

PD-AAB-368-BC1

Proj. not on ML document unabstracted.

AID 1020-25 (7-68)			SECURITY CLASSIFICATION			001 PROJECT NUMBER			
PROJECT APPRAISAL REPORT (PAR)			UNCLASSIFIED			5270058-(3)			
(U-446) See M.O. 1026.1						527-11-290-058.2 13p			
002 PAR	MO.	DAY	YR.	003 U.S. OBLIGATION SPAN			004 PROJECT TITLE		
AS OF:	1	2	3	FY 68	Thru FY	7	PRIVATE ENTERPRISE DEVELOPMENT		
005 COOPERATING COUNTRY - REGION - AID/W OFFICE							(Regional Development Corporations)		
PERU							5270058021001		

AID DOLLAR FINANCING-OBLIGATIONS (\$000)	TOTAL	CON-TRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT
			CUMULATIVE NET THRU ACTUAL YEAR (FY 1968)	1739	1622	100	16	1477	41	-	1
PROPOSED OPERATIONAL YEAR (FY 1969)	95	90			90	5					

CCC VALUE OF P.L. 480 COMMODITIES (\$000) Thru Actual Year : Operational Year Program :

007 IMPLEMENTING AGENCY TABLE						
If contractors or participating agencies are employed, enter the name and contract or PASA number of each in appropriate spaces below; in the case of voluntary agencies, enter name and registration number from M.O. 1551.1, Attachment A. Enter the appropriate descriptive code in columns b and c, using the coding guide provided below.						
TYPE CODE b	TYPE CODE c	a. IMPLEMENTING AGENCY	TYPE CODE		d. CONTRACT/PASA/VOLAG NO.	LEAVE BLANK FOR AID/W USE
			b.	c.		
1. U.S. CONTRACTOR	0. PARTICIPATING AGENCY	Stanford Research Ins. Council for Internat. Progress in Management	1	2	AID/1a-116	
2. LOCAL CONTRACTOR	1. UNIVERSITY		1	2	AID/csd-1168	
3. THIRD COUNTRY CONTRACTOR	2. NON-PROFIT INSTITUTION					
4. PARTICIPATING AGENCY	3. ARCHITECTURAL & ENGINEERING					
5. VOLUNTARY AGENCY	4. CONSTRUCTION					
6. OTHER:	5. OTHER COMMERCIAL					
	6. INDIVIDUAL					
	7. OTHER:					

PART I - PROJECT IMPACT

I-A. GENERAL NARRATIVE STATEMENT ON PROJECT EFFECTIVENESS, SIGNIFICANCE & EFFICIENCY.

This summary narrative should begin with a brief (one or two paragraph) statement of the principal events in the history of the project since the last PAR. Following this should come a concise narrative statement which evaluates the overall efficiency, effectiveness and significance of the project from the standpoint of:

- (1) overall performance and effectiveness of project implementation in achieving stated project targets;
- (2) the contribution to achievement of sector and goal plans;
- (3) anticipated results compared to costs, i.e., efficiency in resource utilization;
- (4) the continued relevance, importance and significance of the project to country development and/or the furtherance of U.S. objectives.

Include in the above outline, as necessary and appropriate, significant remedial actions undertaken or planned. The narrative can best be done after the rest of PART I is completed. It should integrate the partial analyses in I-B and I-C into an overall balanced appraisal of the project's impact. The narrative can refer to other sections of the PAR which are pertinent. If the evaluation in the previous PAR has not significantly changed, or if the project is too new to have achieved significant results, this Part should so state.

008 NARRATIVE FOR PART I-A (Continue on form AID 1020-25 if as necessary):

Summary. This is the first PAR report on a major project which has been operating from 1963 down to the present. The principal objective has been to aid the development of industry in the Southern Peru area thereby relieving the heavy overconcentration of industry in Lima/Callao (95%), and providing additional employment opportunities in a depressed area of Peru. The method chosen was to strengthen the Southern Peru Development Corporations in their efforts to

MISSION DIRECTOR APPROVAL →	SIGNATURE	DATE
	<i>[Signature]</i>	3/11/69
	Mission Director	

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PAR CONTINUATION SHEET

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promote industrial development, with the main thrust toward the establishment of small and medium industries based on prime materials from local commercial agriculture and livestock resources. The principal responsibility for the project was initially assigned under contract to Stanford Research Institute which provided a total of 13 full time advisors and 13 short term specialists to the development corporations, during 1963-67. As work progressed and better information became available, it became clear that the original targets were excessively ambitious. The targets were revised during a contract extension of 1965 and the short term specialist services were removed from the SRI contract. In 1966 there were further revisions of targets and the full time staff was reduced to two; these two were assigned to the new Southern Peru Regional Development Office (ORDESUR) which was established as a regional coordinating body for the various development corporations, largely as a result of the contract work. At the end of 1967, the SRI contract terminated. However services of one advisor were provided by CIPM during 1968 and the services of one advisor are being provided during 1969 and are presently anticipated to continue until 1970.

