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UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Leonard Yaeger
Director

DATE: March 13, 1980

FROM : H.Robert Kramer HRK
Assistant Program Officer

SUBJECT: CARE OPG 527-0186, Food for Work Program in Lima's Pueblos Jóven

Introduction

Attached for your review and approval is a proposal submitted by CARE requesting Operational Program Grant Funds to implement a food for work program in Lima's Pueblos Jóvenes. The food for work activities will support a program of basic infrastructure projects which will be coordinated with the Ministries of Health, Education and Housing, ONAA, and the Forestry Division of the Ministry of Agriculture. This project is designed to respond to the most urgent problems facing Lima's urban poor by: (1) improving the physical infrastructure in the urban slums, (2) generating employment, and (3) improving nutritional status of the urban slums dwellers.

This project has been developed over the course of the past year in a continuing dialogue between USAID and CARE in subsequent discussions between these institutions and the above named GOP Ministries and Agencies. In addition, the USAID contracted a CARE employee to assist in project preparation.

The following activities will be implemented during the course of the project: twenty-five Sanitary Posts per year will be constructed, equipped and staffed; 500 school rooms will be built and staffed by the MOE;* in the housing sector, 47.6 kilometers of roads will be leveled and repaired and 109.279 square meters of sidewalks will be constructed. Other types of community projects, e.g. the construction of community wells, will also be financed. The project will also include reforestation activities, totalling approximately 1,000 has. in the Department of Lima, to be implemented by Forestry Office of the Ministry of Agriculture. Approximately 32,000 FFW beneficiaries will initially receive Title II commodities -- 1,650 MTs valued at $704,588 -- during the last five months of FY 1980; the number of recipients is expected to increase as the project progresses.

CARE is requesting OPG assistance of $793,000 over a three year period (FY80 -- $337,000) to finance some personnel, logistical and equipment expenses of CARE and ONAA which are required to administer this program.

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* These figures are estimates; we cannot make exact projections, given inflation in construction sector.

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

In addition, over $2.2 million soles equivalent) generated under the FY 80 Title I agreement and equal amounts in future years will be provided to CARE to purchase materials needed for infrastructure projects in health, education, housing and reforestation. Since one of the projects goals is to institutionalize this community self-help program within the GOP, DEC/Housing grant funds (IIPUP) will be provided to the Ministry of Housing and Construction to improve the Ministry of Housing's regional office's planning capability.

Although this project is planned for an initial three year period, if proven successful, the Mission contemplates an additional two year extension.

Background

A problem of hunger continues to plague Peru. The origins of the problem lie in the deterioration of the Peruvian economy during the past half decade, coupled with a sharp and sustained increase in migration to the coastal cities, especially Lima, during the entire decade of the 1970's. Thus, by 1977, there was a convergence of declining real incomes and the presence in the cities of vast numbers of underemployed. These families at the margin of urban life are extremely vulnerable, and during the economic crisis period their ability to purchase an adequate diet has diminished. For urban slum dwellers, the major variable affecting the consumption of food is income. As incomes and employment opportunities have declined, so has food consumption, especially of those foods with greatest nutritional value.

A Mission study on malnutrition in Lima clearly indicates the correlation between income and nutritional status. The data on wages, household incomes and consumer prices, presented in the study provide compelling evidence of the extent to which real incomes of Lima households have declined during recent years, as well as the direct effect of this phenomenon on increased incidence of malnutrition. The study also concludes that there are at least 420,000 severely malnourished people residing in metropolitan Lima, and that the figure may actually reach as high as 1.1 million, or 21% of Lima's population.

While these figures are staggering, other studies also dramatically indicate the severity of the malnutrition problem in Lima. A symposium recently held in Lima under the auspices of the Ministry of Agriculture and Food underscored the plight of Lima's urban poor. One anthropometric study of malnourished children in Lima's Pueblos Jóvenes by an Oxfam nutritionist working with the National Institute of Nutrition Research, shows how the nutritional status of children has sharply

deteriorated from 1972 to 1979, while the percentage of family income spent on food has increased notably during the period. The study demonstrates that the most important factor determining a child's height is family income. As real income have declined, families which were previously able to purchase milk, meat, and fish, are no longer able to afford these high protein foods. Among the families surveyed, almost no foods with an animal protein content was consumed. In addition, less wheat, rice and vegetable oil is being consumed. Only the consumption of bread, potatoes, yuca and sugar has increased and these foods cannot substitute as energy producing protein sources. Severe caloric deficiencies also persist.

A study by the GOP's National Office of Food Support (ONAA) of the OFASA/Seventh Day Adventist Title II FFW program in Lima again shows that Title II food rations, which should provide one-third of the recipients' daily requirements of protein and calories, actually account for over half of all food consumed. And in an alarming number of cases, Title II food is the only food consumed by families earning little or no income.

Clearly vigorous action must be taken to help avoid malnutrition-related damage to the development of a generation of Peruvian youth living in urban slums. AID's response to Peru's hunger problem has been to expand Title II feeding very rapidly, using OPGs to finance the increased administrative costs of PVOs. Value of Title II commodities has more than tripled since 1977, and is currently reaching $17.5 million. Associated costs total approximately $450,000 per year, for three on-going Title II OPGs. The increase has had an impressive impact on the hunger problem, especially during the past year.

