

PD-AAF-992-F1

OPTIONAL FORM NO. 10  
MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# Memorandum

527-0180  
527-0180  
5270180004401

TO : Mr. Leonard Yaeger  
Director

DATE: March 6, 1978

FROM : Louis F. Macary *L. Macary*  
Assistant Program Officer

SUBJECT: CARITAS OPG Request - Expanded, Improved Feeding Program

## I. Introduction

The below described OPG project proposal for your review and approval was submitted by CARITAS del Perú and is designed to strengthen and expand CARITAS's feeding program activities for the sierra rural poor and inhabitants of the urban pueblos jóvenes. Toward this end CARITAS is requesting OPG financial assistance in the amount of \$160,000. This is exclusive of an approximate \$1.5 million increase in Title II food commodities which will be provided through the auspices of Catholic Relief Services (CRS).

The justification and analysis of the CARITAS project proposal are based on a formal submission by CARITAS, as well as detailed discussions with Fr. Enrique León, Director of CARITAS - Feeding Programs, Mr. Robert Murray, Interim Director of CRS/Peru, and members of the USAID/FFD Office.

## II. Background

Food supplies and nutrition status are currently rapidly deteriorating in Peru. Food production has not kept pace with population growth during the past several years and balance of payments pressures have not permitted the Government to fill the gap with imported foods. Inflation during the past few years has raised food prices more than other items in the family budget and faster than wages. The Food and Agriculture Ministry's monthly surveys indicate that the number of families unable to purchase an adequate diet is growing steadily.

Those affected most severely by the current economic crisis in Peru are the masses of sierra rural poor and the millions of inhabitants of the country's urban pueblos jóvenes; their access to needed protein and basic foods has become increasingly more difficult. Unemployment in Peru is the highest in the sierra and the pueblos jóvenes. Underemployment is a wide-spread problem throughout the sierra. In the pueblos jóvenes unemployment is over 50% and the majority of those with employment work, intermittently, as street



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

venders and construction laborers. Only a small percentage are fortunate enough to have steady employment in factories.

The GOP's most recent food consumption study (INP's Estudio del Consumo) indicates nation-wide deficits in the consumption of protein. The study finds malnutrition of greatest severity in the southern sierra region, followed by the sierra in general. It is estimated that seventy-five percent of the rural population in the sierra consume only 65% of the daily minimum food requirement.

In the southern sierra, milk consumption is slightly more than one-sixth the recommended per capita requirement. Similar malnutrition is readily apparent in the pueblos jóvenes. In sum, a high portion of Peru's poor suffer the effects of malnutrition.

The USAID's PL 480 Title II commodities are programmed to alleviate malnutrition through School Lunch, MCH and Food for Work activities. The Voluntary Agencies (CWS, CRS and SAWS) focus on Maternal/Child, Pre-School Age Child and Food for Work Programs, the bulk of which are targeted on the poor of the sierra and pueblos jóvenes. During FY 1977 these VolAg activities were programmed to reach approximately 282,000 recipients at a total food value of \$4.5 million.

Based on an assessment of the critical need for food assistance as well as the administrative capabilities of the VolAg, (both U.S. and their counterparts) a slight increase in the VolAg Program over the next three years was projected in the Mission's FY 79 ABS. Since all three VolAg Feeding Programs receive nearly all of their local operating funds from GOP subsidy, the current economic crisis and resultant pressures on the GOP budget continue to constrain any significant increase in the number of recipients.

### III. The CARITAS Request

FY 1978 Title II commodities for the CRS/CARITAS feeding program (by far the largest of the VolAg feeding programs) have been approved by AID/W at a level to reach approximately 275,000 recipients, broken down into MCH, Pre-School Age Child, (including Day Care Centers), Other Child Feeding and Food for Work activities. (See Attachment I.)

In response to the deteriorating economic and nutrition situation in Peru, CARITAS has requested additional Title II commodities through Catholic Relief Services in order to increase the number of recipients under its on-going feeding activities. This request totalling approximately 5.7 million kilos in commodities valued at almost \$1.5 million (see Attachment II for illustrative increased commodity breakdown) would increase the total number of CARITAS/CRS recipients in a one year period to 413,128 or approximately 138,128 additional recipients over the number originally targeted by CRS/CARITAS and approved by AID/W.

In order to implement the increased program, CARITAS has requested OPG financial assistance to defray certain costs related to transportation and handling of Title II commodities, as well as costs related to supervision, inspection and evaluation of feeding activities. Some of the OPG funds will also be used to assist in financing the services of family educators/promoters. Their task would be to educate project beneficiaries in the proper use of Title II commodities, improved nutrition and sanitation, preventive health measures, increased and better use of nutritious, locally-produced foods, etc.

