



### Project Title

## Economic Development of Rural Communities through the Implementation of Cheese Plants in the Sierra of the La Libertad Region.

### Location:

Country: PERU. - Region: La Libertad. - Province: Sánchez Carrión, has an average of 58.6% of total poverty and 63.5% of rural poverty. Here it is proposed to work with a population located in rural areas, who are concentrated in areas of the highest poverty rates, according to an estimate made in 2020. Each family earns an average of US\$64 per month.

**Focus Area:** Economic and Community Development



Sierra of the La Libertad Region population

### Needs Assessment:

The target population comprises of rural families in the Peruvian Northern Highlands on a survival economy. On average each family owns 1.5 hectares (3.7 acres) of agricultural land, produces temporary crops (potatoes, corn, wheat, and barley), and owns livestock (cattle and sheep) for self-consumption. Any surplus is sold at the local and regional markets.

85% of these lands are not irrigated and depend on the rain season. The existing technology is traditional and precarious, and productivity is very low. For example, average milk production is 3 to 4 liters per cow/day, compared to the national average in the highlands of 7 to 8 liters per cow/day. The installed capacity is 1.5 cows/hectare compared to the national average in highlands of 3 cows/hectare. Dairy cattle feed on natural pastures and on a few irrigated areas which

provide cultivated pastures. During the dry season feeding is complemented by harvest leftovers—corn, wheat, barley and beans.

In addition, agricultural lands have low levels of fertility, they are overgrazed, the organizations are vulnerable, and their link to the market is on a one to one basis, with no negotiating capability or added value to the products. Technological and financial transfer services are not available for this sector.

Finally, paid job opportunities for the highlands' rural young persons and women are very limited, forcing them to move to the cities along the coast for economic reasons.

### Project Description:

The project will address five key components:

- I. Construction of dairy processing plants
- II. Equipping of dairy processing plants
- III. Strengthening capacities in processing dairy products
- IV. Organizational strengthening and establishment of associations
- V. Marketing system and sales centers

Rotary e-Club Fusión Latina is committed to develop **component ii** and the implementation of the sales centers in **component v**. For the implementation of the other components, strategic alliances have been established with the NGO Cite Agropecuario CEDEPAS Norte, the Provincial Municipality of Sanchez Carrión and the producers of the two intervening communities who are committed to invest in the additional components. The project will have a specialized team that will implement advisory and training methodologies to strengthen the technological capabilities, and business and organizational skills for the benefitted community.

Moreover, this project is part of a comprehensive initiative driven by local representatives that addresses these other critical aspects holistically:

- Construction of small family reservoirs
- Incorporation of technology to use water efficiently
- Sowing of permanent and quality pastures
- Improvement of the health and genetics of dairy farming.

The two main indicators of the project are EMPLOYMENT and INCOME, aimed specifically at young persons and women. It will generate 5,834.58 incremental wages equivalent to 21 permanent jobs. Revenues will increase by 200% from the sale of milk, and 750% from the sale of dairy products in a period of 1 year. This in addition to the consolidation of the social capital and its family assets.

*In order to meet the needs and problems of producers the following **Objectives** are set (see the next page):*

District	Total Poverty	Rural Poverty
Huamachuco	42.9%	64.6%
Chugay	58.9%	62.2%
Cochorco	55.1%	55.1%
Curgos	61.3%	61.4%
Marcabal	65.5%	65.7%
Sanagorán	69.2%	69.1%
Sarín	63.4%	67.4%
Sartimbamba	62.9%	62.8%

Source: Estimates realized by Donet (2019), and info. from the INEI in 2017.

