

Annual Budget Submission

FY 1986

PERU



JUNE 1984

Agency for International Development
Washington, D.C. 20523

USAID/Peru
FY 86 ABS

Outline

	<u>Page</u>
1. Mission Action Plan with Appendix on Economic Situation	1
2. Table I - Overall Program Request	18
3. Table IV - Project Details: Obligations /Expenditures	20
4. New Project Narratives	34
5. Evaluation Plan and Table VII	59
6. Operating Expenses Narrative	67
7. Table VIII - OE/Workforce Tables (FY 84, 85, 86)	71
8. Table VIII(a) (US PSC, PASA & FN PSC costs)	77
9. Table VIII(b) (Other code 25 detail)	78
10. Table VIII(c) and ADP narrative	83
11. Non-expendable Property Procurement Plans	89
12. PL-480 Narrative	108
13. Table XI - Title I Requirements	118
14. Table XIII - Title II Requirements	119

USAID/PERU FY 1986 ABS
ACTION PLAN

SECTION A: Strategy Recap

This Annual Budget Submission (ABS) is the first budget document presented after approval of a new CDSS strategy in April 1984. It reflects that strategy and the funding levels approved in the CDSS. Funding levels short of those included in this ABS will jeopardize this Mission's ability to successfully implement the approved CDSS strategy and to promote important U.S. foreign policy and developmental interests in Peru.

The key factors shaping USAID's FY 1986 Annual Budget Submission are Peru's serious economic and developmental problems, the upcoming Peruvian national elections, and the Mission's recently approved CDSS. A new democratically-elected government is scheduled to assume office in July 1985. This may be one of the most important transitions in 20th century Peruvian history and it will influence perceptions of market-led equitable growth throughout Latin America, especially when it is attempted in a democratic context.

Beginning in FY 1986, AID will have a unique opportunity to undertake a comprehensive development policy dialogue with a new Peruvian government. This new administration will be defining its policies and programs in 1985 and 1986 and launching important new initiatives that will shape the course of development for the next five years and beyond. These new policies can set Peru on a long term path of market-led equitable growth or send the country careening back to the statist and unproductive policies of the 1970s. FY 1986 will provide AID with a significant window of opportunity that, if approached in a creative way, can pay high dividends for U.S. foreign policy and developmental objectives in Peru.

If sufficient AID resources can be discussed with a newly-elected GOP, AID would be in a position to encourage the new Peruvian administration to continue sound economic and developmental approaches and to adopt improved policies. However, AID must be able to offer significant new resources in FY 1986 and beyond to back-up such policy dialogues. We must be positioned to act creatively and catalytically before the new GOP gets locked into policies and programs that could be hard to reverse. The FY 1986 program should be used to position the USG to play a creative leadership role both with the GOP and with other donors in encouraging the continuation in Peru of sound economic and developmental policies as outlined in our CDSS and in Lima 3702. The need for fast disbursing and appropriately structured assistance early on in a new administration is a major lesson learned from our experience with the Belaunde government in 1980-82.

In mid-1985, we will want to begin intensive dialogues with the new GOP regarding its entire approach to Peru's key economic and developmental problems and possible improved policy directions. We will want to focus on overall macroeconomic policies as well as policies in key sectors such as

agriculture, health and housing. Overall policy directions in important areas of concern such as private sector development, decentralization, population and food aid will be of special interest to us. There will also be a comprehensive review of coca eradication and crop substitution programs to determine what the USG can do to further strengthen these programs.

In addition to these policy discussions, we will also want to talk about program and sector-like multi-year funding, in the context of the GOP's new policy framework. (The sector-like instruments would largely be projectized sector loan/grant combinations tranced over five years or closely related projects developed and implemented within an overall sector framework.) We would like to be able to discuss a five-year program (1986-1990) that totals at least \$800 million. This amount is seen as the minimum necessary to enable the USG to exercise a significant role in the policy dialogue that deals with fundamental development issues. The five-year program will be closely coordinated with other donors, possibly within a consultative group arrangement, and be designed to complement and support the policy dialogues that other donors will be conducting in FY 1986. This proposal reflects our view that the lack of follow-up after the 1981 Paris Club donors meeting with the then-new Belaunde administration was a mistake that should not be repeated in 1985. The basic framework for the proposed program flows from our CDSS and is further outlined in this ABS. It will be developed more fully in FY 1985. However, commitments and disbursements would be tranced over five years, based on GOP progress in dealing with key policy issues at the macroeconomic and sector levels.

The program and sector-like approach is appropriate for Peru not only because of the country's serious economic and developmental problems and the opportunities offered by the upcoming elections, but also because of other actions and conditions that have been integral parts of the USAID/Peru strategy and action plan, as follows:

-- First, in carrying out our short-term CDSS strategy (1984-85), the AID pipeline in Peru is being substantially reduced and all major ongoing projects will be fully funded by the end of FY 1985. As a result, the pipeline problem will be under control and we will have virtually no mortgage by the end of CY-1985. As indicated in our approved CDSS, the "decks will be cleared" for the beginnings of a new AID program in Peru in FY 1986.

-- Second, in implementing AID programs in Peru, the GOP and USAID have achieved or are achieving some important institutional improvements in key areas such as agriculture, health, housing, and in private sector and decentralized programs. While additional institution-building efforts are still needed, the initial improvements provide an important base so that larger amounts of AID resources can be absorbed more quickly in 1986 and beyond.

-- Third, for the past 18 months, USAID has been developing an improved analytical foundation for better understanding key sectors and problem areas. This has taken the form of USAID assessments and evaluations in important sectors (e.g. agriculture, housing, private sector, nutrition) and the

establishment of major new sector policy planning efforts (e.g. agriculture, decentralization, health) that can provide both analysis and program options for discussion with a new GOP. Likewise, the monitoring of USAID's new Disaster Assistance Program Loan is providing USAID with greater insights into Peru's macroeconomic conditions and a closer involvement with the macroeconomic framework as an essential backdrop for continuing our policy discussions with a new GOP, as outlined in Lima 3702. The FY 1985 ESF program will further strengthen these. By mid-1985, USAID should have sector assessments and policy dialogue agendas ready for all areas of program concentration identified in this ABS. These will serve as a basis for our policy discussions with a new GOP. Similarly, the IBRD will have produced a new Country Development Study (and the IMF will probably prepare a major macroeconomic report) that will provide a further analytical framework of policy changes needed at macroeconomic and sectoral levels for use in coordinated donor policy discussions with a new GOP. We are most interested in cooperating with the IBRD and other donors in the preparation of this framework and will be able to provide significant inputs.

-- Fourth, during the past 18 months USAID has gained substantial experience by working closely with multilateral agencies and other donors, particularly the IBRD and IMF, and by developing and coordinating our policy agendas with these agencies. We are working closely with the IMF in implementing the first AID program loan ever provided to Peru. We have developed with the IBRD a common policy agenda for the housing sector and have undertaken closely coordinated AID/IBRD housing policy discussions with the GOP. USAID has close working relationships with other donors in the agriculture and health sectors and in areas of private sector development and food aid. In a number of key areas (e.g. health, nutrition, decentralization, private sector development, population, food aid, agricultural policy analysis, agricultural research and extension, and disaster reconstruction), AID is looked to by the GOP and by other donors as a policy and programmatic leader. This leadership role will be of even more critical importance when a new GOP assumes office in mid 1985.

-- Fifth, given the slower-than-expected recovery in the world economy and Peru's debt burden, whatever government assumes office in Peru in July 1985 will confront balance of payments and budgetary problems as serious as those the Belaunde government has had to confront in 1983-84. A new round of negotiations will be needed with the IMF and with Peru's private and public creditors. How Peru deals with the IMF and its international creditors in 1985-86 will be one of the first big tests of the new GOP. Even under the best of circumstances, it is likely that the GOP will have very limited access to private international capital markets. Peru will probably be under a new IMF stabilization program that will severely limit public sector spending. These economic problems will constrain any GOP public sector program options for dealing with Peru's long-term development problems.

The only major source of funding for development programs will be the IDB, IBRD and AID, which should greatly increase our policy and program leverage with a new GOP, if we have sufficient resources to bring to the table. This

fact underscores the need for clear and coordinated donor policy positions. If these three international agencies, together with the IMF, can act in a coordinated and coherent fashion, we can better help guide the new GOP through the difficult period that lies ahead. However, past experience indicates that donors often need aggressive USG leadership to act jointly and coherently in difficult policy environments. (This has certainly been the case with our Disaster Program Loan which has already influenced the current IMF program as well as IBRD and IDB approaches to industrial reactivation.) The approach proposed in this ABS would allow the USG, through AID, to exercise the type of positive leadership with both the GOP and with other donors that can be highly beneficial to U.S. foreign policy and developmental objectives in Peru.

-- Finally, our proposed response to a new Peruvian administration in 1985-86 is based on some of the problems (and on some of the lost opportunities) that AID experienced in responding to the new Belaunde administration in 1980-81. The Belaunde government entered office strongly committed to major new policy directions at both the macroeconomic and sector levels that AID enthusiastically supported. However, while the current portfolio of projects is addressing significant policy considerations, in retrospect, AID and other donors did not provide Peru with sufficiently flexible resources early enough (1980-82) to help the Belaunde administration generate rapid policy and program momentum and thereby consolidate quickly its most important new initiatives. This was particularly the case as related to agriculture and the private sector and in other areas (e.g. nutrition, municipal development). AID development assistance resources were provided in the form of complex projects that were extremely slow disbursing. In too many cases, because of GOP institutional and managerial weaknesses, and because of USAID staffing limitations and inadequate implementation support, these projects took two to three years just to begin disbursing. (See Lima 3177 and CDSS for further analysis of this problem.) While AID resources provided during the 1980-82 period correctly focused on increasing the GOP's absorptive capacity by strengthening key implementing institutions, a sector policy framework in some areas (e.g. health, decentralization, small hydro) may have better targeted AID resources to important sector constraints that later had to be filled by project amendments or other changes and new activities. In 1983-84, the worldwide recession and the El Niño natural disasters had already seriously disrupted the momentum of many of the Belaunde administration's most important policy reforms and new developmental initiatives. However, USAID believes that, in addition to institution building, more policy and program progress could have been made if AID and other donors had more quickly financed programs which better reinforced the GOP's positive policy measures.

