dates on which the specified milestones are expected to be reached, and an estimate of the required procurements and disbursements.
- 6.2 **Monitoring system and baseline.** To internally track and monitor the project's basic management and performance indicators, the executing agency will set up a results- and impact-based monitoring system for the project, which will be based on the indicators in the logical framework and the AWP. The system will include the establishment of a baseline that will include, among other things, the socioeconomic characteristics of the beneficiaries and the production characteristics of cocoa and banana farmers, broken down by gender in order to measure the progress achieved during and by the end of the project. The baseline and monitoring system will be georeferenced. The executing agency will give the MIF updated data on the basic parameters of the indicators included in the logical framework, and will be responsible for compiling and analyzing the relevant information in order to continuously monitor project execution and the indicators specified in Annex I.
- 6.3 **Project status reports.** The executing agency will be responsible for submitting project status reports (PSR) to the MIF and the Binational Plan within 30 days after the end of each six-month period, or more often on the dates specified by the MIF, which must be communicated to the executing agency at least 60 days in advance. The PSR will describe the progress made in executing the project, the attainment of milestones, the outcomes obtained, and their contribution to the project objectives, based on the logical framework and other planning tools. It will also describe any problems encountered during execution, as well as possible solutions. Within 90 days after the execution period, the executing agency will submit a final PSR to the MIF and the Binational Plan, which will prioritize the outcomes achieved, the sustainability plan, the findings of the final evaluation, and the lessons learned.
- 6.4 **Financial supervision and management.** The executing agency will establish and be responsible for keeping proper accounting records, as well as the internal control and filing systems for the project, pursuant to IDB rules and policies on financial management. Given that the diagnostic needs assessment of the executing agency resulted in a high level of need/risk in the financial management area, the supporting documentation for disbursements from the MIF and the Binational Plan will be subject to quarterly ex post review. In addition, using

funds from the MIF contribution, a consulting firm will be hired to train the executing agency in certain areas of financial management that need to be improved, which were identified in the [needs assessment](#). The MIF will hire independent auditors to conduct the ex post reviews of procurement processes as well as supporting documents for disbursement. The ex post reviews will include an analysis of the financial reports that must be prepared by the executing agency as part of its financial management. The cost of these auditors will be financed with funds from the MIF contribution pursuant to Bank procedures. During project execution, the frequency of the ex post reviews of procurement processes and supporting documents for disbursement, as well as the need for any additional financial reports may be modified by the MIF based on the findings of the ex post reviews conducted by the external auditors.

- 6.5 **Evaluations:** Two process evaluations, one midterm and one final, will be conducted by a specialized consultant directly selected and contracted by the Bank, and charged to the project. The terms of reference for these evaluations will be approved by the MIF and the Binational Plan. The [midterm evaluation](#) will be conducted when 50% of the resources have been disbursed, or when 18 months have passed, whichever occurs first, and will consider the MIF guidelines set forth in the OR and adapted to the needs of the project. In general, the evaluations will assess the project in terms of outcomes, outputs, fulfillment, relevance, efficiency, efficacy, knowledge, sustainability, and lessons learned. The recommendations should contribute to the revision of the strategy up to the end of the project. The [final evaluation](#) will be conducted at the end of the project, or when 95% of the resources have been disbursed, and will include an analysis of the outcomes achieved compared to the initial baseline, and will also examine the following aspects: (i) the sustainability of the actions undertaken; (ii) the degree to which the project purpose and objectives have been achieved; (iii) the outcomes and impact of the actions completed; and (iv) the lessons learned from the project.
- 6.6 **Impact assessment:** A methodology will be used that can compile the lessons learned from the project. It may include a case study that identifies the project's impact on households, the target communities, government agencies, and private companies, etc., and provide information on the successes achieved by the farmers targeted by the project. This methodology will include the following: (i) a tool specifically designed for the project to compile basic information and other socioeconomic data; and (ii) the monitoring and evaluation system, which will be developed to measure the progress made by the small farmers targeted by the project. The study will address questions such as: Does this model help boost the competitiveness and productivity of the beneficiaries' cocoa and banana crops and therefore their income? How has the income structure of the Awajún family changed, and how has this project influenced this change? Up to what point has there been an improvement in the quality of the relationship between indigenous communities and regional and local government agencies? To what extent has this improvement translated into public investments and how have these investments contributed to the increased competitiveness of the beneficiaries? To what extent

can the model be reproduced in other regions with a high presence of indigenous communities?