OFASA (Seventh Day Adventists) provides rations to over 100,000 FFW participants and their families in Lima slums alone. CRS/CARITAS has increased its number of recipients by 137,000 to total of 392,000 nation-wide. SEPAS (Church World Service) last year began a FFW program for 100,000 beneficiaries in eight sierra Departments in conjunction with reforestation activities. The only FFW project that is presently reaching Lima's slum residents to a significant extent is the OFASA program.

In a representative survey whose purpose was to collect social and economic data on pueblo joven residents performed by the Compañía Peruana de Investigación de Mercado (CPIM) and commissioned by USAID, it was found that OFASA is able to reach only 4.0% of Lima's slum dwellers with food assistance. We realize that not all of these pueblo joven residents are malnourished; however, our own data on malnutrition in metropolitan Lima summarized above indicate that

only 20% of a minimum estimate of severely malnourished in Lima are receiving food assistance from existing programs. Also, in response to questions concerning the type of assistance most desired by pueblo joven residents, asked in the CPIM survey, the largest number of mentions requested food assistance (65.1%), followed by employment (63.4%) and health services (57.1%).

One of the basic thrusts of the USAID strategy, articulated in the FY 82 CDSS, is to respond to the basic human needs of the large and rapidly increasing urban population living in Lima's pueblos jóvenes. These slum settlements are the result of over forty years of increasing urban-rural migration. In 1972, almost two-fifths of Lima's population had been born in other regions. The primarily-indigent campesinos from the densely populated sierra are migrating to Lima's pueblos jóvenes at an estimated rate of 600 per day, attracted by the possibility of employment, education and health facilities, and access to other government services. The GOP's resources have not been able to keep pace with this rapid growth in population, and the result has been either inadequate or nonexistent infrastructure facilities in the slum areas.

Lima, with a population of 4.3 million, now accounts for over one-half of the urban population in Peru, and 25% of the total national population. Pueblo joven residents comprise 50% of the metropolitan Lima population. Another 25% are residents of older inner-city slums (tugurios). This population--the poorest group on the income scale--is suffering the worst effects of the nation's economic crisis, e.g. an inflation rate averaging 75% in the past two years. The recessed state of the urban economy in recent years has had serious implications for the urban poor beyond the effect on food consumption discussed above. AID's urban target group, about 1.5 million of below-income families, receives 11% of total income. The plight of this group, always precarious, has worsened in recent years due to lower real incomes and increased unemployment and underemployment. In the Lima metropolitan area the proportion of the labor force which was unemployed is 27.9% (1977) and the proportion underemployed (i.e. workers who receive less than the minimum wage or work less than 35 hours per week and desire to work longer hours) grew from 17.7% in March-April 1973 to 27.6% in February-March 1976 to 38.8% in July-August 1978. In addition, national statistics on infant mortality for urban areas shows 80.2 per 1000 births; this figure can be assumed to be considerably higher in the pueblos jóvenes. A recent USAID evaluation of the CARITAS FFW program indicates that nutritional status, as measured by the consumption of proteins and calories, was considerably weaker in the urban slums that in the poor sierra regions, i.e. as people migrate to the cities, their food consumption diminishes. By 1978, the caloric intake for the lowest socio-economic stratum in Lima was only 62% of daily requirements.

Health and education infrastructure in the pueblos jóvenes is extremely weak. Due to unemployment, underemployment and the high cost of food, clothing, and health care, it is not surprising to find poor health as one of the principal characteristics of the pueblo joven residents. Medicines are almost entirely outside the reach of the target population, having increased in cost by 139% between August 1977-1978; some costs of medicine have increased as much as 400%. While there are some health posts in the pueblos jóvenes, built by either the Ministry of Health or private voluntary organizations, their numbers and condition do not begin to cover the need. In addition, a few communities have built their own health posts, but most do not function, since the Ministry lacks sufficient personnel, medical equipment and medicines to permit their operation. As an example of the weakness of health infrastructure, in a large pueblo joven in the southern cone of Lima (Pamplona Alta), the nearest public health center is a one-hour walk from the community. Compounding the health problems in the pueblos jóvenes is the fact that many slums have been built on public garbage dumps. In addition, garbage collection in the pueblos jóvenes is either sporadic or is simply not done at all. A very small number of pueblos jóvenes have paved streets and sidewalks. While streets and sidewalks may not be considered by residents as a high priority on a list of urban services, the dust which penetrates the slums areas and homes is a serious health and environmental hazard.

According to the USAID's Urban Shelter Sector Assessment (2/79), in urban Peru seventy-two percent of existing housing units lack piped water; 78% are without sewerage infrastructure; and 65% did not have electricity. This translates into 1.1 million urban housing units without water, 1.3 million without sewerage, and 0.9 million without electricity. Over half of these units are in the metropolitan Lima area.