1. The short-comings of project implementation played only a secondary role in the overall short fall of the project. The primary cause was the unrealistic original estimate of available local resources, natural, human and institutional; proved a serious handicap throughout the life of the project. In the most important element of project implementation, technical personnel, the Stanford Research Institute provided qualified technicians in some areas, but the personnel in remote locations (Cuzco, and Puno) performed marginally, partly because of weak SRI local and home office direction (through 1967).
2. The contribution of the project to sector and goal plans has been less than anticipated, principally for the reasons stated in (1) above. In addition, the project suffered from institutional factors, such as the basic over-centralization of Peruvian Government operations, and the weakness of the development corporations from the standpoint of management and budgetary problem and political control. The present military government of Peru that took power in October 1968 is free of these restraints, and is considering major policy and organizational changes which will embody many of the lessons learned in this project.
3. The initial efficiency of this project is considered marginal. The early costs were high in relation to results. This is probably to be expected in view of the unrealistic original assumptions, especially regarding available human and institutional resources; most of the department development corporations had weak staffs and crippling financial commitments. On the other hand, the economic needs of the Southern Peru area and its political sensitivity in 1963 may well have justified these risks. As the project progressed, the relatively high costs were recognized and large economies were made in the numbers of personnel and the contracting methods.
4. The project continues to be highly relevant to the development of Peru and to US objectives. The operational patterns developed by ORDESUR, although still being refined, are the best reflection to date of the positive and negative lessons learned in Peruvian regional development. As such, they will play an important role in future programs for the internal integration of the country, and fostering the creation of more industry out of the greater Lima area, which continues to be a major goal of Peruvian and US development programs.

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PART I-B - PROJECT EFFECTIVENESS

009

I-B-1 - OUTPUT REPORT AND FORECAST - (See detailed instructions)

1. CODE NO. AID/W USE ONLY	2. This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target.	ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE)				
		3 ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5. PLANNED BY NEXT JUNE 30	6. PROJECT TOTAL FOR PROJEC LIFE
			a. PLANNED	b. ACTUAL		
	<p>1. <u>Foster Industrial Development through the Instituto Nacional de Promoción Industrial (INPI) and the Southern Peru Development Corporations.</u> Most of the INPI work moved very slowly due to a lack of money, capacity, and desire to cooperate with SRI. SRI personnel assigned directly to INPI were relatively weak and, in 1966, were pulled out. Mission direct hire personnel have since worked directly with INPI. In 1968, INPI was incorporated into the Industrial Bank and given greater funds. It is now showing increased interest in new industrial development, despite a deteriorating investment climate.</p> <p>Most of the Southern Peru Development corporations moved behind schedule. They had weak management and technical staffs over-commitments of available funds, and limited industrial potential. The Arequipa corporation, by contrast, has moved its program in accordance with expectations.</p> <p>2. <u>Create institutions and means of strengthening and developing small and medium industries.</u> Slightly behind schedule. After initial difficulties experienced by AID/Direct Hire personnel in monitoring the progress of the various corporations and the technical advisors assigned to them. The Regional Development Office for South Peru (ORDESUR) was created to supervise and coordinate the South Peru Development Corporations. Technical assistance was centered in ORDESUR with economies of manpower and money. ORDESUR is today a vital, and viable, factor in the development of South Peru.</p>					

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PART 1 - B

ORDESUR includes a division offering business advisory services to small and medium business staffed by Masters of Business Administration furnished by the Peace Corps. The "MBA" program has been reasonably successful.

The feasibility study for a regional industrial development finance company was completed in 1968, and this part of the overall program is one to two years behind schedule.