- 6.7 **Closing workshop.** The executing agency will organize a closing workshop at the appropriate time in order to jointly evaluate the outcomes achieved, identify additional tasks to guarantee the sustainability of the actions initiated under the project, and identify and disseminate the lessons learned and best practices.

VII. BENEFITS AND RISKS

- 7.1 **Benefits.** By the end of the project, institutional capacities will have been built for the concerted management and promotion of forums for dialogue between the government, the indigenous communities, and the private sector, thereby creating better conditions for establishing local development policies and medium-term commitments and resolving social and environmental disputes, which will improve local governance and contribute to local economic development. In addition, the development of farmers in value chains will have made it possible to integrate small farmers into the market, and the diversification of productive activities will have created jobs and increased the incomes of Awajún families.
- 7.2 **Risks.** The following risks were identified: (i) **Sector risks.** Cocoa and banana prices fluctuate depending on the market, and are not easy to determine. In view of this situation, the mitigation measure is that, through the project, the quality achieved along with the corresponding certifications assure buyers and create margins that will cover costs; (ii) **Sustainability risks.** Changes in local and regional governments before the submitted proposals have been consolidated or the legal standing of Awajún associations has been established could affect the continuity of the benefits generated by the project. The mitigation measure is the improved capacity of the Awajún beneficiaries to participate in local development planning processes, such as formulating participatory budgets; and (iii) **Fiduciary risks.** The executing agency lacks experience in the Bank's procurement and financial policies, which could affect the speed of procurement processes and disbursements. The mitigation measure is that the individuals in charge of the executing unit will be trained and external auditors will be contracted from the outset; and (iv) **Sociocultural risks.** Two such risks have been identified: (a) There could be a negative impact from the monetization of traditional reciprocity- and redistribution-based economies and the potential of disputes arising from the management of profits. To mitigate these effects, the project plans to work on indigenous economic governance arrangements in the form of community agreements to manage profits and agreements for the productive investment of savings, which will help surmount the limitations of the non-accumulation principle that is common in traditional indigenous economies. (b) The potential change in land use, shifting from multiple crops to cocoa monoculture, which could affect the sustainability of the cocoa crops that are currently included in small Awajún farms, and which could have phytosanitary repercussions and adverse impacts on food security. To mitigate this impact, the project will work with farmers using a traceability system that ensures sustainable

cultural use and maintains traditional practices of cultivating cocoa in a multicrop environment with “agro-cultural” characteristics.

VIII. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

- 8.1 Inclusion in value chains is an alternative for consolidating the process of integrating Amazon ethnic groups into Peruvian society. It also contributes to offering productive opportunities to indigenous populations that generate significant incomes for them on a sustainable basis, which will in turn reduce informal and/or illegal activities, and will reduce the demand for welfare-based goods and/or services. Furthermore, the project supports the formulation of an “agro-cultural” production model that preserves traditional environmentally friendly indigenous farming methods based on sustainable cultural uses, while respecting a “from the inside-out” approach related to the principles of intercultural development. Lastly, because the appropriate and profitable management of the family’s cultivation area will consume most of the families’ labor capacity, there will be a decreased impact on forestry resources, which is why one expected side effect of the project is the conservation of the Amazon rainforest. In addition, the project will emphasize the participation of Awajún women in the farming work aimed at food security, as a way to promote women’s participation in governance and monetary income management schemes of the ventures generated. This is expected to be done through training protocols and economic governance schemes to be proposed during execution.
- 8.2 The project was reviewed on 1 August 2012, and was classified as a Category “C” operation. Resources from the contribution will be used pursuant to the Bank’s Environment and Safeguards Compliance Policy (OP-703) and Operational Policy on Indigenous Peoples (OP-765).