In summary, the Shelter Assessment reveals that the living conditions of pueblo joven residents, while always precarious, has now become desperate. The expenditure patterns of slum families demonstrates the inability of obtain the most basic human needs; food, decent shelter, clothing, health and education services. Inadequate diet reduces resistance to disease; unsanitary water supply and poor environmental health conditions such as the lack of solid waste disposal systems increase the vulnerability of the target population to illness. Lack of access to preventive and curative health services compounds the problem. Community organizers familiar with Lima's pueblos jóvenes report that the economic crisis is contributing to increasing family disintegration. Child abandonment is increasing. As more women seek work as primary or secondary wage-earners, children are left unattended and locked indoors. Economic pressures are also fragmenting communities. Apathy, indifference, and lack of

motivation are widespread among both residents and leaders. Job mobility for member of the low-income group is constrained by the lack of technical skills and education.

Residents of squatter settlements in Lima who do not have basic infrastructure services are forced to pay higher prices for inferior products. For example, unsanitary water delivered by trucks costs 12 to 16 times more than piped water; lighting by candle costs 8 times more than superior lighting furnished by electricity; markets supply inferior produce at inflated prices. Poverty in the pueblos jóvenes, then, is self-reinforcing. Most of the families have marginal, subsistence incomes and their needs are considerable: infrastructure, education, community services, food, medical care.

The USAID program, including a mixture of HIG, OPG and Title II food assistance, is attempting to ease the problems of the urban poor. During the last two decades, AID's basic shelter objectives in Peru have been to (1) support the creation, development and expansion of the housing finance system, and (2) to support an increase in the number of poor people who are benefiting from this system.

During the 1960's, AID supported GOP efforts that led to the creation of a new housing finance system made up on the Housing Bank of Peru and its related Savings and Loan Associations. Today, this system's capital assets are valued at $326.8 million dollars and is operating in 13 cities throughout the country.

In the early seventies, AID's shelter assistance supported a GOP initiative to reconstruct the areas affected by the earthquake of 1970 and subsequent flooding in the northern region of the country. Through a combination of a $15.0 million development loan and a $28.3 million Housing Guaranty loan, the Housing Bank of Peru was instrumental in mounting a massive reconstruction program. An estimated 254,000 people received some form of long-term AID related financing for low cost or self-help shelter, water-sewerage and/or electricity.

In the mid-seventies, the Housing Bank initiatied a major program of basic services of water, sewerage and electricity in the lower income settlements that ring the urban centers of Peru. AID financed part of this undertaking and in FY 76 and 78 a total of $25.0 million of HG loans were authorized.

In FY 79 a HG loan of $15.0 million was authorized that permitted the Bank to expand its basic services program by lending to the Savings and Loan system for basic service projects in low-income neighborhood The current USAID HIG program stresses the provision of services

(water, sewerage, electricity hookup) and preparing urban land for settlement (sites and services). Housing itself is effectively excluded from the program, since even the cheapest units are beyond the reach of AID's target group.

The CARE program is designed to complement the Mission's Urban program by increasing the number of PPJJ that can participate in neighborhood upgrading projects and broadening the type of services provided to the pueblo joven residents of Lima. The new program will increase access to education and health facilities as well as employ and feed the urban poor at a time of great need.

Institutional Setting

A number of GOP institutions have responsibilities for providing services to residents of pueblos jóvenes. Yet the resources assigned to these sectors have been either extremely limited or have not been made available, the result of severe budget cuts and high inflation. These institutions simply lack the human, material and financial resources required to implement a significant food infrastructure program in the urban slums.

The Sub-Regional Office of the V Region of the Ministry of Housing and Construction (MOHC) has been designated the entity responsible to promote, advise, organize, supervise and control the formation and consolidation of the pueblos jóvenes, all responsibilities formerly held by SINAMOS. Notwithstanding the broad official responsibilities of the MOHC, its major activity lies in the remodeling-entitlement process required before a pueblo joven resident can receive legal title. The entire process may take several years, and, indeed, few titles have been granted by the Ministry. The reasons for the Ministry's inability to fulfill this limited responsibility are various. The lack of personnel, generalized throughout the GOP, has been exacerbated in the case of the MOHC; when taking over the functions of SINAMOS, its responsibilities doubled while its staff was cut. Transportation required to maintain contact with and conduct business in the pueblos jóvenes, is made nearly impossible since the Ministry's vehicles are in a state of disrepair. An additional constraint to effective MOHC action in the pueblos jóvenes has been the numerous changes, since 1968, of government agencies which have had responsibilities for urban slum upgrading. There have been eight institutional transfers during the period; each new agency in turn changed both personnel and policy, mitigating any effective continuity of policy and action. Since the Ministry sees its primary responsibility in remodeling-entitlement, no social promotion or community organization is currently taking place in the pueblos jóvenes. This reluctance on the part of the MOHC to get involved in community organization is understandable. Its predecessor,

SINAMOS (the National System for Support for Social Mobilization) used its active involvement in social promotion for the purpose of political mobilization -- to obtain grass-roots support for the regime's social economic reforms. Yet the problems that predominate in the pueblos jóvenes -- health, sanitation, employment, education, malnutrition, etc. -- require organized community attention. It also requires the MOHC to coordinate its activities with other sectors (described below) which impact on and work in the pueblos jóvenes. The CARE program is designed to improve and institutionalize the GOP's capability in community planning organization, social promotion, and provision of services.