For all of the above reasons, USAID believes that the program and sector-like approach outlined in the CDSS and further defined in this ABS should be the basis for AID's FY 1986 budgetary decision-making. In Embassy and USAID discussions with Peru's leading political groups, it is clear that many of them will be looking to the USG for policy input and funding commitments that demonstrate our support for Peru's democratic process and its newly elected government. If the USG is correctly positioned early on in the

new administration, and can offer significant multi-year funding assistance, there will be important opportunities for major developmental policy and programmatic breakthroughs along the lines described in our CDSS and in Lima 3702.

However, the AAPL levels proposed in State 111229 for Peru are completely inadequate for carrying out the CDSS strategy described above. The AAPL levels will not provide the leverage necessary for the USG to exercise the developmental leadership with the GOP and with other donors needed in Peru in 1985-86 and throughout the 1986-90 period. The proposed AAPL levels will not even get us a seat at the table where dialogues of major policies that condition the overall development climate will be discussed, let alone allow us to promote important U.S. foreign policy and developmental interests. Clearly there is a major conflict between State 120799 (dated April 1984), which approved our CDSS strategy and its funding and staffing levels, and State 111229 and State 134024 (both also dated in April 1984), which provide inadequate funding and staffing levels to carry out the approved CDSS. We have based our entire FY 1986 ABS presentation on the approved CDSS strategy and resource levels. If this is incorrect, the utility of the entire CDSS process should be questioned because its most important feature--integrating strategy and resource decisions--will have been proved to be irrelevant for the AID budgetary process. Since USAID spent substantial staff time in preparing its CDSS (that could have perhaps been better used in project implementation), we are extremely disappointed in the resource levels provided in State 111229 and 134024.

At the same time, USAID recognizes that comprehensive policy breakthroughs at the macroeconomic and sector levels may not be possible in 1985-1986. In this event, we would fall back to a project approach in which we would offer assistance in the form of individual projects that would work within sector policy frameworks that indicate there is a good chance of obtaining valuable development improvements. For example, instead of developing the Agricultural Sector Recapitalization program proposed in this ABS, we would finance only one or two components of this program (such as a second phase of Agricultural Research, Education and Extension) or smaller HG investments through savings and loan associations if a housing sector policy breakthrough is not possible. Within this second option, projects would be developed with both public and private sector entities within most areas outlined in this ABS--but the public sector projects would most likely be funded at lower levels than those shown herein. Exact funding levels would, of course, depend on the overall policy and program directions mapped out in mid-1985 by a new GOP administration.

Finally, a third option must be considered if a Marxist government wins the 1985 national elections. Current political analysis in Peru indicates that this is a distinct possibility, but not likely. In the event of such an outcome, USAID would propose to finance largely private sector and PVO type development projects. There would obviously be a reduction in the overall funding levels shown in this ABS.

However, USAID believes that it is unrealistic to plan for either option two or three now. Both the Embassy and USAID believe that the most likely outcome of the 1985 Peruvian national elections will be a pragmatic new government with whom we can work, a government that will be seeking USG and other donor developmental policy guidance and funding. Since Peru will have almost no other source of development funding in 1985-86, the leverage of the donor community can be substantial. While we may not always agree with all of the new government's positions, we cannot and should not underestimate the ability of an adequately-funded AID program (properly coordinated with other donors) to influence the ultimate developmental policy and program directions that a new GOP will actually follow in 1986-90.

We will not be able to act with creativity and dynamic leadership if we cannot begin discussing with a new GOP in mid-1985 significant new economic and developmental funding levels for Peru. If USAID is to play the catalytic policy role envisioned above and in AID policy directives, we need to get our multi-year funding instruments (ESF, PL-480, HG) and DA resources in place now. The lesson of the 1980-81 transition is that AID and other donors moved too slowly and did not always have in place the flexible types of funding instruments that were most appropriate. We must take action now so that AID can quickly respond to the foreign policy and developmental opportunities that will undoubtedly present themselves in mid-1985. As we said in our CDSS: "The immediate challenge for the USG is to help Peru maintain the positive policy reforms and private sector directions initiated by the Belaunde government while strengthening those democratic forces that will ensure that these reforms are continued and deepened in the second half of the 1980s."

We must begin meeting that challenge now.

Program Structure and Analytical Base for Conducting USAID Policy Dialogues
FY 1986 to FY 1990

The structure of our proposed program for FY 1986 to FY 1990 is briefly summarized below. The final analytical base for conducting USAID's policy dialogues is being developed from implementation of ongoing projects, completion or updating of sector assessments and evaluations (some 26 studies and evaluations were done while we were preparing for the FY 86 CDSS), outputs from ongoing policy planning projects, and from other donor analytical studies. Most importantly, the Peruvian political campaign and its debates on economic and developmental issues will provide additional inputs to USAID's policy dialogue agendas. During 1984-85, the Mission would like also to draw upon high-level policy formulation expertise from experienced senior officials in the PPC, ST, LAC, and PRE bureaus to help us prepare our final policy dialogue agenda. This policy dialogue framework will be based largely on our CDSS and Lima 3702 and it will identify the specific policies we would like to see improved and the overall policy directions we propose supporting. This policy dialogue agenda should be ready for AID/W review by June 1985 in time for preparing an overall USG position for a consultative group and for beginning policy discussions with a new GOP.

However, we must emphasize that we do not want to dedicate our limited resources to preparing this policy dialogue agenda and supporting analyses if the USG resources needed to back it up are not being put in place. Otherwise we may run the risk of raising expectations of a new GOP that in fact cannot be fulfilled. We would then be relegated to the sidelines and would have to watch other donors take the lead, with only our moral support.

1. Macroeconomic Program: This program will support implementation of the policy directions outlined in our CDSS and in Lima 3702, as modified through our experience in implementing the FY 1984 Disaster Program Loan and an FY 1985 ESF program. Further analytical inputs will be provided by the 1985 IBRD Country Study and an IMF macroeconomic analysis. We would want to discuss with a new GOP a macroeconomic program of approximately \$300 million (\$180 million in ESF provided over three years and a \$130 million multi-year Title I Program provided over five years) to support improved macroeconomic and private sector policies.

2. Agricultural Sector Support Program: This Program will be based on the policy directions mapped out by the Presidential Agricultural Mission to Peru as further developed by a USAID agricultural strategy paper and the outputs of our ongoing Agricultural Policy and Institutional Development Project. We propose a multi-year program of \$120 million to support the overall policy directions contained in the above documents and summarized in our CDSS.

3. Private Sector Support Program: A detailed Private Sector Assessment has been prepared in Peru by Coopers and Lybrand. PRE Reconnaissance Missions have further identified key policy and program directions that should be supported by AID. Funding will be provided through ESF local currencies and through \$75 million provided for specific DA-funded projects.

4. Health/Population Sector Program: As indicated in the description of the Improved Health Sector Efficiency program, the equivalent of a Health Sector Assessment will have been completed by mid-1985. We would propose to discuss \$50 million in AID contributions with a new GOP to support improved policy directions in the health sector.

5. Housing Sector Program: A comprehensive PADCO Housing Sector Assessment and policy dialogue agenda was completed in 1982. These will be updated in early 1985 and will serve as the basis for negotiating a \$100 million multi-year HG program.

6. Decentralization: Through a \$2.0 million amendment to the Mission's ongoing Integrated Regional Development Project, a decentralization policy planning component is being funded for actions at both the departmental and municipal levels. The policy and program recommendations should be ready for the GOP and other donors by mid-1985. We are proposing to discuss with a new GOP a \$30 million AID program that can support improved decentralization policies while also creating a better policy and institutional framework that will allow other donors to work more effectively in this area.

7. Coca Substitution and Other Narcotics Support Programs: We expect to have evaluated all elements of the ongoing Upper Huallaga Program (enforcement, eradication, and crop substitution) as a basis for developing a framework for expanded funding for this program. While DA resources may be appropriate for some elements of coca crop substitution programs, experience to date in the Upper Huallaga is demonstrating that the flexibility offered by ESF-generated local currencies makes it the recommended funding source for expanding this program. There is a need to undertake activities in the Upper Huallaga that may be better funded by ESF. The new narcotics education initiative (as proposed in Lima 4612, Lima 6168, and Lima 6527) may also be more appropriately funded with ESF grant resources but using AID technical monitoring and guidances.

8. Other Areas: We would also like to discuss with PVOs a multi-year plan for food aid during 1986-90, following up on the Title II evaluation being completed this year. Likewise, the Mission has completed major analytical work in key areas such as nutrition and urban development that may lead to programs during the 1986-90 period. Participant training, human resources development and other smaller areas will also receive attention.