**TAJIMAT: ECONOMIC INCLUSION OF THE AWAJÚN PEOPLE THROUGH COCOA AND BANANA VALUE CHAINS IN THE AMAZONAS REGION
(PE-M1088)**

LOGICAL FRAMEWORK

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>IMPACT:</p> <p>Help facilitate market access for the Awajún people, further integrating them into local economic development processes.</p>	<p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> Cumulative percent increase in cocoa and banana sales of the beneficiary families: 40%-60% Cumulative percent increase in cocoa and banana sales of female beneficiaries: 40%-60% 80% of the beneficiaries increase their productivity rates. Three public investment projects (PIPs) proposed by the beneficiaries associated with cocoa and banana value chains are being executed. 	<ul style="list-style-type: none"> Sales records and statistics from farmers associations and/or cooperatives Baseline study and study of a sample at the end of the project. Reports generated by the monitoring system on the quantity produced, the income and location of beneficiaries, and baseline study values. Measured as the volume of the average quality product per plant and/or hectare. PIP execution reports 	<ul style="list-style-type: none"> Stakeholders remain committed and interested in the different levels of support for the process of integrating Awajún farmers into the existing marketing chains. National and international cocoa and banana markets remain stable, with sustainable demand
<p>OUTCOME:</p> <p>Increase in the value of cocoa and banana crops by improving not only volume, quality, and commercial ties, but also interaction with various government agencies.</p>	<p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> 80% of the beneficiaries sell through associations. 80% of the beneficiaries introduce improved organic farming techniques. Three round table agreements are included in Concerted Development Plans (CDP). Two commercial agreements with cooperatives for the collective sale of cocoa. Four new markets for cocoa and banana opened. 	<ul style="list-style-type: none"> Baseline Sales records and production levels of the beneficiaries, and inspection visits. Results of the evaluations of good agricultural practices (GAP) in the field Statistics from farmers associations and/or cooperatives Updated district and provincial CDPs on the intervention model promoted by the project. Agreement signed by the cooperatives Agreements with buyers, commercial contracts 	<ul style="list-style-type: none"> The different levels of the government and private stakeholders guarantee trade with native Awajún communities under fair conditions, while respecting conceptual intercultural differences.

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COMPONENTS			
<p>Component 1</p> <p>Forum for reaching a consensus on production and intercultural planning of local economic development (LED)</p>	<p><i>18 months into the project:</i></p> <ul style="list-style-type: none"> • A cocoa and/or banana round table is set up in the Amazonas region and has a work agenda. • An intercultural and gender advisory board (COCIG) has been set up and is meeting. • 10 production leaders are trained in participatory budgeting processes at the district, provincial, and regional level. <p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> • At least 10 production leaders participate in local participatory budget workshops. • At least 8 PIPs to improve cocoa and banana chains are processed in the participatory budgets. • The plans of the local development offices of subnational governments state the strategic priorities of the project for cocoa and banana value chains. 	<ul style="list-style-type: none"> • Charter and bylaws for the round table, and agenda document • Charter of COCIG and reports on the meetings conducted • Proceedings of training workshops with verification of learning outcomes. • Projects proposed by the production leaders in connection with local participatory budgets • Municipal registration code of the processed PIPs • The Management Plan of the local development offices of subnational governments 	<ul style="list-style-type: none"> • Relevant stakeholders remain committed to participating and cooperating with the LED intercultural planning initiative.
<p>Component 2</p> <p>Building production skills and techniques</p>	<p><i>18 months into the project:</i></p> <ul style="list-style-type: none"> • 600 families are being trained in: quality and organic farming, processing and post-harvest handling of cocoa and banana, production planning, and GAP • 30 community extension workers are trained in agro-cultural farming techniques for cocoa and banana. • An in-the-field assistance system for production and processing is operated by 30 community extension workers. 	<ul style="list-style-type: none"> • Proceedings of training workshops for the beneficiary families, with verification of learning outcomes. • Results of the evaluations of GAP in the field • Training plan documents and evaluation record of the results of community extension workers. • Reports on the supervision of the in-the-field assistance system 	<ul style="list-style-type: none"> • The beneficiaries institutionalize and apply the knowledge, skills and abilities learned during the training. • Weather variations remain within the ranges conducive to the project's objectives • The prices of cocoa and banana remain attractive for the startup of technical assistance activities.