The National Office of Food Support (ONAA) grew out of a special commission connected to the Ministry of Agriculture, which was formed to channel emergency food assistance to the region affected by the 1970 earthquake. It received its current permanent status in 1972, and is now a decentralized agency of the Ministry of Agriculture. Its objective is to improve the nutritional level of the poorest sectors of the population through a program of food support and storage and food production. Its activities include the coordination and distribution of complementary food rations, including PL 480 Title II commodities, nutrition education, storage and food reserves in cases of emergency, and local production of indegenous foods.

Although ONAA's principal focus has been in the rural areas, it does maintain a Lima-Callao regional office with a small staff engaged in nutrition education activities. ONAA's experience in food distribution and community organization for FFW projects in rural areas provide a sound basis for broadening its activities in metropolitan Lima.

The Ministry of Health has responsibility for attending the health needs of the 66% of the population not covered by the Social Security or other organized health coverage systems such as those of the Armed Forces, etc. In the Lima metropolitan area the Ministry implements its responsibilities through a network of public hospitals, health centers and sanitary posts, the latter mostly found in the pueblos jóvenes and other outlying areas of the city. These facilities cover less than half of the needed services for the client group.

The great increase in Lima's population, especially in the pueblos jóvenes, has strained the very limited resources of the Ministry, to the point where essential medicines are unavailable in hospitals, children with infectious diseases are doubling up in hospital cots, the number of sanitary posts are insufficient to meet the demand for services and many of the existing posts are functioning without the most basic materials or equipment, and suffer from the lack of

personnel. Given these limitations, however, the health centers and posts that do function in the pueblos jóvenes provide direct assistance and implement immunization and health education programs, with some help from private voluntary organizations, and the community itself. The recently signed Primary Health Care project will finance the equipping and staffing of the existing sanitary posts in the urban slums.

The Ministry of Education operates under the concept of "co-responsibility" in the area of education. All educational institutions, public or private, must adhere to the policy of the Ministry.

The Ministry's program are divided into the formal and non-formal, the formal including primary, secondary and post-secondary education and the non-formal including a wide range of programs from pre-school care to adult education, particularly in the area of vocational and professional programs. Yet thereis a considerable difference between the broad range of educational programs established by the Ministry and the actual level of coverage achieved by these programs. For example, approximately 20% of adult non-formal education programs are located in or near pueblos jóvenes, 50% of Lima's total population, where the need for these programs is the most urgent. The programs that are located in urban slum areas function with extremely rudimentary material. The coverage of formal primary school programs in the pueblos jóvenes is severely limited by the lack of resources made available to the MOE for new infrastructure and staff.

AID is currently financing a project to equip several schools in Lima's pueblos jóvenes administered by Fe y Alegría, a Jesuit organization, with workshops for pre-vocational training programs. Fe y Alegría has successfully provided both formal and non-formal education in the pueblos jóvenes, yet its activities cannot begin to meet the GOP goal of the provision of universal education. Similarly, CARE has shared with the GOP the costs of construction of 200 classrooms per year in coastal areas outside of Lima. SAWS/OFASA is also involved in schoolroom construction in Lima's slums, although its program is limited.

While the Forestry Division of the Ministry of Agriculture has no direct responsibilities in the pueblos jóvenes, the Ministry will provide a temporary source of employment for workers receiving Title II food to reforest 1000 has. annually in the Department of Lima. In addition, the Ministry will develop parks within the pueblos jóvenes.

Community Organization in the Pueblos Jóvenes

Vestiges of formal community organization in the pueblos jóvenes still exist, the remanants of the SINAMOS period. As mentioned above, one of SINAMOS' major responsibilities was in the area of social promotion and community organization in the pueblos jóvenes. Notwithstanding the

political motivation attached to its activities, SINAMOS implemented its responsibilities effectively. With an ample budget, it was able to field large numbers of social promotors into the pueblos jóvenes. Communities were organized along pyramidal lines, beginning by blocks. Each community block elected representatives to a Neighborhood Committee (Comité Vecinal), which consisted of a coordinator, treasurer, secretary, and occasionally, a sports coordinator and women's committee representative. The coordinator of each comité was a member of the Central Committee of the Pueblo Joven (COPRODE, Comité en Pro-Desarrollo), which elected an Executive Committee. The president of the Executive Committee was also the settlement's representative on a zonal association of pueblos jóvenes which in turn was represented at a Lima-wide association of pueblos jóvenes.

This highly structured community organization was developed by SINAMOS social promotors who provided intensive technical assistance in organizational techniques and leadership development. Active SINAMOS participation assured direct access by the pueblos jóvenes to the central government. The remodeling-entitlement process under the responsibility of SINAMOS was quite efficient. In addition, the SINAMOS promotors assisted the communities in the development of a wide range of projects in the areas of health, child care, adult education, income generating projects, etc., all with a community participation or self-help emphasis. The promotors facilitated these activities by acting as liaisons between the pueblos jóvenes and the central ministries and agencies with responsibilities in these sectors.

The GOP terminated the SINAMOS program in 1978 for a variety of reasons, partly resulting from manipulation and abuses of its client group, as well as from the threat perceived by the government and private sector of SINAMOS' power and influence over a large portion of the urban population.