3. Identify industrial opportunities. Progress according to schedule. (85 opportunities identified by 1967, 120 by 1968).
4. Studies. According to schedule. 10 feasibility studies completed by ORDESUR in period 1967 through 1968, resulting in 2 new industries in operation.
5. Attract investments for new industries and for expansion of existing industries. Substantially behind schedule. Principal causes: limited potential of Southern Peru for industry; highly centralized Lima-based and Lima-oriented Government, weakness of counterpart personnel; limitations of AID contract technical advisors in more remote locations,
6. Set up a program to attract international investment in Peru. Behind schedule. Attempts to land large international investments received priority attention in 1963 to 1966, but had little success because of personnel limitations (both INPI and SRI). In 1967 and 1968 priority shifted to small local industry rather than international.
7. Establish an industrial parks program. The Arequipa park progressed successfully on schedule. Parks proposed for other cities (Cuzco, Tacna, Juliaca, Puno) proved to be poor prospects, but were promoted nevertheless by local political pressures, requiring commitments for infrastructure investments, causing loss of development organization time and money, and creating false hopes.
8. Coordinate incentives for private industrial investment and channel such investment into priority projects, particularly those that replace imports, increase exports, or are labor-intensive. Behind schedule. This project was scheduled for ORDESUR in 1967 and 1968, but had to be postponed due to short term financial crises and other higher priorities. (Begun in 1966, 4 plants operating as of the end of 1967, 15 at the end of 1968 employing approximately 750 workers).
9. Train local personnel in the techniques of industrial development and promotion. Good progress. Principal problems are in personnel management and control, rather than technical training.
10. Develop adequate basic statistical data for South Peru Region. In September of 1968, ORDESUR published a compendium of basic statistics of the South Peru area (Boletín Estadístico del Sur, 1967, ORDESUR, Arequipa, Peru, 258pp).

+ The Government cut back budgets in 1967 and 1968 by ⁺ 25% in an attempt to reduce expenditures and sets unsupportable budgetary deficits.

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PART I-C - Continued

C.2 - GENERAL QUESTIONS

These questions concern developments since the prior PAR. For each question place "Y" for Yes, "N" for No, or "NA" for Not Applicable in the right hand column. For each question where "Y" is entered, explain briefly in the space below the table.	MARK IN THIS COL.
013 Have there been any significant, unusual or unanticipated results not covered so far in this PAR?	N
014 Have means, conditions or activities other than project measures had a substantial effect on project output or accomplishments?	Y
015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor?	N
016 If the answer to 014 or 015 is yes, or for any other reason, is the project now less necessary, unnecessary or subject to modification or earlier termination?	N
017 Have any important lessons, positive or negative, emerged which might have broad applicability?	Y
018 Has this project revealed any requirement for research or new technical aids on which AID/W should take the initiative?	N
019 Do any aspects of the project lend themselves to publicity in newspapers, magazines, television or films in the United States?	N
020 Has there been a lack of effective cooperating country media coverage? (Make sure AID/W has copies of existing coverage.)	N
021 <u>NARRATIVE FOR PART I-C.2</u> Identify each explanatory note by the number of the entry to which it pertains. (Continue on form AID 1020-25 I as necessary):	
<p><u>014</u> The Peruvian economy has been depressed for the last 1 1/3 years, since the 45% devaluation of September 1967 budget contributions to ORDESUR from the development corporations have been held up and ORDESUR management has spent perhaps 1/3 of its time in begging for money and opening up financing channels direct from the central government. ORDESUR still lacks money for any thing outside basic payroll.</p>	
<p><u>016</u> The new military government of Peru has placed high priority on regional development and is planning to apply on a national scale the lessons learned through ORDESUR.</p>	
<p><u>017</u> It is very difficult to recruit qualified US contract technicians with business expertise for long range assignments in remote locations. Short term seniors and long term juniors should be used. This puts a high premium on effective management by the contractor's local chief of party and the home office.</p>	
<p><u>020</u> In general, local press coverage has been satisfactory. At times the coverage has been inadequate, but at other times the publicity has been excessive and tends to treat plans as real accomplishments.</p>	

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PART II - IMPLEMENTATION REPORT

II-A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

(a)		(b) STATUS - PLACE AN "X" IN, ONE COLUMN		
PIP ITEM NO.	MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS	(1) BEHIND SCHEDULE	(2) ON SCHEDULE	(3) AHEAD OF SCHEDULE
	<ol style="list-style-type: none"> 1. Solidify the status of ORDESUR by securing new industrial investments and expansions, and by improving external ORDESUR's relationships with development corporations and the private sector, and improving its internal management. 2. Establish a private development bank, for southern Peru or for all regions of Peru including the south. 3. Establish an investment promotion program. 	X	X-	

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PART II - Continued

023

II-A.2 - OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

BLOCK (c): If marked, place an "X" in any of the blocks one thru eight that apply. This is limited to key aspects of implementation, e.g., timely delivery of commodities, return of participants to assume their project responsibilities, cooperating country funding, arrival of technicians.