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> 100% of the farmers are familiar with organic practices and GAP. 	<ul style="list-style-type: none"> Final evaluation of the project 	
<p>Component 3</p> <p>Improving marketing processes</p>	<p><i>18 months into the project:</i></p> <ul style="list-style-type: none"> 80% of the leaders of farmers associations and cooperatives are trained in administrative-business management and good practices for associative governance 80% of the farmers achieve certifiable production levels. 50% of total production meets quality requirements. <p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> At least 5 farmers organizations are strengthened in terms of formalization and management. At least 70% of the farmers are satisfied with the terms and conditions governing the sale of their cacao and/or banana. 	<ul style="list-style-type: none"> Proceedings of training workshops with verification of learning outcomes Farmer records on quality levels of production Management reports Satisfaction survey 	<ul style="list-style-type: none"> The involvement and sense of ownership of the associations and cooperatives remains the same with respect to new production technologies
<p>Component 4</p> <p>Knowledge management and strategic communication</p>	<p><i>18 months into the project:</i></p> <ul style="list-style-type: none"> 80% of the population in the project's area of influence are familiar with the project's activities and outcomes. National and foreign public and private institutions related to the production of cocoa and banana and involved with the situation of indigenous peoples are informed about the Awajún production and commercial model 	<ul style="list-style-type: none"> Audience measurement study Record of individuals and institutions that have been informed 	<ul style="list-style-type: none"> There is unmet demand in new intervention models in indigenous communities with respect to local economic development