SECTION B: Self appraisal of benchmarks achieved during FY 83 and first half of FY 84

(1) Support for Economic Recovery

- design and implement ESF package - achieved. (No AID/W approval of ESF; however, \$60 million balance of payments disaster assistance program loan designed, approved, negotiated and signed.)
- support GOP stabilization measures and IMF goals by providing local currency generations from PL 480 Title I and other programs - achieved (through program loan and Title I).

(2) Disaster Relief and Reconstruction (DRR) Actions

- make operational GOP's coordinating mechanism for DRR program - achieved.
- implement \$35.6 million PL 480 and DA disaster package - achieved. (Approximately \$160 million approved, with implementation well underway.)
- design and implement additional DRR activities - achieved.
- provide \$10 million HG - achieved (actually \$12.5 million).

(3) Improve implementation of on-going projects

- improve USAID operation to emphasize implementation - achieved (internal organization/responsibilities changed; new emphasis on timely provision of counterpart; assignment of contracting officer; and staff training in implementation).
- evaluate six projects encountering serious delays - achieved for five of these projects, excluding Small Hydro.

(4) Policy dialogue agenda

- assist GOP in implementing more rational agriculture pricing policies and in enhancing rational use of scarce resources - achieved (through rice and wheat pricing studies and through initiation of Project 0238-APID).
- support GOP family planning policy and emphasize policies affecting private sector distribution systems - achieved (program implementation, especially through Contraceptive Social Marketing add-on to Project 0230).
- promote policies that increase efficiency and cost-effectiveness of health services delivery - partly achieved (PD&S funds not available to carry out all desired analytical activities).

- help establish policies that promote maintenance of value in shelter sector - not achieved. (Dialogue with GOP halted, as GOP has not yet established appropriate policies.)
- encourage more detailed analyses of GOP decentralization policies - achieved.
- promote policies that expand private sector participation in development - achieved.
- encourage and promote a strong GOP coca eradication policy - achieved.
- further expand analytical base for future development policy discussions - achieved that part based on FY 84 projects.
- closely coordinate policy issues with other donors - achieved.

(5) Institution Building Objectives

- expand training programs in AID assisted sectors - achieved (also depends on FY 85 activities).
- expand management-related T.A. and training to GOP institutions - on schedule. (One project signed; another being developed for FY 85.)
- strengthen local institutions to implement training objectives - partly achieved.
- assist GOP to carry out its decentralization policy - achieved (through provision of T.A. to other CORDEs, ongoing projects, and experience gained by CORDEs under DRR project 0277).
- strengthen capacity of GOP and VolAgS to implement PL 480 Title II program - VolAg part achieved (through emergency relief food programs and design of new OPGs). GOP part scheduled for FY 85.

(6) Technology Transfer Goals

- increase crop yields through application of improved technologies - mostly achieved.
- develop crop and crop system technologies for subtropical and tropical areas - continued progress.
- fully institutionalize technologies introduced in on-going programs - partially achieved.
- support independent research in areas of concern to Peru - achieved.
- promote private sector technology transfer - too early.

(7) Private Sector Promotion

- respond to critical financial crisis affecting Peruvian businesses - achieved.
- support GOP's reprivatization programs - achieved.
- strengthen linkages between "formal" and "informal" private sector - achieved (through support of ILD, which has drafted legislation, new OPG for small credit, and implementation of on-going program).
- design and implement two large private sector-oriented projects - partly achieved. (The two projects mentioned in the FY 85 ABS have been delayed to FY 86 as part of CDSS strategy. However, local currencies under the Disaster Assistance Program Loan will have major effect on private sector liquidity constraint.)
- promote commercial bank term lending in agriculture - implementing project that is expected to have major impact. Other on-going projects also involve local ICIs.
- increase participation of private sector in all USAID training programs and support ongoing vocational education and training skills programs - achieved.
- advance private sector objectives during design and implementation of disaster assistance program - partially achieved.

SECTION C: Forward Plan

OPERATIONAL OBJECTIVES FY 85-86 (See Table VIII narrative for administrative changes needed to implement this plan.)

- (1) Carry out policy dialogue with GOP (new administration enters office July 1985) and support good development initiatives with assistance.

Management Steps:

- A. Establish/expand analytical base for policy dialogue
- B. Discuss improvements in development policy with GOP and other domestic groups
- C. Support donor coordination of policies and programs
- D. Continue implementation of projects that embody key policies
- E. Initiate new development program in FY 86 that supports positive development policies of new GOP.

- Negotiate with GOP a sectoral approach to new assistance commitments (assumes appropriate GOP development policy framework)
 - if above is not feasible, initiate new project-based program
 - if neither of above is feasible, initiate private sector/voluntary agency-based program
- F. Initiate public education program on narcotics.
- G. Support private sector approach to development

Benchmarks:

- A. - Complete on-going analytical studies (health and nutrition status survey, informal sector study, studies programmed under 0238 Ag Planning, etc.)
- Initiate Health Policy Planning project
- B. - Support visits, studies, workshops, etc., dealing with development policy and program improvements
- Continue sectoral policy dialogues with present GOP in agriculture, health, housing, narcotics
 - Support good macroeconomic policy directions (see Macroeconomic Recovery No. 2 below)
- C. - Encourage IBRD to chair Consultative Group (CG) meetings on Peru (or roundtable)
- Support preparation of CG background studies
 - Participate actively in CG meetings/roundtable
- D. - (See Disaster No. 3 and Implementation No. 4 below)
- Expand financing for selected key projects if necessary (in particular, 0192 Agricultural RBE)

- Provide ESF local currency funding for second coca crop substitution area development project under ESF
- Complete incremental funding in FY 85 of on-going program to eliminate mortgage on FY 86 program
- E. - Initiate major sector assistance programs in: agriculture/rural development; health/family planning/nutrition; housing/urban development; food assistance; and private sector development. Also support macroeconomic recovery (see 2 below)
 - If above not feasible, initiate project assistance in selected areas
 - If neither of above feasible, design and initiate private sector-focussed program at reduced levels
- F. - Depending on timely AID/W provision of funding and staff position, undertake a public education campaign on harmful effects of narcotics on Peruvian society and promote the foundation and operation of a Peruvian PVO to institutionalize this initiative.
- G. - Assist GOP to sell at least one state enterprise in FY 85
 - Complete ILD informal sector study in FY 85
 - Assist GOP in deregulation effort in FY 85

(2) Support macroeconomic recovery of Peru

Management Steps:

- A. Design and implement ESF program for FY 85 and prepare to offer new GOP similar support in FY 86 if policy environment so warrants
- B. Provide local currency assistance through PL 480 and other instruments (FY 85 and 86)
- C. Complete FY 84 \$60 million disaster program loan (FY 85)
- D. Support GOP stabilization/austerity program

Benchmarks:

- A. Prepare PAAD for ESF funding (FY 85 at least)
- B. Sign PL 480 Title I Agreements (FY 85-86)
- C. Complete disbursement of \$15 million local currency from FY 84 \$60 million disaster program loan for counterpart needs (FY 85)
- D. Disburse \$45 million local currency to private sector for credit (FY 85)

(3) Complete implementation of disaster relief and reconstruction activities

Management Steps:

- A. Commit and disburse all funds for \$65 million DRR project (FY 86)
- B. Evaluate DRR project

Benchmarks:

- A. - Commit 80% of funds by end FY 84
- Commit 100% of funds by end FY 85
- Disburse 35% of funds by end FY 84
- Disburse 80% of funds by end FY 85
- Disburse 100% of funds by end FY 86
- B. Evaluate DRR project 0277 by 3/86

(4) Successfully implement and substantially complete ongoing portfolio and reduce pipeline

Management Steps:

- A. Complete six large projects:
 - 0219 Integrated Family Health
 - 0230* Integrated Health and Family Planning
 - 0220* Soil Conservation
 - 0202* Land Use Inventory and Env. Planning
 - 0156 Improved Water and Land Use in the Sierra
 - 0178 Integrated Regional Development
- * That is, all funds authorized before FY 84.
- B. Fully staff USAID (both direct hires and technical assistance contractors) (See Table VIII narrative.)
 - C. Train key staff in project implementation
 - D. Evaluate key projects to identify ways to improve implementation
 - E. Support implementation of particularly helpful centrally-funded AID activities

Benchmarks:

- A. Disbursement of selected projects:
- All funds disbursed for 0219 by 6/85.
 - All* funds disbursed for 0230 by 6/86.
 - All* funds disbursed for 0202 by 6/85.
 - All funds disbursed for 0156 by 12/85.
 - All funds disbursed for 0178 by 12/85.
- * That is, all funds authorized before FY 84.
- B. - All USDH vacancies filled
- All T.A. contractors on board
- C. Project Implementation course held in Lima for key implementation staff (FY 85)
- D. Evaluations carried out in FY 85/86 dealing with implementation issues:
- 0277 Disaster Relief and Rehabilitation
 - 0219 Integrated Primary Health
 - 0230 Integrated Health & Family Planning
 - 0226 Small Hydro Development
 - 0238 Ag. Planning & Institutional Dev.
 - 0178 Integrated Regional Development
 - 0192 Ag. Research, Extension & Education
 - 0244 Upper Huallaga Area Dev.
 - 0240 Central Selva Resource Management
- E. Help implement select centrally-funded AID activities in Peru that are consistent with CDSS strategic objectives and Mission priorities (such as CRSPs, AID/SCI projects, disaster preparedness activities, PVO matching grants and population intermediary programs).

MISSION ACTION PLAN APPENDIXES

APPENDIX A: Local Currency Plan

The materials to be provided in this Appendix are contained in the ESF-funded Policy Improvement Program Assistance narrative and in the PL 480, Title I narrative included in this submission.