(a) On schedule	
(b) Ahead of schedule	
(c) Behind schedule	X
(1) AID/W Program Approval	
(2) Implementing Agency (Contractor/Participating Agency/Voluntary Agency)	X
(3) Technicians	X
(4) Participants	
(5) Commodities (non-FFF)	
(6) Cooperating Country	X
(7) Commodities (FFF)	
(8) Other (specify): Unrealistic original AID expectations	X

II-B - RESOURCE INPUTS

This section appraises the effectiveness of U.S. resource inputs. There follow illustrative lists of factors, grouped under Implementing Agency, Participant Training and Commodities, that might influence the effectiveness of each of these types of project resources. In the blocks after only those factors which significantly affect project accomplishments, write the letter P if effect is positive or satisfactory, or the letter N if effect is negative or less than satisfactory.

1. FACTORS-IMPLEMENTING AGENCY (Contract/Participating Agency/Voluntary Agency)

024	IF NO IMPLEMENTING AGENCY IN THIS PROJECT. PLACE AN "X" IN THIS BLOCK: 63/67	032 Quality, comprehensiveness and candor of required reports	
025	Adequacy of technical knowledge	033 Promptness of required reports	
026	Understanding of project purposes	034 Adherence to work schedule	
027	Project planning and management	035 Working relations with Americans	
028	Ability to adapt technical knowledge to local situation	036 Working relations with cooperating country nationals	
029	Effective use of participant training element	037 Adaptation to local working and living environment	
030	Ability to train and utilize local staff	038 Home office backstopping and substantive interest	N
031	Adherence to AID administrative and other requirements	039 Timely recruiting of qualified technicians	
		040 Other (describe):	

2. FACTORS-PARTICIPANT TRAINING

041	IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK:	TRAINING UTILIZATION AND FOLLOW UP	
	PREDEPARTURE	052 Appropriateness of original selection	
042	English language ability	053 Relevance of training for present project purposes	
043	Availability of host country funding	054 Appropriateness of post-training placement	
044	Host country operational considerations (e.g., selection procedures)	055 Utility of training regardless of changes in project	P
045	Technical/professional qualifications	056 Ability to get meritorious ideas accepted by supervisors	
046	Quality of technical orientation	057 Adequacy of performance	
047	Quality of general orientation	058 Continuance on project	
048	Participants' collaboration in planning content of program	059 Availability of necessary facilities and equipment	
049	Collaboration by participants' supervisors in planning training	060 Mission or contractor follow-up activity	
050	Participants' availability for training	061 Other (describe):	
051	Other (describe):		

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PART II-B -- Continued

3. FACTORS-COMMODITIES

PLACE AN "X" IN APPROPRIATE BLOCK:	062 FFF	063 NON-FFF	064 NO COMMODITY ELEMENT	072 Control measures against damage and deterioration in shipment.	
065 Timeliness of AID/W program approval (i.e., PIO/C, Transfer Authorization).				073 Control measures against deterioration in storage.	
066 Quality of commodities, adherence to specifications, marking.				074 Readiness and availability of facilities.	
067 Timeliness in procurement or reconditioning.				075 Appropriateness of use of commodities.	
068 Timeliness of shipment to port of entry.				076 Maintenance and spares support.	N
069 Adequacy of port and inland storage facilities.				077 Adequacy of property records, accounting and controls.	
070 Timeliness of shipment from port to site.				078 Other (Describe):	
071 Control measures against loss and theft.					

Indicate in a concise narrative statement (under the heading a. Overall Implementation Performance, below) your summary appraisal of the status of project implementation, covering both significant achievements and problem areas. This should include any comments about the adequacy of provision of direct hire technicians as well as an overall appraisal of the comments provided under the three headings (b, c & d) which follow. For projects which include a dollar input for generation of local currency to meet local cost requirements, indicate the status of that input (see Detailed Instructions).

Discuss separately (under separate headings b, c & d) the status of Implementing Agency Actions, Participants and Commodities. Where above listed factors are causing significant problems (marked N), describe briefly in the appropriate narrative section: (1) the cause and source of the problem, (2) the consequences of not correcting it, and (3) what corrective action has been taken, called for, or planned by the Mission. Identify each factor discussed by its number.