The functions of technical assistance to pueblos jóvenes, primarily dealing with remodeling-entitlement, were subsequently transferred to the Ministry of Housing and Construction at a time when the MOHC's personnel was sharply reduced as a result of the GOP's economic austerity program. This lack of personnel does not permit the MOHC to provide technical assistance to the neighborhood organizations, even in issues limited to legalization, housing and infrastructure. The Ministry does not have responsibility for any community organization or development activities beyond these issues, and no other GOP entity has filled the void. As a result, many neighborhood organizations are presently found in varying degrees of atrophy, and are ineffective as vehicles for facilitating community decision-making and the development of self-help activities.

Project Implementation

This project will be implemented by CARE in coordination with the Ministries of Housing, Health, Education, Agriculture and Food (Forestry Directorate-DGFF), and the National Office of Food Suppor (ONAA). Upon the signing of the Project Agreement between USAID and CARE, the latter will enter into subsequent contractual arrangements with the above GOP institutions, specifying the responsibilities of each party in the fulfillment of project activities and guaranteeing the timely provision of project inputs. A central coordinating committee headed by CARE will be established to oversee all FFW activities in metropolitan Lima. The committee will include representatives of the GOP ministries and agencies participating in the project, as well as the Ministry of Economy and Finance, the National Planning Institute,and both OFASA and CARITAS, other PVOs presently engaged in food for work activities in Lima's pueblos jóvenes. To insure an effective implementation of the project and avoid duplication of efforts, frequent periodic meetings, perhaps monthly, will be held. The Committee will establish geographic priorities, determining which pueblos jóvenes are most deficient in the services to be provided and will therefore be participating in the program. To facilitate community organization, health, housing, and education will work in tandem in the same area.

Every effort will be made to introduce low cost self-help projects that maximize the number of people participating in the public works projects. The participating entities will also consider ways of introducing low cost designs in order to maximize the number of units that can be constructed under this program.

CARE will provide overall management of the project and account for the use of all project funds and Title II commodities, as well as the purchase of all materials and equipment required for construction. In addition, Housing and ONAA will have the major responsibility for organizing participating communities, by either working with already established neighborhood committees (discussed above), or by creating new organizations where none exist. CARE will assemble its own staff consisting of two project supervisors, with expertise in community development, food programming and infrastructure, a program coordinator (engineer), and accountant and accounting assistant to manage OPG and Title I funds, as well as other logistic staff. The GOP will make available to CARE a part of Title I funds budgeted for this program ($2.2 million per year) for the purchase of materials and equipment. Funds will be disbursed on a monthly basis.

ONAA will assist Housing in community organization and will be responsible for the handling of commodities, including reception at port, transportation, warehousing, rebagging of damaged commodities, and

distribution to the beneficiaries. ONAA nutritionists will be assigned to the project and will, on a regular basis, provide instruction on nutrition and food use. To reach a larger number of food recipients beyond those directly involved in construction, ONAA will implement less complex yet more labor intensive FFW projects such as street cleaning, planting of grass for playing fields and parks, etc.

The Ministry of Health (Lima Regional Office) will work with the pueblo joven communities to construct, equip and staff 25 sanitary posts per year, provide construction foremen for each site as well as the necessary architectural and engineering assistance. Each post will contain approximately 86 square meters of floor space and will include living quarters for either a staff member or watchman.

The staff will consist of an intern (Secigrista) and an auxiliary nurse who will provide the medical services.

The Ministry of Education will play a similar role in the construction of 200 classrooms per year and 50 sanitary units and will provide the same type of technical assistance. The Ministry will prepare lists of construction material and classroom equipment, and will assist CARE in identifying procurement sources. In addition, the MOE will accept full responsibility for all legal aspects related to school room construction, especially the obtaining of title rights on land where the classrooms will be built. The classroom construction program is an extension of CARE's on-going project in which approximately 500 classrooms are built annually in the Departments of Lima and La Libertad.

The responsibilities of the Ministry of Housing in the pueblo joven remodeling and entitlement procedures, are discussed in the section on Background. Notwithstanding the lack of resources assigned to the Ministry for urban slum improvement, it considers itself the agency responsible for the coordinated development of the pueblos jóvenes. Although the MOHC's predecessor, SINAMOS, effectively capitalized on the tradition of self-help community development in the pueblos jóvenes, the MOHC has had only limited experience with self-help projects. Nor has the Lima Regional Office been effective in coordinating with other sectors, e.g. Education and Health, in the planning for and provision of social services to pueblos jóvenes residents.

The Ministry of Housing will be the conduit for Title I counterpart funds to CARE for the purchase of materials, and will account to the GOP for the use of funds.

This project will provide the MOHC with the experience required to more precisely define its role in the pueblos jóvenes, implement self-help projects and coordinate with other sectors which influence urban slum development. It is anticipated that the MOHC will preside over the program's coordinating commission, jointly with CARE; the Commission will have a major role in determining priorities of services required and the locations in which the project will be implemented. The Ministry will also utilize food for work in implementing street leveling and repair and sidewalk construction.

In order to strengthen the MOHC's capabilities in planning, policy-making and project implementation, the Mission is requesting from DS/Housing grant funds under the Integrated Improvement Program for the Urban Poor (IIPUP) project. Specific recommendations for technical assistance to the MOHC were provided in a perceptive report prepared under DS/Housing contract No. AID/otr-C-1636. In summary, two types of IIPUP funded activities are recommended in the study: (1) data collection and studies, and (2) technical assistance to the MOHC in the design of neighborhood upgrading plans and programs.