#### Project Implementation and Evaluation

The project will be implemented by CARITAS over a 12-month period with commencement date tentatively targeted to coincide with the 3rd Quarter FY-78 Call Forward. This means that the OPG funds will run thru at least the first half of FY-79.

Overall administration of the project will be handled primarily by CARITAS central office personnel under the direction of Padre Enrique León Palomino, in close coordination with personnel of Catholic Relief Services in Peru. This will include preparation of documentation related to AER submissions and call forwards, port and warehouse supervision and management of field supervisors/evaluators, as well as the project family educators/promoters. Administration of food storage and distribution at the local diocesan or community level will be handled by CARITAS volunteer collaborators (parish priests, nuns, etc.)

In the field, direct surveillance of food distribution, including storage and end-use inspection will be assumed by:  
(1) CARITAS diocesan personnel conducting field supervisors.

The responsibilities of these supervisors will relate primarily to the on-going feeding program. Their spheres of operation will be expanded (through the use of OPG funds for travel and transportation) to include most of the dioceses included in the on-going program; (2) a cadre of three field assistants who will be employed by an outside organization under contract with CARITAS, utilizing OPG funds. These field assistants will be travelling on a continuous basis to all project sites. The contractor in addition to providing end-use and warehouse inspection services and guidance with respect to food distribution and/or necessary reprogrammed distribution, will prepare reports on project performance, to include their observations on causes of success or failure, and suggestions for improvement. Under both the on-going approved program and the expanded new program performance with respect to food distribution, beneficiaries reached and work accomplished (under Food for Work projects) will be measured against planned targets contained in the AER requests submitted to CRS, and subsequent revisions thereof.

In addition to fostering increased food distribution and strengthened supervision, this OPG project will attempt to improve nutrition/health education for project beneficiaries and their families. OPG funds will be provided to finance the travel and per diem of family educators/promoters who will instruct project beneficiaries in the proper use of Title II commodities, the basics of sound nutrition and balanced diet, including use of local foods, food handling and sanitation, etc. These family education/promotional activities will be initiated under the project on a pilot basis in several select project areas under the expanded feeding program. Areas tentatively identified include Lima, Arequipa, Cuzco, Huancayo and Cajamarca. USAID/FFP and CRS will assist CARITAS in developing scopes of work for the family educators/promoters who will also receive some basic orientation and training through short, in-country seminars funded under the OPG.

#### V. Project Budget and Contribution of the Parties

Following is an illustrative project budget which indicates the AID OPG funding requirements and contributions from CARITAS and participating local communities. (The amounts are exclusive of the value of Title II commodities.)

AID OPG GRANT CONTRIBUTION

<u>Item</u>	<u>Amount</u>
1. Transportation costs for food deliveries from central warehouses, to regional warehouses, to communities	\$ 98,461
2. Program Supervision/Evaluation (salaries, per diem and travel)	
- for internal supervision	3,077
- for external supervision contract	1,700
3. Warehouse expenses (insurance, etc.)	2,308
4. Customs-related expenses	8,846
5. CARITAS Central Office Personnel (extra)	5,769
6. Office supplies and materials	2,308
7. Re-bagging of food	3,846
8. Vehicle (U.S. Diesel engine Carry All)	9,000
9. Nutrition, Health, Sanitation Education/Promotion Program	3,500
10. Contingency	<u>1,185</u>
Total	<u>\$160,000</u>

CARITAS CONTRIBUTION

(in soles equivalent - US\$1.00 = S/.130.00)

1. Office expenses (central office)	\$ 3,692
2. Personnel (central office and warehouses)	13,846
3. Freight Costs (Shipment of commodities from ports to CARITAS central warehouses in CARITAS trucks)	<u>49,231</u>
Total	\$ 66,769

DIOCESAN OR COMMUNITY CONTRIBUTION  
(in sales equivalent - US\$1.00 = S/.130.00)

1. Local Office and Storage	\$11,815	
2. Personnel	25,846	
3. Costs related to Supervision	<u>18,093</u>	
	Total	<u>\$ 55,754</u>
	Grand Total Other Contribution	<u><u>\$122,523</u></u>

Funds provided under the OPG are related to activities connected to the projected increase in feeding programs and are not intended to substitute for CARITAS a/o GOP funding support for the (AER) approved FY 78 program. The combined CARITAS/community contributions amount to approximately 43 percent of the estimated total project cost, well above the required minimum local project counterpart contribution.