APPENDIX B: Evaluation Plan

The materials to be provided in this Appendix are contained in the Evaluation Plan narrative and in Table VII included in this submission.

APPENDIX C: Recent Economic Developments

Prospects for a strong recovery during 1984 now appear much dimmer than they did earlier in the year. Peru has been severely affected by the increases in international interest rates which have taken place since early February. These increases adversely affect the Peruvian economy in two ways. They directly increase debt service payments and they depress commodity prices of Peru's principal exports. The combination of these two effects is estimated to worsen the balance of payments for 1984 by \$150 million over what was projected in early February.

Preliminary data for the first quarter of 1984 show a continuing decline in real GDP, although at an annual rate of only one percent. Chiefly as a result of interest rate and commodity price developments, the growth of real GDP in 1984 is now projected to be only 3 percent, despite the fact that the agricultural sector is expected to experience an average-to-good year. This implies an increase in per capita income of only 0.4 percent. Further increases in world interest rates could produce a decline in real incomes for 1984.

Peru's request for an IMF Standby Agreement for SDR 250 million was approved by the IMF Board of Directors on April 26. The agreement was initially delayed because portions of the GOP's revenue program were not approved by the Congress. The government was able to implement, during the month of April, a series of substitute revenue measures amounting to about one percent of GDP and the Standby was approved.

Final figures for Peru's performance during the first quarter of 1984 are just becoming available as the ABS is being written. The GOP easily met the IMF targets for net international reserves and for domestic credit. Although the fiscal target will be the most difficult throughout the year, it appears that the GOP was in compliance with the deficit target for the first quarter by a margin of 199 thousand million soles (\$82 million). The first quarter figures thus appear to be entirely consistent with compliance with the IMF program for the remainder of the year despite a continuing clamor within Peru that the program is impossible to comply with and must be renegotiated.

The renegotiation of private and publicly held Peruvian foreign debt is proceeding. Debt held by foreign commercial banks has been rescheduled with slightly better repayment terms than the rescheduling of 1983; however, the interest rate base (before premium) has moved up substantially. The Paris Club renegotiations were satisfactory and lead to a rescheduling of official debt on generally favorable terms--with several exceptions, as expected.

One bright spot is the recent signing of contracts for additional petroleum exploration by Belco, Union Texas Oil and an upcoming contract with Occidental Petroleum. While each contract involve high risks and modest guaranties for minimum number of wells completed, these are the first significant exploration contracts concluded in 2 years.

Prospects for 1985 and 1986 continue to be grim. Peru will have to support increased debt service costs due to higher than projected interest costs. In addition, the impact of international economic recovery on the Peruvian economy is not expected to be either quick or substantial. The normal uncertainties surrounding a change in administrations could also lead to reductions in the new equity investments that are needed to increase exports in Peru's areas of comparative advantage and, generally to maintain productive efficiency.

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

	FY 1983	FY 1984	----FY 1985----		FY 1986	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP	ESTIMATE	AAPL	1987	1988	1989	1990
AGRICULTURE, RURAL DEV. AND NUTRITION									
TOTAL	17,447	15,300	16,900	10,671	34,150	45,000	40,000	35,000	20,000
GRANTS	5,947	6,300	7,900	10,171	11,150	13,000	10,000	10,000	10,000
LOANS	11,500	9,000	9,000	500	23,000	32,000	30,000	25,000	10,000
POPULATION PLANNING									
TOTAL	652	1,750	5,600	3,850	650	2,000	2,000	2,000	2,000
GRANTS	652	1,750	5,600	3,850	650	2,000	2,000	2,000	2,000
LOANS	-	-	-	-	-	-	-	-	-
(CENT PROC COMMOD)				(650)	(400)				
HEALTH									
TOTAL	518	125	2,100	3,400	4,650	13,000	12,000	1,000	6,000
GRANTS	518	125	2,100	3,400	650	3,000	2,000	1,000	1,000
LOANS	-	-	-	-	4,000	10,000	10,000	-	5,000
EDUCATION									
TOTAL	584	450	190	990	2,600	2,000	2,000	2,000	1,000
GRANTS	584	450	190	990	2,600	2,000	2,000	2,000	1,000
LOANS	-	-	-	-	-	-	-	-	-
SELECTED DEVELOPMENT ACTIVITIES									
TOTAL	8,497	945	5,210	790	24,950	18,000	14,000	13,000	13,000
GRANTS	497	945	2,110	790	4,950	3,000	4,000	3,000	3,000
LOANS	8,000	-	3,100	-	20,000	15,000	10,000	10,000	10,000
SUBTOTAL FUNCTIONAL ACCOUNTS									
TOTAL	27,698	18,570	30,000	19,701	67,000	80,000	70,000	53,000	42,000
GRANTS	8,198	9,570	17,900	19,201	20,000	23,000	20,000	18,000	17,000
LOANS	19,500	9,000	12,100	500	47,000	57,000	50,000	35,000	25,000
INTERNATIONAL DISASTER ASSISTANCE									
TOTAL	6,301	100,200	-	10,299	-	-	-	-	-
GRANTS	6,301	9,200	-	10,229	-	-	-	-	-
LOANS	-	91,000	-	-	-	-	-	-	-
TOTAL DA ACCOUNT									
TOTAL	33,999	118,770	30,000	30,000	67,000	80,000	70,000	53,000	42,000
GRANTS	14,499	18,770	17,900	29,500	20,000	23,000	20,000	18,000	17,000
LOANS	19,500	100,000	12,100	500	47,000	57,000	50,000	35,000	25,000
ECONOMIC SUPPORT FUND									
TOTAL	-	-	-	60,000	60,000	60,000	60,000	-	-
GRANTS	-	-	-	-	-	-	-	-	-
LOANS	-	-	-	60,000	60,000	60,000	60,000	-	-
DA AND ESF TOTAL									
TOTAL	33,999	118,770	30,000	90,000	127,000	140,000	130,000	53,000	42,000
GRANTS	14,499	18,770	17,900	29,500	20,000	23,000	20,000	18,000	17,000
LOANS	19,500	100,000	12,100	60,500	107,000	117,000	110,000	35,000	25,000

	FY 1983	FY 1984	----FY 1985----	FY 1986	-----PLANNING PERIOD-----				
	ACTUAL	ESTIMATE	CP	ESTIMATE	AAPL	1987	1988	1989	1990
PL 480									
TITLE I	30,500	20,000	20,000	20,000	30,000	30,000	20,000	20,000	10,000
TITLE III	-	-	-	-	-	-	-	-	-
TITLE II	23,375	19,853	10,794	10,794	12,000	12,000	10,000	8,000	7,000
Section 416	17,525	-	-	10,000	10,000	5,000	5,000	-	-
HOUSING GUARANTIES	-	12,500	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<hr/>									
TOTAL PERSONNEL									
USDH Workyears	23	27.5		29	28				
FNDH Workyears	53	50.7		48	48				

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIG. DATE	G/L	INITIAL	FINAL	AUTH	TOTAL	OBLIG	FY 83	ESTIMATED US DOLLAR COST (\$000)		FY 1986	FY 1986	SUB	CAT	PWO	
										THRU	PIPE-						FY 1984
										OBL	EXP	OBL	EXP				
	AGRICULTURE, RURAL DEV. AND NUTRITION (cont'd)																
527-0247	ORG OFASA - Expanded Feeding Program (I) (N)	G 1983	1985	720	720	720	720	250	138	250	188	220	200	9/86	-	-	FNNT
527-0248	ORG CARITAS - Feeding Program (I) (R)	G 1984	1985	-	350	-	350	-	-	175	100	175	200	12/85	-	-	FNNT
527-0261	ORG CARE - Basic Infrastructure in Pueblos Jóvenes (I) (R)	G 1984	1985	-	600	-	600	-	-	200	150	400	275	4/86	-	-	FNNT
527-0265	Private Sector Agriculture Investment Promotion	L 1983	1983	10,000	10,000	10,000	10,000	10,000	10,000	-	1,000	-	3,000	-	-	-	FNPE
527-0277	Disaster Relief, Rehabilitation and Reconstruction	G 1983	1983	1,000	1,000	1,000	1,000	1,000	1,000	-	400	-	600	-	-	-	SDSS
527-0277	OFASA-Emergency Feeding Program	G 1983	1983	100	100	100	100	100	100	-	100	-	-	-	-	-	SDSS
527-0277	CARE-Emergency Feeding Program	G 1983	1983	175	175	175	175	175	175	-	175	-	-	-	-	-	SDSS
527-0277	CARITAS-Emergency Feeding Program	G 1983	1983	625	625	625	625	625	625	-	625	-	-	-	-	-	SDSS
527-0277	SEPAS-Emergency Feeding Program	G 1983	1983	100	100	100	100	100	100	-	80	-	20	-	-	-	SDSS
527-XF10	Private Voluntary Org.	G 1986	1986	1,900	1,900	-	1,900	-	-	-	-	-	850	3/87	-	-	FNNT/FNMC