The report indicates that perhaps the greatest constraint to rational program development in the Peruvian urban sector is the lack of resources to collect and analyze data. Specific recommendations proposed for data collection and studies include: (1) identification of the target population in the pueblos jóvenes, developing typologies covering social and economic conditions, e.g. employment and employability statistics, income distribution, spatial distribution, community organizations; (2) shelter sector survey of pueblos jóvenes' infrastructure availability and needs; (3) vocational training and employment prospects, and opportunities for support of small enterprise to generate income opportunities; (4) private voluntary organizations' activities, effectiveness, replicability of program and availability of resources; (5) health and education status, resources, opportunities for more effective allocation of limited resources; (6) women's socio-economic status, access to credit, tenure and services, percentage and location of women-headed households.

The IIPUP report recommends the provision of technical assistance to the MOHC in three areas, all directed toward promoting greater efficiency in the Ministry and increasing the impact of its activities in the pueblos jóvenes. The areas are: (1) assistance to review the remodeling-entitlement process, streamline procedures to allow more efficient use of the Ministry's scarce resources; (2) assistance to the Lima Sub-Regional Office in developing a management system to improve the flow of information between the communities, the zonal offices and itself as well as among its own principal divisions; and (3) establishment of a coordination unit in the Neighborhood Organizations division of the Sub-Regional Office to facilitate liaison between its own mission and the Promotion Department of the Housing Bank.

The CARE OPG will provide the resources for a multi-sector effort to provide greatly needed infrastructure in Lima's most marginal pueblos jóvenes. The IIPUP funds will simultaneously assist the Ministry of Housing to better carry out its responsibilities for the overall planning and coordination of development activities in the pueblos jóvenes. The overall program goal is to institutionalize the process of multi-sectoral planning and project development in the urban sector.

The Forestry Division (DGFF) of the Ministry of Agriculture will reforest approximately 1,000 has. per year in areas adjacent to three river basins in the Lima Department. Trees will also be provided for parks in the pueblos jóvenes. The DGFF will be responsible for directing all the seedling nursery and reforestation activities as well as participate in providing direct technical training to workers in the preparation and cultivation of seedlings and forest maintenance.

Project Beneficiaries

Direct project beneficiaries will initially be the 6,317 workers per year who will be receiving temporary employment, and their families, a total of over 32,000 people, who receive Title II food. Workers enrolled in this project will be adult heads of households, regardless of sex, who are without regular employment. All beneficiaries will come from among the poorer of the inhabitants of Lima's pueblos jóvenes, where levels of unemployment and underemployment reach over 60% of all adults. The appalling living conditions of the pueblo joven residents are well documented (see Background). Residents are confronted with inadequate or complete lack of sanitary facilities and potable water and with a danger health environment in general. Family incomes are not sufficient to provide adequate diets. As a result, severe chronic malnutrition, is common, especially among children.

A high percentage of the pueblo joven population consists of migrants from rural areas, especially from the sierra. Their skills, employment and income levels place them solidly in the lower class. They are predominantly mestizo or Indian. These serranos bring with them a number of cultural values which have been significant in shaping the pueblos jóvenes. The custom of mutual help and community work which persists in sierra communities has been successfully applied to all aspects of community development in the pueblos jóvenes from the initial planning of land invasions through self-help projects in school construction, installation of water, sewerage and electricity. Migrants arrive in the city with a fierce determination to create a better life for themselves and their children. This determination explains their tenacity and persistence in establishing communities

which meet their expectations in terms of adequate shelter and open space and in obtaining needed services. The migrants have an upwardly mobile attitude. They strive to educate their children to a level which qualifies them for white collar or professional jobs. It is this attitude and the community self-help tradition which CARE will build upon in this program.

Project Financial Plan and Contributions of the Parties

The following is an illustrative budget for the first year of project activities which indicates AID OPG funding requirements, tentative distribution of Title I resources, and CARE counterpart contribution.

Illustrative Project Budget--First Year

		US$	LC	
I.	AID OPG Grant Contribution			
	A. CARE			
	Personnel (Salary and Personnel Expenses)			
	U.S. (2)	74,065		
	Peruvian			
	Project Coordinator			
	Inspector (2)			
	Accoun (2)			
	Secreta.			
	Drivers (			
	Inventory		45,819	
	Office Expenses (rent, supplies equipment, maintenance, etc.)		27,795	
	Vehicles and Maintenance			
	Vehicles (4)			
	Motocycles (2)	26,000		
	Gasoline, repairs		4,330	
	Contingency		6,10	
	Total	100,065	84,044	(184,109)
	B. National Office of Food Support (ONAA)			
	Personnel (Salary and personnel expenses)		23,083	

	US$	LC	
Office and Warehouse Expenses		13,904	
Vehicles, Gasoline, & Maintenance			
Automobiles (2)	9,040		
Trucks - 8 MTs (3)	75,000		
Maintenance (oil, gas.lubricants)		4,249	
Spare parts, repairs		3,150	
Total	84,040	44,386	(128,426)
CARE Overhead at 7.92%	24,753		
Total OPG	$337,288		