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><i>By the end of the project:</i></p> <ul style="list-style-type: none"> • Systematization of the model and national dissemination of outcomes • Two statements of interest expressed to replicate the intervention model in indigenous populations 	<ul style="list-style-type: none"> • Documents on the systematization of the model • Report on the expression of interest in replicating the model 	
ACTIVITIES			
Component 1. Forum for reaching a consensus on production and intercultural planning of local economic development (LED)			
Set up the Intercultural and Gender Advisory Board (COCIG).	<ul style="list-style-type: none"> • The COCIG is set up by month 6 • 12 board meetings to identify and generate contributions for the development of the intercultural model, 4 per year. 	<ul style="list-style-type: none"> • Charter • Minutes of meetings 	<ul style="list-style-type: none"> • The stakeholders remain committed to proactively cooperating with implementation of the initiative • Commitment of local mayors to carry out processes at the appropriate time
Training of indigenous individuals to take part in participatory budget processes and the review of the municipal government's concerted development plans (CDPs)	<ul style="list-style-type: none"> • 10 workshops to identify and prioritize small projects in the indigenous communities, 5 in year 2, and 5 in year 3. • Support provided to community leaders in 10 participatory budgets (including review of the CDP) at the district and provincial level, 5 in year 2 and 5 in year 3. 	<ul style="list-style-type: none"> • Educational materials for the various training workshops • Proceedings of the preparatory workshops. • Minutes of the process to provide participatory budget workshops. • Updating of district and provincial CDPs in terms of the intervention model promoted by the project. 	<ul style="list-style-type: none"> • Active participation of the communities in the identification, formulation, and processing of PIPs.
Identify and manage small local public investment projects and projects to promote cocoa and banana production.	<ul style="list-style-type: none"> • 8 small projects are identified and managed, in connection with participatory budgets, 4 in year 2, and 4 in year 3. 	<ul style="list-style-type: none"> • Municipal registration code of the PIP • District CDPs reflect the proposed PIPs 	
Organize a round table with the participation of public and private stakeholders for the production of cocoa and banana.	<ul style="list-style-type: none"> • A round table with the participation of public and private stakeholders for the production of cocoa and banana is promoted, set up and in operation by month 6. 	<ul style="list-style-type: none"> • Minutes of meetings • Strategic activities plan approved 	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Component 2: Building production skills and techniques			
<p>Adaptation of the technical assistance system to the Awajún reality</p> <ul style="list-style-type: none"> ○ Develop an Awajún production model ○ Develop technology packages for technical assistance. 	<ul style="list-style-type: none"> • An Awajún production model is identified, described, and validated by month 6. • A technology package of knowledge that reflects the intervention strategy for the productive development of cocoa and banana is implemented by month 9. 	<ul style="list-style-type: none"> • Technical report on the indigenous model • Reports on validation meetings • Technology package validated 	<ul style="list-style-type: none"> • The stakeholders involved remain committed to becoming actively involved in the intervention activities • Weather variations remain within the ranges conducive to the project's objectives • The various levels of government retain policies that support agriculture.
<p>Training activities and technical assistance in the production of cocoa and banana</p> <ul style="list-style-type: none"> ○ Training workshops for the technical team ○ Training workshops for the beneficiaries ○ Technical assistance workshops for the beneficiaries ○ Agronomic management: Establishment of nurseries and agro-forestry plots 	<ul style="list-style-type: none"> • 36 training workshops for the technical team in adult education, association-building, and good agro-forestry practices, 12 per year. • 300 training workshops for beneficiaries in production and post-harvest techniques for cocoa and banana, 100 per year • 30 community extension workers trained in agro-forestry practices by month 6 • 600 beneficiaries receive technical assistance from community extension workers, starting in month 6 • Groups of participants have established 30 nurseries producing good quality seedlings starting in month 6 • Participants have established 70% of the demonstration plots using GAP, from month 6 to month 18 	<ul style="list-style-type: none"> • Attendance lists • Educational materials for the various training workshops • Protocols of community training activities • Minutes of community meetings • Field reports of the technicians in charge • Results of the evaluations of good agricultural practices in the field • Technical reports on the plots and nurseries • Production records • Interviews of participants 	
<p>Analysis and grading of cocoa and banana from the intervention area</p>	<ul style="list-style-type: none"> • Cocoa and banana from the area properly identified and graded by month 8 	<ul style="list-style-type: none"> • Technical reports 	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Component 3: Improving marketing processes			
<p>Building organizational capacity</p> <ul style="list-style-type: none"> ○ Conduct training workshops on subjects related to association-building, management, administration, accounting, market research, negotiating, and commercial agreements ○ Develop business plans to strengthen cooperatives ○ Training workshops for lead organizations on good practices for cooperatives 	<ul style="list-style-type: none"> ● 15 training workshops on subjects related to association-building, management, administration, accounting, market research, negotiating, and commercial agreements, 5 per year. ● Two business plans to strengthen existing farmers cooperatives on subjects related to governance and good administrative, financial and commercial management by the first and second year ● 6 training workshops for lead organizations on good practices for cooperatives, 2 per year 	<ul style="list-style-type: none"> ● Reports on training workshops with verification of learning outcomes. ● Business plan documents ● Reports on training workshops with verification of learning outcomes. 	<ul style="list-style-type: none"> ● The beneficiaries remain committed to attending workshops and keep an attitude conducive to learning new content ● Market interest in certifications continues. ● The national and international market for cocoa and banana remains stable with sustainable demand
<p>Promotion of access to financial services through cooperation with related institutions</p> <ul style="list-style-type: none"> ○ Develop a registry and evaluation of existing sources of financing ○ Negotiating processes with various sources of financing completed and available to interested parties for evaluation. 	<ul style="list-style-type: none"> ● A registry and evaluation of existing sources of financing developed, by month 12 ● 3 negotiating processes with various sources of financing completed and available to interested parties for evaluation, carried out by month 30. 	<ul style="list-style-type: none"> ● A report evaluating the financial market ● Testimonial documents on negotiations and preliminary agreements 	
<p>Develop a marketing strategy</p> <ul style="list-style-type: none"> ○ Marketing strategy for cocoa and banana ○ Identify and implement a traceability and/or organic certification system 	<ul style="list-style-type: none"> ● Marketing strategy is developed by month 12. ● A traceability and/or organic certification system is identified and implemented by month 24 ● 10 training workshops on traceability and/or organic certification systems implemented by month 24 	<ul style="list-style-type: none"> ● Marketing strategy document approved by the Board of Directors ● System process and protocols document and educational materials ● Attendance list ● Marketing model approved by the Board of Directors 	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Identify new regional markets, commercial channels, and customers.	<ul style="list-style-type: none"> 3 new potential customers for quality cocoa and banana identified 	<ul style="list-style-type: none"> Market studies, agreements with potential buyers 	
Design a mechanism to monitor the participation and benefits received by the Awajún community from their participation in cocoa and banana value chains Develop and implement a marketing model with Awajún participation and oversight	<ul style="list-style-type: none"> A monitoring mechanism developed and institutionalized by month 6 A marketing model developed by month 30 	<ul style="list-style-type: none"> Institutionalized monitoring mechanism is generating periodic reports Document on the model 	
Component 4: Knowledge management and strategic communication			
Development of the following knowledge products. <ul style="list-style-type: none"> Systematize the intervention model in Awajún communities Describe the Awajún agro-cultural production, processing, and marketing models Systematize the experience of implementing technology packages adapted to the Awajún reality 	<ul style="list-style-type: none"> A report on the systematization of lessons learned and outcomes achieved, by month 32. 	<ul style="list-style-type: none"> Document on the systematization of lessons learned and outcomes achieved has been validated by management 	<ul style="list-style-type: none"> The identified audiences participate in activities involving the promotion and dissemination of outcomes Decision-makers involved in the LED project targeting indigenous populations are interested in the outcomes of the Tajimat project.
Design and implementation of a comprehensive communication and dissemination strategy <ul style="list-style-type: none"> Design a comprehensive communication strategy Events to disseminate the outcomes of the project Design a website Produce a video 	<ul style="list-style-type: none"> Communication strategy designed, by month 12 3 events to disseminate knowledge products, starting in month 20 A website is designed and updated starting in month 18 A promotional video is produced, by month 30 	<ul style="list-style-type: none"> Strategy document Proceedings of workshops and dissemination meetings Website URL The video on CD 	

