

**Third Party Evaluator's Opinion on
SIERRA-NATURAL RESOURCES MANAGEMENT & POVERTY
ALLEVIATION PROJECT**

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Criteria-1 Relevance

The objectives of the project are still relevant with the needs and priorities for both the donor and the recipient country. However, recently there was an important change by a strong political initiative through the "SIERRA EXPORTADORA" project. It started with the promulgation of D.S. 051-2006-PCM Published in August 12th, 2006. The State's intention is to make the farmer producer of the Sierra to be competitive in order to achieve a successful exportation of its products and the aim is to attack directly the causes of poverty in the Andean area. The purpose is to end with everything that impede its development (small farmstead, lack of water, bad roads, absence of credit and technology, etc.) through the construction of Highlands-Coast routes, rural electrification, farm credit, promotion of Andean agricultural industry and tax incentives, specially for agricultural industries over 3,200 sea level meters. To achieve this, a Directors Committee, which depends on the PCM (Presidency of Ministers Council) has been created, composed by a president (Ing. Gastón Benza Pflucker), various sectors of the State and a few members from private sector.

Since there was a lack of budget and specific plans, another decree, D.S. N° 053-2006-PCM, declares this project to be "priority" for all sectors and a project of "obligatory execution" for PRONAMACHS and other projects such as MARENASS and FONCODES. Besides, a credit fund is established (AGROANDEX) in AGROBANCO but the transfer of resources has difficulties and implies to fail in fulfilling with programmed goals and activities. Congress approval for a special budget is expected for the 2007 annual national budget and there are great expectations that the interoceanic road with Brasil will facilitate the profitability of the project.

"This program will have no difficulties of financing", stated Gastón Benza Pflucker in January 2007, who added that he expects to execute 42 productive projects in its first stage, in 12 departments of the peruvian sierra by approximately 35 millions of new soles, and to generate 25,000 jobs. He indicated as well that this project is intended to develop new exportable products like artichoke, industrialized potato and canola grain which grow over 3,500 or 4,000 sea level meters.

Criteria-2 Sustainability

Sustainability of PRONAMACHCS will be affected by the abovementioned new initiative. Serious contradictions between members of the Government did not allow a successful absorption of PRONAMACHCS and other similar projects into SIERRA EXPORTADORA. In addition, it is worried that the actions taken for the project "SIERRA EXPORTADORA" so far are insufficient to assure its sustainability.

There seems to be many unsolved problems related to needs identification, technical assistance, training, linkage between producers and exporters, production costs, fluctuations in market price of products, marketing research, etc. Emphasis has not been given on such thought that the farmers themselves should be transformed as well as the land, infrastructure and rural credit. Therefore, while one of the difficulties of farmers for learning is its low educational level, educational sector and MIMDES (Ministry of Women and Social Development) were not considered in the Directors committee. Moreover, the farmer will not receive credits if export is not guaranteed. The most important challenge will be the formation of farmer associations. In addition, the centralist and dependent character of the project on the PCM (Presidency of Council Ministers) is not a good augury of sustainability.

"The farmers must have a frame of legal security and conflict solving as a counterbalance to the present abuse of transporting, merchants, cattle thief or government employees", explains Amat y León, ex minister of agriculture.