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIG. DATE	G/L	INITIAL	FINAL	-TOTAL AUTH	OBLIG. FY 83	FY 83	FY 84	ESTIMATED US DOLLAR COST (\$000)		FY 1986	FY 1986	PRACE	CORPS	SUB	%				
										PLAN	COST-							THRU	PIPE-	EXP	OBL
527-0230	Integrated Health and Family Planning (Nutrition)	1985	G	1985	1985	500	-	-	-	500	220	12/86	-	-	-	-	-	FNNI			
527-0282	Agricultural Sector Recapitalization	1986	G	1986	1990	25,000	-	-	-	-	-	12/87	-	-	-	-	-	FNSA			
527-0285	Improved Health Sector Efficiency (Nutrition)	1986	G	1986	1987	1,000	-	-	-	-	-	12/87	500	-	-	-	-	FNNI			
527-0286	Private Sector Exports/Investment	1986	L	1986	1987	5,000	-	-	-	-	-	6/87	1,000	-	-	-	-	FNPE			
	Private Sector Exports/Investment	1986	L	1986	1987	5,000	-	-	-	-	-	6/87	2,000	-	-	-	-	FNPE			
													139,590	280,363	118,916	80,532	15,300	32,082	10,671	33,898	34,150
													26,590	60,649	18,588	8,978	6,300	7,652	10,171	7,716	11,150
													113,000	219,714	100,328	71,554	9,000	24,430	500	26,182	23,000

AGRICULTURE, RURAL DEV.
AND NUTRITION (cont'd)

APPROPRIATION TOTAL
GRANT
LOAN

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	TITLE	OBLIG. DATE	G/L	INITIAL	FINAL	AUTH	TOTAL COST-PLAN	OBLIG THRU FY 83	FY 83 PIPE-LINE	ESTIMATED US DOLLAR COST (\$000)		FY 1986-- FUNDED THRU	FY 1985-- FUNDED THRU	FY 1984-- OBL EXP	FY 1983-- OBL EXP	FY 1984-- OBL EXP	FY 1985-- OBL EXP	FY 1986-- FUNDED THRU	PEACE CORPS VY84 VY85	SUB CAT	%	
										1984	1985											
POPULATION PLANNING																						
527-0206	Program Dev. & Support	G	1974	C	---	---	153	5	50	40	50	50	12/85	50	12/86							PNPP
527-0219	Extension of Integrated Primary Health	G	1979	1979	550	550	550	360	-	300	-	60	-	-	-	-	-	-	-	-	-	PNFP
527-0224	Sur Medio Health and Family Planning	G	1980	1980	500	500	150	25	-	25	-	-	-	-	-	-	-	-	-	-	-	PNFP
527-0228	ORG Instituto Marcelino Family Planning Consulting Service (I) (N)	G	1980	1983	200	165	165	13	-	13	-	-	-	-	-	-	-	-	-	-	-	PNFP
527-0230	Integrated Family Planning Health	G	1981	1987	10,900	10,817	4,467*	3,421*	1,700	800	3,800	1,950	6/87	600	6/89							PNPC 38%
527-0245	ORG Hipolito Usarue - Family Planning Consulting Services	G	1981	1981	100	100	100	52	-	52	-	-	-	-	-	-	-	-	-	-	-	PNFP
APPROPRIATION TOTAL					12,250	11,782	5,585	3,876	1,750	1,230	3,850	2,060		650								
GRANT					12,250	11,782	5,585	3,876	1,750	1,230	3,850	2,060		650								
LOAN																						

* Includes \$1,667,000 and \$977,000 of centrally procured contraceptives.

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	TITLE	OBLIG. DATE	G/L	INITIAL FINAL	AUTH	TOTAL COST-PLAN	OBLIG. FY 83	PIPE-THRU	ESTIMATED US DOLLAR COST (\$000)										SUB CAT	%
									FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92		
527-0167	Program Dev. & Support	1974	G	C	-	646	470	125	510	500	715	12/85	150	12/86	-	-	-	-	HEPP	
527-0219	Extension of Integrated Primary Health	1979	G		800	800	654	-	500	-	154	-	-	-	-	-	-	-	HEIH	
527-0221	Extension of Integrated Primary Health	1979	L		5,800	5,800	4,009	-	3,500	-	509	-	-	-	-	-	-	-	HEIH	
527-0224	Rural Water Systems and Environmental Sanitation	1981	G		1,000	800	713	-	280	200	300	9/87	-	-	-	-	-	-	HEMS	
527-0224	Rural Water Systems and Environmental Sanitation	1980	L		10,000	10,000	9,375	-	2,000	-	2,500	-	-	-	-	-	-	-	HEMS	
527-0224	Sur Medio Health and Family Planning	1981	G		800	800	343	-	343	-	-	-	-	-	-	-	-	-	HEIH	
527-0230	Integrated Family Planning Health	1981	L		4,000	4,000	3,898	-	800	-	2,000	-	-	-	-	-	-	-	HEIH	
527-0271	Health Policy, Planning and Human Resource Dev.	1985	G		-	2,000	-	-	2,000	200	9/89	-	-	-	-	-	-	-	HEPP	
527-0285	Improved Health Sector Efficiency	1988	G		-	3,000	-	-	-	-	-	-	500	12/86	-	-	-	-	HEEH/HEMS/PNFP	
527-XP0	Improved Health Sector Efficiency	1988	L		-	20,000	-	-	-	-	-	-	4,000	9/88	-	-	-	-	HEEH/HEMS/PNFD	
527-XP0	Private Vol. Org.	1985	G		-	700	-	-	700	130	6/88	-	-	-	-	-	-	-	HEPP	
APPROPRIATION TOTAL					22,400	48,100	22,846	19,462	125	7,933	3,400	6,508	4,650							
GRANT					2,600	8,300	3,046	2,180	125	1,633	3,400	1,499	650							
LOAN					19,800	39,800	19,800	17,282	-	6,300	-	5,009	4,000							

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	TITLE	G/L	OBLIG. DATE INITIAL FINAL	-TOTAL AUTH	COST-PLAN	OBLIG THRU FY 83	ESTIMATED US DOLLAR COST (\$000)																	
							FY 83	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992								
							OBLIG THRU FY 83	PIPE-	LINE	OBL	EXP	OBL	EXP	OBL	EXP	OBL	EXP	FUNDED THRU	FUNDED THRU	PEACE CORPS VY84 VY85	SUB CAT	% PWO		
527-0061	Special Dev. Activities	G	1963	C	--	1,408	46	100	85	100	110	3/86	100	2/87										
527-0169	Program Dev. & Support	G	1974	C	--	607	60	645	510	250	280	2/86	350											
527-0207	OPG CEDRU - Integrated Dev. Campesino Comm. (L) (R)	G	1979	1979	205	19	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
527-0241	Urban Small Enterprise Development	L	1982	1983	10,000	10,000	8,522	-	1,500	-	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-
527-0259	Housing Sector Support	G	1986	1986	2,000	-	-	-	-	-	-	-	-	1,000	9/88	-	-	-	-	-	-	-	-	-
527-0274	OPG - Acción Comunitaria Micro-Enterprise Promotion (L) (N)	G	1984	1985	-	640	-	200	120	440	300	12/86	-	-	-	-	-	-	-	-	-	-	-	-
527-0277	Disaster Relief and Rehabilitation	L	1983	1983	3,000	3,000	2,750	-	1,000	-	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-
527-0284	Decentralized Planning and Investment	G	1986	1990	-	5,000	-	-	-	-	-	-	-	1,000	6/87	-	-	-	-	-	-	-	-	-
	Decentralized Planning and Investment	L	1986	1989	-	30,000	-	-	-	-	-	-	-	5,000	12/87	-	-	-	-	-	-	-	-	-

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIG. DATE	G/L	INITIAL	FINAL	AUTH	TOTAL COST-PLAN	OBLIG. FY 83 THRU FY 83	PIPE-LINE	ESTIMATED US DOLLAR COST (\$000)									
										FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993
SELECTED DEVELOPMENT ACTIVITIES (cont'd)															PEACE CORPS VY84 VY85	SUB CAT	% PVO		
527-0286	Private Sector Export and Investment Promotion	1986	G	1986	1986	-	2,500	-	-	-	-	-	-	2,500	9/88	-	-	SDPE	
	Private Sector Export and Investment Promotion	1986	L	1986	1986	-	15,000	-	-	-	-	-	-	15,000	9/88	-	-	SDPE	
						13,205	68,159	15,034	11,380	945	3,217	790	5,690	24,950					
	APPROPRIATION TOTAL					205	10,159	2,034	108	945	717	790	690	4,950					
	GRANT					13,000	58,000	13,000	11,272	-	2,500	-	5,000	20,000					
	LOAN																		
SHELF PROJECTS																			
527-0287	OPG IID-Informal Sector Development Support	1985	G	1986	1986	-	1,000	-	-	-	-	500	400	12/85	500	12/86		SDZZ	

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIG. DATE	G/L INITIAL	FINAL	OBLIG. DATE	TOTAL COST- AUTH PLAN	OBLIG. EXP	OBLIG. EXP	ESTIMATED US DOLLAR COST (\$000)				SUB CAT	P/O
									FY 1983	FY 1984	FY 1985	FY 1986		
									FUNDED THRU	AAPL FUNDED THRU	PEACE CORPS VY84 VY85			
SAHEL DEVELOPMENT PROGRAM														
527-0277	Disaster Relief, Rehabilitation and Reconstruction	1983	1983	6,301	6,301	6,301	2,301	3,000	-	-	-	-	SDSS	
	APPROPRIATION TOTAL			6,301	6,301	6,301	2,301	3,000	-	-	-	-		
	GRANT			6,301	6,301	6,301	2,301	3,000	-	-	-	-		
	LOAN			-	-	-	-	-	-	-	-	-		
INTERNATIONAL DISASTER ASSISTANCE, MULTI YEAR														
527-0277	Disaster Relief, Rehabilitation and Reconstruction	1984	1985	17,199	17,199	-	6,900	10,299	7,799	7/86	-	-	SDSS	
527-0277	Disaster Relief, Rehabilitation and Reconstruction	1984	1984	31,000	31,000	-	31,000	10,000	15,000	-	-	-	SDSS	
527-0277	OPG CARE - Emergency Feeding & Rehabilitation Program	1984	1984	752	752	-	752	402	350	-	-	-	SDSS	
527-0277	OPG CRS - Emergency Recovery Program	1984	1984	600	600	-	600	350	250	-	-	-	SDSS	
527-0277	CARITAS - Emergency Program (P/O)	1984	1984	40	40	-	40	40	-	-	-	-	SDSS	
527-0277	CARITAS - Emergency Feeding Program (P/O)	1984	1984	723	723	-	723	400	323	-	-	-	SDSS	