**TAJIMAT: ECONOMIC INCLUSION OF THE AWAJÚN PEOPLE THROUGH COCOA AND BANANA VALUE CHAINS IN THE
AMAZONAS REGION
(PE-M1088)**

ITEMIZED BUDGET (US\$)

COMPONENTS	TOTAL	TOTAL MIF	MIF	IRC	TOTAL LOCAL CONTRIBUTION	% TOTAL
Component 1. Forum for reaching a consensus on production and intercultural planning of local economic development (LED)	251,198	214,133	\$177,067	\$37,066	37,065	10.0%
1.1 Formation of the Intercultural and Gender Advisory Board (COCIG)	145,020	140,387	\$140,387	-	4,633	5.8%
1.2 Training of indigenous peoples to take part in participatory budget processes and the review of the municipal government's concerted development plans	32,432	-	-	-	32,432	1.3%
1.3 Identification and management of small local public investment projects and projects to promote cocoa and banana production	30,888	30,888	\$30,088	-	-	1.2%
1.4 Organization of a round table with the participation of public and private stakeholders for the production of cocoa and bananas	42,858	42,858	\$5,792	\$37,066	-	1.7%
2 Component 2: Building production skills and techniques	1,065,671	493,978	\$478,534	\$15,444	571,693	42.4%
2.1 Adaptation of the technical assistance system to the Awajún reality	27,027	-	-	-	27,027	1.1%
2.2 Training activities and technical assistance in cocoa and banana production	825,130	280,464	\$280,464	-	544,666	32.8%
2.3 Analysis and grading of cocoa and banana from the project area	15,444	15,444		\$15,444	-	0.6%
2.4 Expert in the development of cocoa and banana productive chains	198,070	198,070	\$198,070		-	7.9%
3 Component 3: Improving marketing processes	356,849	256,463	31,275	\$225,188	100,386	14.2%
3.1 Building organizational capacity	100,386	-	-	-	100,386	4.0%
3.2 Promotion of access to financial services through cooperation with related institutions	-	-	-	-	-	0.0%
3.3 Development of a marketing strategy to improve the positioning of Awajún products in regional cocoa and banana value chains	58,393	58,393	-	\$58,393	-	2.3%
3.4 Identification of new regional markets, commercial channels, and customers.	-	-	-	-	-	0.0%