**Poverty Indicators in the Sánchez Carrión Province**



Dairy farmers take their cows out to graze natural grass



Preparation of dairy products



Re-C Fusión Latina meets with the local residents



Preparation of dairy products



## Objectives and Indicators

Objectives	Reasons for the Intervention	Results / Indicators
GOAL	Contribution to the <b>poverty rate reduction</b> of small producers in the Sánchez Carrión Province.	
PURPOSE	Small producers in the Sánchez Carrión Province, who are milk suppliers and processors of dairy products, <b>increase their economic income</b> , by specializing in and selling dairy products of high quality in the market.	2 cooperative companies driving the artisan dairy products plants increase their milk sales at least by 15% over the baseline by the end of the project.
		5,834.58 incremental wages during 1 year of the project, the equivalent to 21 permanent jobs (milkers, drivers and dairy products' processors that work in the plants).
		The 2 organizations, structured as associations driving the artisan dairy products plants, improve their milk and cheese gross marketing income in the 1 <sup>st</sup> year of the project: Dairy production is: S/. 20,000 per plant.
RESULT	The dairy production associations have <b>technical promoters specialized in dairy processing</b> , which will allow them to obtain quality products to meet market demands.	6 technical promoters specialized in dairy processing, by the end of the project.
	Dairy derivative associations have <b>strong business capacities, incorporate democratic, transparent management practices, and efficiency and effectiveness</b> in the marketing of their products.	The associations add 3 new varieties of dairy products (aged cheeses, fruit yogurt, and <i>manjar blanco</i> -a dulce de leche).
		The 2 organizations operate using management instruments like: i) meeting minutes, ii) internal regulations, iii) work plan, and iv) income and expenditure records. By the end of the project.
	The dairy production associations <b>market in an organized manner quality dairy product</b> in markets of the La Libertad Region.	Active participation of at least 40% of young persons and women, in organizations and productive activities as part of the implementation of mechanisms within associations, to promote equity in economic activities. By the end of the project.
		Associations have 1 marketing center by the end of the project. Volume of milk collected by the companies in a year: 250,000 liters , and the 2 associations commercialize 31,250 kg of dairy products.



### The affected Community:

The Shayapuayco homestead in the Marcabal District and the Chotmalca homestead in Curgos District, both in the Province of Sánchez Carrión, Department of La Libertad, Peru.

The beneficiary community is made up of 63 producing families with a total population of 250 people (averaging 4 persons per family). The participation of rural women and young farmers is prioritized, averaging 30 families per artisan cheese plant.

## Activities and Budget

PHASES / ACTIVITIES	Measurement unit	Quantity	Unit Cost in US\$	ROTARY	Beneficiaries	CITE CEDEPAS Norte	Municipality	Total Cost (USD)
<b>CONSTRUCTION OF DAIRY DERIVATIVE PROCESSING PLANTS</b>								
1.1. Valued workforce	Cheese plant	2	\$ 42,143.00		\$ 84,286.00			\$ 84,286.00
1.2 Construction - Monetary	Cheese plant	2	\$ 7,000.00		\$ 14,000.00			\$ 14,000.00
<b>EQUIPMENT FOR DAIRY PROCESSING PLANTS</b>								
2.1. Equipping and implementation of	Cheese plant	2	\$ 16,500.00	\$ 33,000.00			\$ 7,512.00	\$ 40,512.00
<b>STRENGTHENING CAPACITIES IN DAIRY DERIVATIVE PROCESSING</b>								
3.1 Training in the production of dairy	Days	15	\$ 139.00			\$ 2,085.00		\$ 2,085.00
3.2 Specialized advice on dairy	Advisory	25	\$ 61.00			\$ 1,525.00		\$ 1,525.00
3.3. Provide supplies and PPE gear	Cheese plant	2	\$ 950.00	\$ 1,900.00				\$ 1,900.00
<b>ORGANIZATIONAL STRENGTHENING AND CONSTITUTION OF ASSOCIATIONS</b>								
4.1. Organizational advice to milk	Days	20	\$ 368.00			\$ 7,360.00		\$ 7,360.00
4.2 Organizational training for milk	Days	20	\$ 368.00			\$ 7,360.00		\$ 7,360.00
<b>MARKETING SYSTEM AND SALES CENTERS</b>								
5.1 Marketing system and sales centers	Days	5	\$ 1,065.00			\$ 5,325.00		\$ 5,325.00
5.2 Organization of the offer for the	Days	5	\$ 329.00			\$ 1,645.00		\$ 1,645.00
5.3. Commercial management with	Managers	1	\$ 218.00			\$ 218.00		\$ 218.00
5.4 Implementation of sales centers	Sales centers	1	\$ 3,500.00	\$ 3,500.00				\$ 3,500.00
<b>Project management activities</b>								
Project Staff	Various	1	\$ 8,000.00	\$ 8,000.00		\$ 2,400.00		\$ 10,400.00
Equipment and durable goods	Various	1	\$ 920.00	\$ 920.00				\$ 920.00
Administrative expenses	Various	1	\$ 4,000.00	\$ 4,000.00				\$ 4,000.00
<b>TOTAL</b>				<b>\$ 51,320.00</b>	<b>\$ 98,286.00</b>	<b>\$ 27,918.00</b>	<b>\$ 7,512.00</b>	<b>\$ 185,036.00</b>

**Total Budget for the Global Grant: 51,320 US Dollars**

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