079 NARRATIVE FOR PART II-B: (After narrative section a. Overall Implementation Performance, below, follow, on form AID 1020-25 I as needed, with the following narrative section headings: b. Implementing Agency, c. Participants, d. Commodities. List all narrative section headings in order. For any headings which are not applicable, mark them as such and follow immediately below with the next narrative section heading.)

a. Overall Implementation Performance.

Overall performance for the period 1963 to date (1963 to 67 under SRI) has been satisfactory to weak. (In terms of project results, however, these shortfalls in performance have had less effect than the un-realistic expectations at start-up time). The Arequipa area, which offers the best development resources, also received superior technical services, and the contract performance in that area would rate satisfactory to superior. In the other areas, however, both resources and assigned technicians were below average and performance was weak.

b. The Implementing Agency.

SRI was responsible from 1963 to 1967. The key element was the quality of full time technicians. A small number proved absolutely first class. The majority proved average or below. If the local project management, or local resources had been more favorable, technicians' performance might have been completely satisfactory. Absent these conditions, performance was on the low side of average.

c. Participants.

This element of the project was relatively successful. The primary functions in Peru was the selection of participants for training programs in industrial development and promotion, sponsored by AID/W through the Conway Research program. Most of the participants returned to their positions and operated with improved effectiveness, as verified by frequent contacts from field technicians and USAID personnel.

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d. Commodities.

The principal commodity elements consisted of four International Harvester Scouts delivered early in the project. These vehicles performed in a marginal manner, due primarily to absence of proper service facilities in Peru. (The local market is practically monopolized by the Jeep). Office equipment delivered earlier in the project operated successfully.

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PART III - ROLE OF THE COOPERATING COUNTRY

The following list of illustrative items are to be considered by the evaluator. In the block after only those items which significantly affect project effectiveness, write the letter P if the effect of the item is positive or satisfactory, or the letter N if the effect of the item is negative or less than satisfactory.

SPECIFIC OPERATIONAL FACTORS:

080 Coordination and cooperation within and between ministries.	
081 Coordination and cooperation of LDC gov't. with public and private institutions and private enterprise.	N
082 Availability of reliable data for project planning, control and evaluation.	N
083 Competence and/or continuity in executive leadership of project.	N
084 Host country project funding.	
085 Legislative changes relevant to project purposes.	
086 Existence and adequacy of a project-related LDC organization.	
087 Resolution of procedural and bureaucratic problems.	
088 Availability of LDC physical resource inputs and/or supporting services and facilities.	
089 Maintenance of facilities and equipment.	
090 Resolution of tribal, class or caste problems.	
091 Receptivity to change and innovation.	
092 Political conditions specific to project.	N
093 Capacity to transform ideas into actions, i.e., ability to implement project plans.	
094 Intent and/or capacity to sustain and expand the impact of the project after U.S. inputs are terminated.	
095 Extent of LDC efforts to widen the dissemination of project benefits and services.	
096 Utilization of trained manpower (e.g., participants, counterpart technicians) in project operations.	
097 Enforcement of relevant procedures (e.g., newly established tax collection and audit system).	
098 Other:	

HOST COUNTRY COUNTERPART TECHNICIAN FACTORS:

099 Level of technical education and/or technical experience.	
100 Planning and management skills.	N
101 Amount of technician man years available.	N
102 Continuity of staff.	
103 Willingness to work in rural areas.	
104 Pay and allowances.	N
105 Other:	N

In the space below for narrative provide a succinct discussion and overall appraisal of the quality of country performance related to this project, particularly over the past year. Consider important trends and prospects. See Detailed Instructions for an illustrative list of considerations to be covered.

For only those items marked N include brief statements covering the nature of the problem, its impact on the achievement of project targets (i.e., its importance) and the nature and cost of corrective action taken or planned. Identify each explanatory note.

106 NARRATIVE FOR PART III (Continue on form AID 1020-25 I):

The quality of country performance for the overall project is considered from satisfactory to low. On the high side is the performance of the Arequipa corporation and several aspects of the ORDESUR operation, including program coordination and certain economic studies. Most of the corporations, however, have shown relatively low technical and management performance, due in part to very low salary scales and political problems. Since late 1967, furthermore, there have been economic problems and the Peruvian government has failed to meet its budget obligations to the development corporations and ORDESUR.