II. CARE Contribution

Fund for construction materials, equipment 50,000

III. GOP Contribution (PL 480 Title I local currency

For purchase of construction materials and equipment, logistic support:

Ministry of Health	$ 800,000
Ministry of Education	450,000
Ministry of Housing and Construction	750,000
Ministry of Agriculture (DGFF)	196,000
ONAA	80,000
Total	$2,276,000

IV. Additional GOP Counterpart (Public Treasury):

Special Fund for FFW activities in the Pueblos Jóvenes of Lima (MEF)

To be determined

V. AID/W Grant Funds

DSB IIPUP Project $ 100,000

AID, CARE and the Peruvian Government are cognizant of the importance attached to this project, in terms of both short-term emergency relief and long-term development impact, and all parties are committing considerable resources to insure the project's success. Most of the AID OPG funds will be provided to CARE to permit the organization to hire additional personnel required to organize participating communities, account for the use of all project funds, including Title I counterpart, purchase all construction materials and equipment needed for infrastructure, supervise all construction work, and insure the proper handling and distribution of the food. Funds will be used to purchase vehicles required for the distribution of construction materials and equipment to diverse project sites. In addition, a larger CARE administrative office will be rented to provide additional office space for the increased CARE staff. The remaining OPG funds made available to CARE will be channeled to the National Office of Food Support (ONAA) and will be used to hire additional personnel, shelving for the Lima food warehouse, and vehicles for the distribution of food to participating communities. ONAA's role in project implementation is quite extensive; it will be assisting CARE in community organization, and will have responsibility for the distribution of food from point of entry to the FFW recipient.

Over $2.2 million (soles equivalent) generated under FY 1980 PL 480 Title I Agreement, and similar amounts under future year agreements, will be channeled to CARE through ONAA for the purchase of materials needed in health, education and other infrastructure projects. The use of the $2.2 million for this program has been specified in a Memorandum of Agreement, Annex A of the FY 80 Title I agreement, and local currency will be made available for project implementation as soon as the Title II commodities arrive. Given the best cost estimates presently available, USAID and CARE estimate that the health post construction will require the sol equivalent of approximately $800,000, classrooms $450,000, MinHousing infrastructure (road leveling, repairs and sidewalks) $750,000, Forestry $186,000, and ONAA, $80,000. CARE will have sole use of these funds and will make Title I adjustments among the Ministries as required during the course of the project.

The GOP has recently established a Multi-Sectoral Fund for FFW Projects in the Pueblos Jóvenes of Lima, under the Ministry of Economy and Finance, which is assigning additional counterpart funding from the public treasury, for the purpose of providing personnel required by Health, Education, Housing, and ONAA for project implementation, as well as staffing of schoolrooms, health posts, etc. The total amount budgeted for GOP CY 1980 is still to be determined.

CARE will contribute grant funds totalling $50,000 to be used for the purchase of materials.

An initial AER has been forwarded to AID/W for 1,650 MTs per year of Title II food, consisting of whole wheat, rice, cooking oil, and fortified corn flour. The value of the commodities and ocean freight is $704,588. The maximum FFW ration specified by the FFP Commodity Reference Guide, will be provided to each recipient. While the initial food requirement is low, considering the magnitude of the project, CARE and USAID believe that the amount of food will be increased as larger numbers of workers participate in FFW activities in future years.

In Section-Project Implementation, the use of DSB grant funds under the IIPUP project was discussed. The Mission is requesting an allotment of $100,000 per year for three years to provide TA to the Ministry of Housing as recommended in the contract report cited above.

Evaluation and Reports

CARE will submit to USAID its detailed Project Implementation and Evaluation (PIE) report to fulfill its formal evaluation requirement in addition to regular quarterly monitoring reports. These reports will describe the status of project activities, problems encountered in implementation, use of OPG and Title I funds expended, status of commodities and number of recipients. An in-depth project review will be performed by USAID, CARE and all GOP agencies involved in the project at the end of each year's activities to measure performance against targets proposed in the Implementation Plan to be submitted each year by CARE prior to the disbursement of OPG funds, as well as targets specified in the project logical framework. A Project Evaluation Summary (PES) will be drafted after each annual project review.

In addition to these reports and evaluations, a team of ONAA and CARE nutritionists and USAID FFP personnel will perform an annual evaluation and analysis of the socio-economic, and nutrition impact of the FFW projects implemented under the program, based on a questionnaire drafted by ONAA. These evaluations will be similar to those recently performed in connection with SAWS/OFASA and CRS/CARITAS food for work programs. The surveys have provided the Mission and VolAgs with a socio-economic profile of project beneficiaries -- demographics, educational levels, occupation, income, housing, personal property, and community organization. The surveys also assess the impact of food assistance in support of community public works as well as the adequacy of the nutrition education provided to recipients.

The surveys provide valuable data on consumption patterns of food recipients, e.g. protein and caloric intake--and measure the nutritional impact of the Title II food supplement.

Grantee's Implementation Capability

CARE/Peru initiated its activities immediately following the May, 1970 earthquake, providing various types of emergency assistance in the devastated region. Since that period, CARE has expanded its operation in Peru; its program presently emphasizes such small scale infrastructure projects as rural potable water and sewerage systems, home construction assistance, irrigation canals, and school room and health facilities construction.