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIG. DATE G/L INITIAL FINAL	-TOTAL AUTH PLAN	OBLIG FY 83 THRU FY 83	ESTIMATED US DOLLAR COST (\$000)										SUB CAT	%	
					FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993			FY 1994
ECONOMIC SUPPORT FUND																	
527-0283	Policy Improvement Program Assistance	L 1985 1988	240,000	-	-	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	ESCT	
	ESF TOTAL		240,000				60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000		
	GRANT		-				-	-	-	-	-	-	-	-	-		
	LOAN		240,000				60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000		

Project Number and Title: 527-0259
Housing Sector Support

Proposed Funding: FY 1986 Grant: \$1,000,000
Loan Guaranty: \$20,000,000

Life of Project Funding: Grant: \$2,000,000
Loan Guaranty: \$100,000,000

Appropriation Account: Grant: Selected Development Activities

Project Purpose: To assist the GOP to improve housing sector policies, to support the strengthening and expansion of private sector participation in housing finance and construction, and to implement shelter and service sub-programs which increase the effectiveness of sector resources and provide maximum benefit to lower-income families.

Background: The Mission in its recent CDSS presented its Housing and Urban Services Strategy as one which will influence GOP policies and resource allocations and to reinforce the sector's institutions so as to assure the sustained delivery of basic urban services and adequate shelter to poor urban families. The Mission strategy is based on an in depth Housing Sector Assessment and Policy Agenda Paper that already identifies the key sector constraints and the policy actions needed to address these constraints. Specifically, the Mission's policy objectives are to encourage the GOP to (a) maintain the value of resources being committed to the sector, (b) ensure that resources available are rationally and equitably distributed to the full range of income levels and are in accord with the beneficiary's ability to make repayments, and (c) expand the capacity to produce and deliver appropriate shelter solutions by strengthening major GOP institutions and increasing the participation of the private sector organizations, and local authorities. A multi-year HG totaling \$100 million will be the primary USAID vehicle to encourage the GOP to adopt needed policy changes and to implement expanded shelter sector programs from 1986 to 1990. The multi-year HG concept for Peru has already been approved by AID/W but a joint AID/IBRD policy breakthrough was not possible with current government. AID and IBRD have already been closely coordinating our joint policy dialogue agendas in the housing sector. USAID in coordination with the IBRD will continue our housing sector policy dialogue with the new GOP administration entering office in July 1985. We expect that a multi-year five year HG of \$100 million combined with a new IBRD housing sector loan of up to \$100 million will provide an important incentive for encouraging a new government to adopt improved housing sector policies.

Description: The program will focus on improving sector policy and planning, financial policies and mechanisms, the project development and delivery system, and the participation of the private sector. AID's objective in the housing sector is to influence GOP policy-making and planning so that more efficient and rational investments are made in the sector. In the past, AID has controlled the investment of HG funds in each particular project and has influenced Peruvian Housing Bank (BVP) investment of some of its own

resources. Past HG projects helped a substantial number of people improve their living conditions and also improved BVP operations, but this project approach did not make an overall impact on the resource allocation policies within the housing sector. Nor has it lead the GOP to change its subsidy policy for the housing sector.

The GOP is responsible for developing the resources, the financial mechanisms, and the institutional structure required to resolve housing sector problems, as well as for encouraging the mobilization and participation of private sector resources in the shelter development process. The proposed AID program will support these GOP efforts, and influence the way these are carried out. In order to have an impact on the decision-making process, AID's response will address the nature and magnitude of the problems and demonstrate a willingness to enter into a medium-term (five years) effort with the GOP; a readiness to provide significant resources in relation to the magnitude of the problem; to complement GOP resources; and a willingness to discuss a variety of problems affecting the sector, not just those particular to AID's specific project concerns. Thus, the sector approach multi-year HG demonstrates a concern about infrastructural problems at a macro level even though they may not be funded by the program, and demonstrates a concern about housing for middle-income group even though HG funds will not finance such housing. Special emphasis will also be placed on implementing long-term strategy for strengthening the savings and loans associations.

This new approach is an outgrowth of the Mission's 1986-90 strategy which focuses on policy issues and the major changes that have swept Peru since the reestablishment of democracy. The Mission believes that the current GOP policy directions are appropriate for growth with equity, and, in particular, that while recent changes in the urban housing sector are headed in the right track significant improvements are still needed. In addition, the financial resources now available to the sector through FONAVI permit considerable expansion of sector solutions. It is important that these resources be used efficiently, and that the AID program encourage the allocation of an increased proportion of FONAVI funds to lower-income families.

In examining the changes outlined above, the Mission concludes that while the overall structure of the sector is in place, many operational relationships have yet to be defined. Thus, AID has the opportunity to influence sector activities at the outset of a new administration, within the framework of a viable institutional structure. In short, 1985-86 is right for attempting to negotiate a sector-type input. Since policy change is not always rapid, AID must be prepared to maintain its presence in the sector over a period of time, pressing continuously for positive changes. A continuous programming effort over the life of the project will be needed to permit the Ministry of Housing and other institutions to continue this planning, implementation, and evaluation of sector activities in the future.

In summary, AID is proposing this multiyear, \$100 million program in order to:

1. Influence sector policy and planning by assisting a new GOP formulate improved policies;

2. Help increase, through financial leverage, the number of housing solutions produced during the period;
3. Support the increased participation of private sector entities in mobilizing and channeling resources for shelter production.
4. Establish a continuous planning process through AID's longer-term TA support to the housing sector; and
5. Avoid the limitations that a short-term, project-oriented approach can impose on AID's ability to encourage policy and financial improvements.

The Mission is proposing this program because better meeting housing sector needs will be a high priority for any new GOP entering office in July 1985, because there will be important opportunities in 1985-86 for AID to make significant policy breakthroughs and because other donors (e.g. IBRD) will probably also attempt to bring about similar policy changes in the housing sector in 1985-86. Given past difficulties the combined leverage of both AID and IBRD will probably be needed to encourage a new GOP to put in place a process of improving housing sector policies. Moreover, a sound institutional structure has already been established in the housing sector, but the functions of the sector institutions have not yet been consolidated, so that AID now has a better opportunity to influence their operations.

In addition, this program will support the Mission's Private Sector Strategy by encouraging an increased role for the private sector in the housing finance and delivery systems. It will also complement decentralization activities by working with CORDEs and municipalities in urban upgrading and sites and service type projects.

Target Group:

The multi-year sector program will focus on three levels: policy dialogue, institutions, and individual families. Over 100,000 below median income urban families throughout Peru will directly benefit from investment in the housing sector. Continued investment will be linked to progress at the policy dialogue level in support of improved redistribution of GOP resources on a cost recovery basis to the target group. Institutionally the program will improve the effective operation of the Housing Ministry, the Housing Bank and other shelter sector delivery institutions.

Project Number and Title: 527-0272
Private Sector Management Improvement

Proposed Funding: FY 1985 Grant: \$ 500,000
FY 1986 Grant: \$2,500,000

Life of Project Funding: Grant: \$5,500,000

Appropriation Account: Education and Human Resources

Project Purpose: To (1) strengthen the institutional capacity of selected private sector institutions to carry out relevant and quality management education, training, consulting and applied research on priority economic and social development issues; and (2) expand access to management education to talented but socially and economically disadvantaged Peruvians.

Background: Until recently Peru pursued a development strategy heavily tilted towards import substitution with only limited success. In 1980 the present government initiated a shift to an export-led strategy and is attempting to restore to private enterprise the leading role in such an economy. However, as policies change and new enterprises with changing requirements are created, mid-level and upper-level managers trained in export oriented production and marketing are required to support this paradigmatic shift.

The Coopers and Lybrand Peru Private Sector Assessment and the PRE Reconnaissance Mission report both analyzed the government's strategy framework, identified constraints, and recommended specific actions at the national, sectoral, and firm level. These analyses and recommendations have led to USAID/Peru's Private Sector Strategy Statement and its CDSS. The cornerstone of USAID's private sector strategy is to support Peru's shift to a market-led economy by improving the policy climate for doing business in Peru and by strengthening private and public institutions' ability to function in an open economy. This strategy is fully consistent with priorities identified in the LAC strategy paper and management plan and builds on all important areas of A.I.D. concern.

The Private Sector Management Improvement Project is an integral part of the strategic framework being supported by the several programs described in this document. The overall objective of the private sector program is to address the critical shortcomings of Peru's private sector by strengthening its productive capacity to generate the economic growth required to support the country's movement towards a deeper free-market economy and to build upon the social and economic reforms that have already been put into place. As the private sector shifts towards an export-led model and as the investment climate improves, appropriately trained managers will be needed to increase exports and take advantage of increased investment opportunity. The project will directly complement USAID's Private Sector Export and Investment Promotion Project as well as other Mission activities described in this ABS by assisting Peru to develop this cadre of adequately trained managers.