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- 081 Due to the extreme centralization of the GOP in Lima, one of the basic reasons for the establishment of a regional development program, the GOP did not cooperate directly or indirectly in ORDESUR until late in 1967.
- 082 There was no data worthy of credence covering the various regions covered by this project. One of the primary efforts of the project was to develop such data and in September 1968, the Statistical Summary of South Peru was published. The statistical Summary is considered by USAID to be quite good and a long step in the right direction.
- 084 The central government has not made its scheduled budget payments to the corporations. They in turn have withheld their payments to ORDESUR. This has forced ORDESUR's management to improvise short term financial solutions and to seek budget allocations from the central government at heavy cost in terms of ORDESUR's management time.
- 091 Text books have been written on the inherent reluctance of the Indian and Mestizo population, the very groups which it is most necessary to reach, to accept change even if it is to their advantage. Add to this the reluctance of the upper classes; landowners, politicians and businessmen plus the relatively well paid government bureaucrats, to allow any change which might conceivably jeopardize their dominant positions, and you have the situation in Peru, outside of Lima. Many of the above talk a good game of development but there is often a subtle opposition by them to any concrete, sustained action to bring about basic changes.
- 099 Except for Arequipa and ORDESUR, the technicians have very limited educational and experience qualifications, so that with limited local resources and poor local management, serious operating problems have arisen.
- 100 Except for Arequipa and ORDESUR, the management capacity of the corporations is not high. With the new current pay scales, competent technicians and managers have turned to part or full-time private work.
- 103 Competent personnel have been reluctant to work even in smaller cities (Cuzco, Puno or Tacna) much less small rural communities, due to the factors of inconvenience, professional isolation, lack of opportunities, supporting facilities and communications.
- 104 The low salary levels and the delays and uncertainties of payments in rural areas, combined with the factors in 103 above, have made working conditions in rural areas extremely unattractive to personnel, except at very jr. levels.

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PART IV - PROGRAMMING IMPLICATIONS

IV-A - EFFECT ON PURPOSE AND DESIGN

Indicate in a brief narrative whether the Mission experience to date with this project and/or changing country circumstances call for some adjustment in project purposes or design, and why, and the approximate cost implications. Cover any of the following considerations or others that may be relevant. (See Detailed Instructions for additional illustrative considerations.) Relevant experience or country situations that were described earlier can simply be referenced. The spelling out of specific changes should be left to the appropriate programming documents, but a brief indication of the type of change contemplated should be given here to clarify the need for change.

For example, changes might be indicated if they would:

1. better achieve program/project purposes;
2. address more critical or higher priority purposes within a goal plan;
3. produce desired results at less cost;
4. give more assurance of lasting institutional development upon U.S. withdrawal.

107 NARRATIVE FOR PART IV-A (Continue on form AID 1020-25 I):

The present pattern of AID assistance to this project (1 full-time senior industrial economist under CIPM contract) appears the most economical method to obtain real impact on the key problem areas (program and internal management) of the one viable regional development organization in Peru. The short term specialists, also under CIPM contract, also can have effectiveness in priority fields, given good counterpart support and follow up by MBA's under USAID Direct Hire and contract personnel direction.

Assuming ORDESUR or some variant is adopted by the new GOP on a national basis, it might be desirable to continue a USAID project beyond 1970 (the presently contemplated cut-off) to ensure ORDESUR is solidified and that the other groups receive significant assistance in growing toward that end. If this national pattern is not adopted, then, of course, it would be appropriate to reconsider this plan.

IV-B - PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

1. Continued as presently scheduled in PIP.	
2. Continued with minor changes in the PIP, made at Mission level (not requiring submission of an amended PIP to AID/W).	X
3. Continued with significant changes in the PIP (but not sufficient to require a revised PROP). A formally revised PIP will follow.	
4. Extended beyond its present schedule to (Date): Mo. Day Yr. Explain in narrative, PROP will follow.	
5. Substantively revised. PROP will follow.	
6. Evaluated in depth to determine its effectiveness, future scope, and duration.	
7. Discontinued earlier than presently scheduled. Date recommended for termination: Mo. Day Yr.	
8. Other. Explain in narrative.	

109 NARRATIVE FOR PART IV-B:

After review of the present analysis, it is considered that the reduced program presently contemplated through FY 1970 is appropriate. The type and level of any future AID assistance for later years will depend on key decisions as to policy and program now being made by the new military government of the country.