CARE has had considerable and successful experience in Peru in carrying out projects requiring active community participation. In two on-going OPGs, Community Food Production (DALPRA) and Rural Health Services, CARE has actively promoted the establishment of community organizations as a prerequisite for project implementation, and has signed contracts with these organizations specifying the communities' responsibilities and counterpart contribution. CARE is presently collaborating with the Ministry of Education in a program of classroom construction -- 500 per year -- in areas outside of Lima. This experience will be replicated in Lima under the proposed FFW program. Although CARE operates feeding programs involving PL 480 Tiel II food in Latin America, the Near East, Asia and Africa, its Title II experience in Peru has been limited to providing technical assistance to the GOP's School Feeding Program, establishing guidelines for program administration and evaluation, and training of nutritionists. In preparing for this proposed program, CARE has designated as its Mission Deputy Director an individual with broad experience in food for work activities, most recently in Panama. The OPG will permit CARE to assemble a staff of U.S. and Peruvian personnel required to supervise the various components of the program, procure all material and equipment, and account for all project funds.

GOP Interest and Concurrence (See letter attached from Gen. FAP José Luna García, ONAA Chief, in support of the Urban FFW Program)

The GOP is very much aware of the poor and deteriorating conditions of life in Lima's pueblos jóvenes. While it has been fully committed to improving conditions, it does not have the resources to sustain a major infrastructure program in the urban slums on its own. The original request for a major urban FFW program, to complement the OFASA program, originated with ONAA. CARE was receptive to the idea

of administering the program, and based on its own experiences in working with communities to improve basic infrastructure, developed the concept of a FFW program which would have a long-term development impact and meet some of the basic human needs of the communities involved. Numerous meetings with the Ministries of Housing, Education, Health, and Agriculture confirmed the commitment to the project goals by all GOP entities involved.

A major manifestation of the high priority accorded the program by the GOP is the very large amount of Title I funds over $2.2 million, budgeted as counterpart. This constitutes the largest amount programmed as counterpart for any AID project, and it will be provided through Housing to CARE, which will have sole use of funds to purchase material and equipment.

Issues, Conclusions and Recommendations

The gestation period for the development of this project has been long and is due to the complexity of the program, the number of GOP entities involved and the need to secure adequate funding. The Mission does not want to minimize the problems inherent in a program of this magnitude. Yet concerted action must be taken; the conditions confronting the residents of Lima's pueblos jóvenes -- malnutrition, unemployment, and the lack of essential services -- are too severe to be ignored. As a result of the protracted negotiations preceding this proposal, we believe that all agencies are extremely committed to this program and that CARE is capable of adequate coordination of project activities.

The creation of the Multi-Sectoral Coordinating Committee, comprised of all GOP agencies involved in the program, CARE and USAID, meeting monthly, will facilitate coordination of activities. We believe that this committee will play a key role in the institutionalization of a process in which all relevant sectors provide a concerted response to ameliorate conditions in the pueblos jóvenes. We expect that once the CARE administration of the program has ended, the GOP will be in a position to provide resources for the marginal urban sector and the institution through which these resources can be channeled will have been proven effective.

In the recent CDSS the Mission stressed the importance of Title I imports during the planning period -- a time in which the GOP will be hardpressed to respond to the increasing demands of an urban population whose living conditions have sharply deteriorated in recent years. The local currency generated by the sale of PL 480 commodities is providing the GOP with the opportunity to begin to take action to alleviate the situation of the urban poor. The important development impact of the Urban Feeding Program the construction of health posts, classrooms,

road repairs, etc., could not take place in the absence of Title I. The GOP's commitment to the CARE program is evidenced by their programming of the largest amount of Title I proceeds, $2.2 million, as counterpart to be used for the purchase of construction materials. This project's success depends, to a great extent, on the continuation of Title I during the next three years at the very least, until the GOP is able to provide adequate resources from the public treasury.

The Mission realizes that the amount of OPG funds requested is high. Yet the funds required for CARE to administer this program are fully justified, considering the broad range of activities that will be implemented. CARE's expertise in the areaof Food for Work is well established. However, AID must provide the VolAg with sufficient personnel and other logistical support to ensure that this expertise is effectively utilized for the improvement of Lima's pueblos jóvenes.

The CARE proposal for OPG assistance fully meets the requirements for OPG programs. The GOP is committed to the project, and CARE has had prior experience in implementing the proposed activities. With the additional personnel to be provided with OPG funds, CARE is capable of carrying out the program. Project beneficiaries fall well within USAID's target group.

The Mission's request to AID/W for an allotment of funds to obligate in a grant agreement, as well as the Mission's request to the AA/LAC to authorize the agreement, would be contingent upon the ISC's approval of the AER which would provide Title II commodities.

Your approval of the CARE request for OPG funding is recommended.

Approved: _____ Date: 3/24/80

Disapproved: _____ Date: _____

Attachments:

Attachment I: CARE Project Proposal
Attachment II: Proposal Submitted by ONAA
Attachment III: Letter of Concurrence, ONAA
Attachment IV: Logical Framework
Attachment V: Architectural Plans, Classrooms
Attachment VI: Architectural Plans, Sanitary Posts