The bulk of OPG funds would be used to defray costs of transporting the additional Title II commodities under the projected, expanded program, i.e., in-country shipment of food from central (port) warehouses to regional warehouses and local storage facilities. Funds for Program Supervision/Evaluation are for (1) travel and per diem to permit the CARITAS field supervisors to increase the area and frequency of their field inspection visits, and (2) to permit CARITAS to sub-contract for external supervisory services with respect to every aspect of the CARITAS Feeding Program. (CARITAS has already undertaken preliminary negotiations with IPFE in this regard.) The OPG funded vehicle will be used primarily by CARITAS central office supervisory personnel to increase inspection visits to ports of entry, central warehouses and certain regional warehouses, as well as select project site visits.

The US\$3,500 provided for the Nutrition, Health, Sanitation Education/Promotion Program will finance per diem and travel for CARITAS family educators/promoters described in Section IV.

## VI. Project Target Beneficiaries

Beneficiaries under the project are essentially from the same socio-economic class as those under the existing, approved AER for FY 78 and all fall within priorities established for use of Title II commodities, i.e. Maternal/Child, Pre-School, including Day Care Centers for the children of the poor, and Food for Work activities. Recipients come from among sierra rural poor and inhabitants of the pueblos jóvenes. The project is therefore completely consistent with the Mission's FY 79 ABS strategy which assigns highest priorities to these two target groups which comprise the poor majority in Peru. As indicated in Section II above, these poor continually suffer the effects of malnutrition and are the most seriously affected in terms of nutrition as a result of the country's current economic crisis.

Available information indicates that there are more than 1 1/2 million children under 5 years of age in Peru who suffer some degree of malnutrition. While the VolAg's Title II assisted activities reach only a small portion of these children, the CARITAS/CRS proposed expanded activities in MCH and Pre-School feeding represent important additional food assistance. Specifically, it would entail approximate increases of 22.8% in MCH recipients, 15% in Pre-School and 23.1% in Other Child Feeding (primarily day care centers) programs.

The 69.4% projected increase in Food for Work activities is directed at providing some relief to serious unemployment and under employment problems in the pueblos jóvenes and rural sierra areas, while concurrently favorably impacting on the nutritional levels of the recipients' families.

Project impact on the status of women is significant. Activities in MCH are directly aimed at promoting improved health for mothers and their children. Day Care Center feeding programs will permit more mothers to seek productive employment to supplement their family's meager income, while providing needed food for her children.

## VII. Grantee's Implementation Capabilities

CARITAS del Perú, under the auspices of Catholic Relief Services, has been operating Title II distribution programs in Peru for the past 17 years. This experience encompasses MCH and Pre-School Feeding, Other Child Feeding (including Day Care Centers) and Food for Work project activities. In terms of total recipients, the CARITAS/CRS Program accounts for 86% of the total Peru VolAg's feeding programs. For FY 77 the CRS/CARITAS program was approved for 9,592 MT at a value of \$3,815,000. The total number of recipients reached by this program was 240,000.

CARITAS has developed considerable infrastructure over the years and currently operates three central warehouses, (one at each of the three ports of entry), and forty-five regional warehouses (one in each of the operating regions). It also possesses an extensive diocesan network of local volunteers for local level food distribution.

#### VIII. GOP Interest and Concurrence

The GOP has assigned high priority to the feeding programs of the VolAGs. It continues to provide counterpart financial support (subsidies) for the VolAGs to assist in defraying local costs of implementing feeding programs. CARITAS, has approached the GOP for additional financial support. However, due to the present economic austerity, the GOP is not in a position to provide the necessary additional funds to permit expansion of feeding programs of the VolAGs.

Despite its inability to provide additional support at this time, the GOP's interest remains high, as demonstrated in the attached letter (Attachment III) from Oficina Nacional de Apoyo Alimentario, (ONAA), the Government's agency responsible for coordinating with the VolAGs in food distribution matters. Also, the GOP has indicated its full cooperation to admit the increased commodities into the country duty free.

Prior to the end of the one year period of the proposed expanded project, the GOP will be requested to assess its ability to provide funds for the continuation of the CARITAS/CRS program at the increased level of effort.

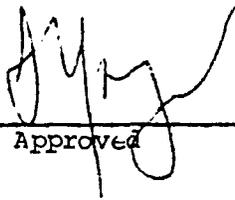
#### IX. Issues, Conclusions, and Recommendations

Essentially, the only outstanding issue with respect to the CARITAS OPG project proposal relates to the provision of additional Title II commodities contained in the CARITAS request to CRS. The Mission's request to AID/W for an allotment of the OPG funds to obligate in a Grant Agreement with CARITAS would be contingent upon AID/W's approval of CRS's amended AER which would provide the additional Title II commodities. A covenant will also be included in the OPG Grant Agreement which will stipulate that OPG funds must be used in relation to the approved increase in Title II commodities, and are not to be used as a substitute for GOP a/o CARITAS funds to implement the original approved AER program for FY 1978.