Project Description: The particular problem to be addressed is the dearth of qualified Peruvian managers. The current economic crisis and resulting pressure on already scarce financial and qualified human resources has focused attention on Peru's inability to manage its resources effectively and efficiently. Several recent studies point to this as a key constraint to development in Peru. While the need for improved management may determine the character of Peru's economy over the next two decades, it is part of a longer process that predates the current period of natural disasters, world recession, and Peru's transition to a deeper free market economy.

Decision-makers of Peruvian enterprises are confronted with higher levels of uncertainty and less structured environments of greater complexity than their counterparts in developed countries. However, management training institutions in Peru have generally transferred management technologies that need to be modified if they are to be effective in this environment. Not only is there a critical shortage of managers in Peru but there is a need for management training institutions which better understand their own environment.

The project's overall strategy follows a management training institution development model that emphasizes applied research leading to the development of appropriate management training curricula and programs. Due to the wide range of universities, institutes and schools offering different kinds of management training in Peru, the project will be guided by three additional principles. They are selectivity (of the most relevant training institutions based on an in-depth management and vocational needs assessment of private sector firms), concentration of funding in areas where participating institutions have a comparative advantage, and continuity of effort over time to maximize institutional development aspects.

The project will be administered through the Peruvian private sector and is composed of four components: the first is strengthening select management training institutions. This includes development of research methodologies, consulting services and instructional methodologies, and curriculum development and integration. Component two consists of a scholarship fund for economically and socially disadvantaged Peruvians to study management at host-country institutions. Approximately 200 persons will be trained. The third component is participant training for graduate level training to upgrade permanent faculty of participating institutions. Fifteen participants are proposed. Short-term specialized training is also provided for 40 individuals. The fourth component consists of outreach activities. In-firm and on-site research into business problems, consultancies and demand studies in support of curriculum and materials development will be carried out.

Target Group: The focus of this project is on the institutional development of Peru's private sector. The project will strengthen the role of management training institutions in that sector to provide more effective responses to changes in Peru's economic and social environment. Indigenous research in management and relevant training will assist firms and other clients to respond more appropriately to problems of productivity, quality control, marketing, etc. The scholarship fund will directly benefit the more than 200 socially disadvantaged Peruvians who will receive management training.

Project Number and Title: 527-0282
Agricultural Sector Recapitalization

Proposed Funding: FY 1986 Loan: \$20,000,000
Grant: \$ 8,000,000

Life of Project Funding: Loan : \$100,000,000
Grant: \$ 25,000,000

Appropriation Account: Agriculture, Rural Development and
Nutrition

Project Purpose: To support and accelerate the implementation of policies that stimulate the recapitalization of agricultural production, processing and marketing systems by the private sector and that rebuild the technical and managerial capabilities of public sector agricultural service institutions. This will result in improved efficiencies and a more effective partnership of the public and private sectors in agricultural related investments, technology generation and adoption, institutional capability, natural resource conservation and management, and stimulation of entrepreneurship in agriculture, as the engine of rural and urban growth and development.

Problems Addressed: As demonstrated by recent studies, agricultural policy reform is key to the development of the sector. The Presidential Agricultural Mission Report can be summarized in three key policy areas:

1. Product pricing, tariff, and exchange rate policies that discriminate against the agricultural sector relative to other sectors, resulting in stagnating investment, decapitalization, and an exodus of private sector entrepreneurship, managerial talent, and specialized professionals.
2. Factor pricing policies that resulted in severely inefficient utilization of scarce land, water, and financial resources, as well as decreased private sector involvement.
3. Uneconomic investment strategy, oriented towards high visibility, long-term, low pay off projects at the expense of research and extension, training of agricultural scientists, export market development, and agro-industry development.

These three long-standing elements of agricultural policy in Peru are linked together in various ways. For example, price discrimination against agriculture prevents adoption of technological improvements from research, makes investing in scientific education uneconomic, and forces the government into counterproductive subsidy measures, as in the case of interest rates or credit.

The first year of the Belaunde Government witnessed important initial steps to reverse these policies. However, by 1983 the deepening economic crisis, natural disasters, a spreading terrorist movement, and declining popular

support had stymied more profound advances in improving agricultural policies. In retrospect, the donor community moved too slowly in 1980-82 to support improved GOP agricultural sector policies. Too much GOP and donor energy and financing may have gone into high jungle development instead of better placing these projects in a broader sector framework and more aggressively pursuing improved agricultural sector policies.

Projects that emphasized support for GOP agricultural policy reforms (such as AID's Agricultural Policy Planning and Private Sector Agricultural Credit Projects, and the World Bank's Agricultural Credit and Sugar Rehabilitation projects) tended to come on stream late, generally in 1983-84. While donor support has been important in changing investment strategy towards agricultural research and extension, training, and resource conservation, the failure to link investment strategy to crucial agricultural policy issues at the right time represents a missed opportunity to significantly affect and support the agricultural policy direction that the government was interested in pursuing in 1980-82.

The proposed sector-like approach, with policy as the centerpiece, coupled with a significant investment strategy focusing on key constraints, provides a strong framework for working with a new government to develop a sound agricultural development strategy right from the beginning of a new administration in mid-1985. It builds on the lessons learned from the slow donor response to the Belaunde agricultural reforms and will help support and accelerate improved agricultural policy reforms just when the next government is attempting to launch its first agricultural sector programs. With AID's Agricultural Policy Planning Project already in place, a base has been established for undertaking a broader effort for improving implementation of overall sector policies.

Five key areas for project interventions stem directly from the identified policy constraints. These have been categorized by USAID as follows:

1. Limited development of factor and product markets. In factor markets, the almost complete elimination of the private sector from participation in agricultural seed development and distribution, fertilizer distribution, agricultural machinery and custom services, and credit delivery has created a tremendous constraint as public institutions established for these purposes have deteriorated and are unable to provide more than token services in these areas. The non-existence of a land market results in severe distortions in efficient utilization of this basic productive resource. In product markets, Peruvian policies over the twelve years prior to 1981 created a climate hostile to private sector investment in marketing and agro-industry, both for domestic and foreign enterprises. Estrangement from export markets and substitution of public enterprises for the private sector in export marketing, as well as in purchasing and distributing imported food stuffs to satisfy internal demand, destroyed much of the pre-existing private sector market linkages and intelligence. Even though this negative trend has been halted under the Belaunde Government, much remains to be done to reactivate the private sector in factor and product markets.

2. Policy and Regulatory Disincentives to Private Sector Investments in Agricultural Production and Marketing Activities. Inappropriate price policies, exchange rate policies, tariffs, licensing requirements, and other regulatory constraints on agricultural products and many modern inputs have resulted in highly negative terms of trade for both agricultural production and production of many modern inputs. This puts the agricultural production-processing-marketing system at a severe disadvantage as compared to other economic sectors in attracting both domestic and foreign private investment capital and entrepreneurship.

3. Limited But Growing Capability in Agricultural Technology Development, Adaptation and Transfer. Although considerable GOP, USAID and other donor resources are being invested in this area, the continuing paucity of adequate technology development, adaptation and transfer efforts appropriate for the broad range of farm enterprise activities in Peru continues to seriously constrain agricultural production, processing and marketing. Rebuilding of these capabilities is a long term undertaking and requires stability and continuity of human and financial resources.

4. Shortage of Qualified Manpower (Especially Managerial) to Efficiently Manage Both Public and Private Sector Agricultural Activities. Most public and private sector activities are constrained by this limitation. Generally, mid-level technical and administrative support manpower exists at a higher proportional level than in many more-developed countries. Especially lacking are personnel with the combined technical and managerial capabilities required to manage specialized agricultural activities in research, agri-business, agro-industry, production and other agricultural services such as irrigation systems and other resource management.

5. Limited Attention to Natural Resource Conservation and Utilization. There is an almost total lack of natural resource conservation consciousness in Peruvian agriculture both at the producer and professional levels, with particular regard to the two most scarce factors of production: land and water.

Means of Dealing with Problems: Although the present government has done much to neutralize and reverse the previous 12 years of negative policies and associated decapitalization in agriculture, considerable attention to appropriate policy development and resource allocation continues to be required to revitalize the sector. The proposed agricultural sector recapitalization program will continue activities to strengthen and consolidate progress made in on-going AID projects and formalizes a multi-year USAID commitment which will be closely coordinated with other donors so as to influence the adoption of comprehensive strategic sector improvements through policy changes and investments. This sector program responds directly to two of the principal interrelated themes upon which USAID's CDSS strategy is based: (1) supporting policies that promote, and programs that embody, rational and efficient resource use and (2) increasing the incomes of rural and urban low income families.

The recommended sector recapitalization program approach is based on AID's comparative advantage as a donor institution. The Peruvians have a high regard and respect for US agricultural institutions and the USAID agricultural assistance program. The opportunities provided by (1) the report of the US Presidential Agricultural Mission to Peru, (2) USAID's comprehensive study of the sector "Agriculture in Peru and its Changing Role in the National Economy - A Proposed USAID Strategy for Assistance" (the only recent donor survey of the sector), and (3) USAID's new Agricultural Planning and Institutional Development Project (APID) all have contributed to establish AID as the donor leader in policy development. USAID also enjoys established leadership in action programs in important first phase technology and institutional development activities related to basic food crops, natural resource management, soil conservation, small scale irrigation, tropical soils management, small ruminants, and private sector promotion and finance. In addition, using USAID's more "qualitative" type technical assistance inputs, we have served an important role in coordination of broader-than-AID institutional development programs, e.g. agricultural research and extension, and natural resource conservation and management.