COMPONENTS	TOTAL	TOTAL MIF	MIF	IRC	TOTAL LOCAL CONTRIBUTION	% TOTAL
3.5 Design of a mechanism to monitor the participation and benefits received by the Awajún community from their participation in cocoa and banana value chains	-	-	-	-	-	0.0%
3.6 Expert in the commercial management of cocoa and banana	198,070	198,070	\$31,275	\$166,795	-	7.9%
4 Component 4: Knowledge management and strategic communication	177,608	49,036	\$38,900	\$10,136	128,572	7.1%
4.1 Development of knowledge products	28,959	28,959	\$18,823	\$10,136	-	1.2%
4.2 Design and implementation of a comprehensive communication and dissemination strategy	20,077	20,077	\$20,077	-	-	0.8%
4.3 Knowledge management assistant	128,572	-			128,572	5.1%
5 Project executing unit	528,573	364,866	\$156,372	\$208,494	163,707	21.0%
5.1 Executing unit coordinator: Senior expert in local economic and commercial development	239,769	239,769	\$31,275	\$208,494	-	9.5%
5.2 Administration	194,595	125,097	\$125,097	-	69,498	7.7%
5.3 Overhead	55,599	-	-	-	55,599	2.2%
5.4 Procurement of goods	38,610	-	-	-	38,610	1.5%
6 Midterm and final evaluations, and baseline	104,248	104,248	\$70,942	\$33,306	-	4.1%
6.1 Baseline study with the production characteristics of cocoa and banana in the area, by gender	46,332	46,332	\$23,166	\$23,166	-	1.8%
6.2 Participatory monitoring and evaluation system developed, validated, and in use	23,166	23,166	\$13,026	\$10,140	-	0.9%
6.3 Consultant for the midterm evaluation	17,375	17,375	\$17,375	-	-	0.7%
6.4 Consultant for the final evaluation	17,375	17,375	\$17,375	-	-	0.7%
7 Audit and ex post review	21,236	21,236	\$21,236	-	-	0.8%
7.1 Overall contract with an auditing firm	21,236	21,236	\$21,236	-	-	0.8%
8 Contingencies	10,000	3,500	\$ 3,500	-	6,500	0.4%
8.1 Contingencies	10,000	3,500	\$3,500	-	6,500	0.4%
SUBTOTAL	2,515,383	1,507,460	\$977,826	\$529,634	1,007,923	100.0%
PERCENTAGE OF FINANCING	100.0%	59.9%	64.9%	35.1%	40.1%	
9 Institutional strengthening	19,305	19,305	\$19,305	-	-	
9.1 Consultant for training and management of the project's financial management system	19,305	19,305	\$19,305	-	-	

COMPONENTS	TOTAL	TOTAL MIF	MIF	IRC	TOTAL LOCAL CONTRIBUTION	% TOTAL
10 Impact Evaluation Account	75,373	75,373	\$48,891	\$26,482	-	
10.1 Transfer to MIF Impact Evaluation Account	75,373	75,373	\$48,891	\$26,482	-	
11 Local Economic Development Agenda Account	40,000	40,000	\$26,116	\$13,884	-	
11.1 Transfer to MIF Agenda Account	40,000	40,000	\$26,116	\$13,884	-	
GRAND TOTAL	2,650,061	1,642,138	\$1,072,138	\$570,000	1,007,923	
Percentages	100.0%	62.0%	40.5%	21.5%	38.0%	

QUALITY FOR EFFECTIVENESS IN DEVELOPMENT (QED)

Instructions:

Fill the orange cells of the "Project Score column" with a score from 0 to 2 where:

0 = No aligned/ No compliant/ False

1 = Partially aligned/ Partially compliant/ Ambiguous

2 = Aligned /Compliant/ True

DIMENSIONS	Project Score from 0-2	COMMENTS
Dimension 1. MIF Strategic Development Objectives – Area Rating	8.15	
Access Framework		
Access Area <i>(Only one option can be selected)</i>		
Access to Finance		
Access to Markets and Capabilities	2	
Access to Basic Services		
Special Topic: Haiti		
<i>Relation to the Agenda's Objectives</i>		
There is a causal relation between project objective and the agenda's objective.	2	
The project has potential for scalability after execution	2	
<i>Specific benefits for women</i>		
The project has specific benefits for women	1	
<i>Specific benefits for the environment</i>		
The project has specific benefits for the environment (GHG reduction, water savings, conservation, biodiversity)	1	
Relation to the MIF Objectives		
<i>Target 1: Private Sector Development</i>		
Innovation	2	
Creating Markets and Adding Market Players	2	
Entrepreneurship	1	
Building Private Institutional Capacity	2	
Technology & Human Capital	2	
Higher Standards of Corporate Governance	2	
Strengthening Legal and Regulatory Framework	0	
Development of financial institutions and financial markets	0	
Improved access to basic services	0	
<i>Target 2: Targeting the poor</i>		
The project will be implemented in a region with a high incidence of poverty (poverty map resources http://mif.iadb.org/poverty/home) or target beneficiaries from the poor strata	2	
Dimension 2. Additionality- Area Rating	9.00	
MIF non-financial contribution is critical for developing the project.	2	
MIF financial contribution is critical for developing the project (there is little or no alternative funding)	2	
MIF participation will mobilize counterpart funding that otherwise won't be available	2	
MIF participation will likely improve project structure by providing technical advice, institutional credibility and/or lessons learned/best practices from other MIF projects	2	
MIF participation will likely strengthen the institution(s) directly involved with the project	1	
Dimension 3. Project Diagnosis – Area Rating	10.00	
<i>Diagnostic of the problem</i>		
The problem or need that the project attempts to address has been clearly identified in consultation with stakeholders (borrowers, executing agencies, male and female beneficiaries, other interested parties)	2	

The causes of the problem, their interrelationships and magnitudes are clearly identified	2	
<i>Proposed Solution</i>		
The proposed solution is logically connected and related to the magnitude of the problem	2	
Relevant lessons learned from previous similar interventions in this country or other country (PSRs, ASRs, mid-term evaluations, final evaluations or other evaluation document) are taken into consideration	2	
Evidence is provided as to the effectiveness of the intervention proposed based on experience in other settings, or previous experience in the same setting	2	
Dimension 4. Logical Framework Quality - Area Rating	10.00	
The desired impact of the project is clearly stated in the logic framework	2	
The result of the project contributes to the achievement of the impact and is clearly stated in the logic framework	2	
The components contribute to the achievement of the results and include the necessary outputs to attain the purpose	2	
The activities contribute to the achievement of the outputs	2	
A baseline value or a predetermined starting point has been identified for each relevant indicator, as well as intermediate values, target values and sources of data or a plan for collecting them	2	
Indicators are SMART (Specific, Measurable, Achievable, Realistic and Time-Bound)	2	
The source, or means for collecting data (for outcomes, outputs and activities) actually exist, either with the executing agency or in any other external or internal source	2	
The assumptions needed for the execution of the project and the achievement of the objectives have been identified	2	
Dimension 5. Risks – Area Rating	10.00	
The experience and the skills of the executing agency have been evaluated	2	
The risks for the execution of the project and the achievement of the objectives have been identified	2	
All risks have identified proper mitigation measures which can be tracked during project implementation	2	
Compliance with IDB environmental/social policies	2	
Dimension 6. Monitoring & Evaluation, and Strategic Communication	10.00	
Monitoring & Evaluation		
Monitoring mechanisms have been planned and budgeted	2	
The project has an evaluation plan	2	
The evaluation questions are defined	2	
The evaluation type/ methodology is defined	2	
Results potential	2	
Impact Potential	2	
Knowledge Sharing & Communication		
The audiences and the desired action of the audiences as a result of the communication strategy have been identified	2	
The message and the communication channels that the communication strategy will convey are clearly defined and appropriated according to the different audiences identified	2	
The knowledge sharing products are defined and appropriate to the different audiences	2	
PROJECT TOTAL SCORE	9.53	