Both the OPG Project Committee and CRS/Peru are satisfied that the provision within the OPG for increased internal supervision by CARITAS personnel, as well as the provision for contracted supervisory personnel, will permit a marked improvement in overall project administration, to a level where adequate supervision is no longer an issue.

The CARITAS proposal for OPG assistance substantially meets the criteria for OPG programs. Project beneficiaries fall well within Peru's poor majority. The GOP endorses the project, and CARITAS has ample experience and the necessary administrative capabilities, together with supplemental manpower provided under the OPG for field inspection/supervision/evaluation, to carry out the project. Your approval of the CARITAS OPG request is recommended, with final obligation of funds contingent upon AID/W's approval of an amended AER for supplemental food.

Director: Leonard Yaeger



Approved



Date

Disapproved

Date

Attachments:

- Attachment I - CARITAS Approved AER Program for FY 78
- Attachment II - Illustrative Breakdown of Proposed Increased Program
- Attachment III - GOP Letter of Concurrence for the Project

Clearances:

- FFD:JARodriguez (in draft)
- PROG:LFSmucker (in draft)

Lima, 07 FEB. 1978

OFICIO N° 00155 78-ONAA/OPR/UPPI

Reverendo Padre  
ENRIQUE LEON PALOMINO  
Secretario General de CARITAS del Perú

CUIDAD

Asunto: Ampliación de cobertura de Asistencia  
Alimentaria

**BEST COPY AVAILABLE**

Ref: C-4-2-V.R. 1221/ 78

Tengo el agrado de dirigirme a Ud. en atención al Oficio de la referencia para expresarle que esta Oficina Nacional considera positiva la propuesta de CARITAS del Perú de gestionar mayores volúmenes alimentarios provenientes de la Agencia para el Desarrollo Internacional (AID) para ampliar los Proyectos que su representada viene desarrollando en el país.

Efectuamos este pronunciamiento en consideración a que los déficits nutricionales y alimentarios de vastos segmentos poblacionales justifican la citada ampliación, y en el entendido que Uds. cuentan con los recursos financieros que los faculten para atender los mayores gastos derivados de la logística del citado incremento de donaciones alimentarias, y que han visualizado Uds. los proyectos específicos a los que se destinaría dicho mayor volumen alimentario, a fin de garantizar su correcta y oportuna utilización.

Al expresarle nuestro agradecimiento por las acciones que vienen Uds. realizando por el desarrollo del apoyo alimentario en nuestro país, hacemos votos porque el éxito corona la gestión que están Uds. realizando al respecto.

Es propicio la oportunidad para presentarle los sentimientos de mi consideración más distinguida.

Atentamente,  
Sector Alimentación  
OFICINA NACIONAL DE APOYO ALIMENTARI

527-0180

AGENCY FOR INTERNATIONAL DEVELOPMENT

Advice of Program Change

Country : Peru  
Project Title : Caritas - Improved Feeding  
Capability  
Project Number : 527-0180  
FY 1978 CP Reference : None  
Appropriation Category : Food and Nutrition  
Intended Obligation : \$160,000

This is to advise that A.I.D. intends to obligate \$160,000 during FY 1978 to fund an Operational Program Grant (OPG) to Caritas, a Peruvian nonprofit organization which works as counterpart with Catholic Relief Services in implementing PL 480 Title II commodities feeding programs. The funds will be used to assist Caritas to increase its current nation-wide feeding programs by approximately 50 percent. Caritas, utilizing PL 480 Title II commodities through the auspices of Catholic Relief Services, presently feeds approximately 275,000 persons through its maternal child health, pre-school and other children and food for work programs. Recipients under these programs come from Peru's most deprived classes, i.e., the sierra rural poor and inhabitants of the urban pueblos jovenes (squatter towns).

U.S. funds will be used for local transport and storage costs, additional supervision, evaluation, and help to expand nutrition/health education. PVO contribution (Caritas and local contribution) is \$122,000.

Improved Feeding Capability - Caritas OPG

Drafted: LA/DP:ACuellar:dld 3/10/78 20402

Clearances:

LA/DP:JFrancis (draft)

LA/SA:BRiley (draft)

GC/LPC:DPressley DLP Date 3/10

GC/LA:JKessler JK Date 3/10

AA/LA:AValdez MVC Date 3/13

AA/PPC:AShakow (Info)