This sector-focused project will build directly on the four principal areas of concern to AID: (1) policy reform, (2) increased involvement of the private sector, (3) institutional development, and (4) transfer of technology and know-how. It responds directly to the AID Agricultural Development Policy Paper emphasis on policy dialogue and change in order for development assistance to have its maximum impact. Furthermore, this project will build upon and extend ongoing AID agricultural development successes in Peru rather than abandoning these activities. In this regard, we will continue to stay with successful projects where AID already has a substantial investment but that require further consolidation and strengthening (e.g. agricultural research and extension, improved water and land use, soil conservation, natural resource planning and conservation, private sector agricultural credit, agroindustry development). In the sector-focused project proposed herein for 1986-90, these activities will be designed and implemented within a broader sector framework so that they more effectively support and promote improved sector policies.

Continuation and enhancement of progress made to date through our on-going projects is of critical importance for the next five to ten years if the agricultural sector is to achieve its growth potential and serve its central role in Peruvian economic and social development. Areas of notable progress in on-going projects that will be continued and reinforced in this project are: 1) further agricultural data base generation and analysis, 2) agricultural research, extension, and education, 3) improved water and land use, 4) private sector agricultural credit and agroindustry development, 5) resource base conservation, management and productivity improvement, 6) selective high jungle development activities, and 7) enhancement of the role of the private sector in agricultural production and marketing systems. A second phase of our agricultural research, education and extension project will be funded as recommended in a recent evaluation. Likewise, we will build upon and expand the successes identified in our Improved Water and Land Use and Soil Conservation Projects based on comprehensive evaluations.

The proposed five-year sectoral type assistance package will total approximately \$125 million and it will be carefully coordinated with other donors. Implementation will be facilitated since funds will be channeled through institutions (e.g. INIPA, Plan Meris) that already have had substantial experience managing AID funds. During FY 1986 an initial tranche of \$25 to \$30 million will be provided to address problems of: 1) policy and regulatory disincentives to private sector investments in agricultural production and marketing activities, 2) nascent capability in agricultural technology development, adaptation and transfer, 3) limited attention to natural resource conservation and utilization, and 4) through the institution building process, shortage of specialized trained agricultural manpower with the unique capabilities required to manage public and private activities directly involved in the agricultural production, processing and marketing system.

It is expected that these activities will demonstrate sustained and expanding progress and impacts by the end of FY 86, with sufficiently improved GOP management capability to permit a continuation of this sector-like approach. This will permit new initiatives to be undertaken in FY 1987 to stimulate private sector investment in and development of factor and product markets, including agro-industry, and in agricultural manpower training.

For recapitalization of the sector to take place, world-wide experience demonstrates that it must be largely through private sector efforts and through capital formation within the sector. To internally generate the savings and reinvestment required, emphasis must be placed for some time on export promotion due to weak demand in the domestic market. Further, because of unstable and weak demand for traditional Peruvian agricultural exports, emphasis will be placed on non-traditional exports.

Agro-industry development is a key link to increasing non-traditional exports. To assure effective linkages of production with non-traditional export oriented agro-industry (mainly perishables and specialty products), world-wide experience also demonstrates that a vertically integrated system is required, both in terms of factors and products. This new initiative will complement the private sector export and investment promotion project by assuring the supply of a quality, agricultural product for available export markets.

In addition, in order to alleviate the problem of limited manpower specialized in agri-business management, assistance will be provided in the establishment of an agri-business curriculum at an appropriate university. This will complement the private sector management improvement project by providing the specialized agri-business manpower training not available in general management training programs.

Although agricultural credit is an important component of the overall long term sector strategy, it is expected that other donors will provide major investment support for public sector credit programs while AID concentrates its efforts on continuing to mobilize private financial institutions to

increase their funding to the agricultural sector. USAID will focus its credit activities on agricultural credit and financial systems policy improvement and will make direct investment in credit programs only as it may be required to implement innovations in the credit and financial system serving agriculture.

Target Group: The target groups are commercial and potentially commercial individual small and medium farmers (283,000 families) and reform enterprises (206,000 families). As agricultural production activities expand, intensify, and become more profitable, demand for additional labor will increase. The target groups for employment generation include 547,000 individual rural subsistence/laborer families that depend primarily on casual agricultural labor to increase their incomes, as well as significant numbers of the 353,000 campesino community family members, who depend on subsistence farming within their communities and casual labor opportunities both within and without their communities for cash incomes. In the longer run, low income urban families also will benefit as improved agricultural productivity results in lower unit costs of production thereby reducing (or at least stabilizing) consumer prices of foodstuffs. These families also will benefit as the multiplier effects of improved incomes and productivity in the agricultural sector generate secondary and tertiary employment in urban areas.

Research Activities: The proposed project deals directly with all the LAC priority research categories and topics designed to alleviate the major constraints to agriculture and rural development described in the Implementation of Research Priorities report presented by Senior Assistant Administrator Brady.

Project Number and Title: 527-0283
Policy Development Program Assistance

Proposed Funding: FY 85: \$ 60 million Loan
FY 86: \$ 60 million Loan

Life of Project Funding: \$120 million Loan

Appropriation Account: Economic Support Fund (ESF)

Project Purpose: To support the continuation and deepening of sound economic and developmental policies during the critical transition period between the present and future democratic administrations in Peru through the provision of balance of payments and budgetary support resources. (See Lima 3702 for USAID's overall program assistance strategy.)

As discussed in the FY 86 CDSS, its supplement and in Lima 3702, this program assistance is a major element of our short-to-medium term development strategy for Peru and a follow on to the Mission's recently approved Disaster Program Loan. The FY 85 portion of this assistance will help Peru reduce its balance of payments gap, stimulate a higher rate of growth in the short term, encourage the Belaunde administration to maintain its positive market-led development policies and expand them in some areas of special concern to AID, assist Peru in meeting the targets in the tough IMF Standby program, and cushion the social and political disruptions and pressures that are expected as a result of the IMF program and the 1985 national elections. The FY 86 portion of this assistance, which should be provided shortly after the new GOP assumes office in mid-1985 to provide maximum leverage, will reduce the expected 1985 and 1986 balance of payments shortfalls, stimulate a higher rate of economic growth, encourage the new GOP to implement sound economic policies, and express USG support for the continuation of Peruvian democracy. The political and foreign policy rationale for this assistance has been prepared by ARA.

Description: ESF resources would be made available in two \$60 million agreements, each tranching in \$30 million segments to support benchmarks along an integrated continuum of conditions which began with the FY 84 Disaster Program Assistance Loan. While each agreement and tranche will support specific policy objectives, each will also build upon the preceding ones so as to (a) gradually deepen implementation of those policy reforms we believe should be continued in Peru and (b) initiate others. All are integrated by the concept of supporting vital policy and structural reforms that promote improved resource allocation and higher long-term growth rates in an environment of democratic pluralism and private initiative. See Lima 3702 for a detailed description of FY 84 and FY 85 conditionality. As stated therein, the focus for FY 86 conditionality will be to continue the process of policy reform supported in FY 85. A review of the overall economic and developmental approach and policy framework of the Peruvian administration taking office in mid-1985 and a refinement of conditionality objectives, now proposed to occur

in consultation with other donors in a consultative group context, will enable us to present the specific details of the FY 86 policy agenda to AID/W in a late CY 85 PAAD.

Local Currency Uses: While the foreign exchange resources to be made available under this assistance will provide an important measure of support to Peru's balance of payments and thus help maintain Peru's open foreign trade and payments regime and other important macroeconomic policy objectives, the local currency associated with the foreign exchange will be used for the following purposes:

First, the major part of local currency resources to be made available under the FY 85 agreement will support increased credit to the private sector to ease the devastating liquidity crisis affecting all levels of the private sector. We expect that the scarcity of credit will continue for several years unless there is a rather rapid transmission to Peru of a strong and continuing international economic recovery. (This is also the use of \$45 million worth of local currency associated with the FY 84 Disaster Program Assistance Loan.) In addition to alleviating the liquidity crunch affecting the relatively large, formal sector enterprises, local currency funds would also be channeled to small and informal enterprises.

Second, as discussed in the CDSS supplement and subject to a special AID/INM evaluation of experience in the Upper Huallaga project (scheduled for later this year), a major part of local currency resources made available under the FY 85 and 86 agreements will fund high-priority narcotics-related development activities in major coca growing areas of Peru. One major candidate for support is an intensification of development activities in the Upper Huallaga Valley area, including private sector investments in agricultural production and agribusiness, improved road maintenance, and other areas described in the FY 85 ABS. Another major candidate for support is the start of a second significant area development/income and crop substitution project. The specific area for this activity will be determined after UN-financed remote sensing reconnaissance is completed. The decision to proceed with this latter initiative will, of course, be subject to negotiations with the Peruvian administration taking office in mid-1985. A major feature of our ESF-funded local currency narcotics activities will be to strengthen governmental presence in isolated coca growing areas of the Peruvian jungle. In many of these areas, governmental presence (national, departmental and municipal) was allowed to atrophy into insignificance in large parts of the high jungle during the military regime; coca growing and narcotics trafficking therefore moved easily into this vacuum of authority. More recently, there appears to be a growing alliance between narcotics traffickers and terrorists who feed off the very weak presence of governmental authority in these areas. The weakness or lack of governmental presence is a major constraint to achieving overall Peruvian and USG objectives in stopping narcotics production, processing and trafficking in the high jungle.

One of the key lessons learned from the AID Upper Huallaga Project is that our crop substitution effort was too narrowly focused only on those

agricultural-related activities that could meet Development Assistance criteria. In the Upper Huallaga and probably in other new areas where coca enforcement and eradication efforts will be undertaken, there is a need for more flexible ESF local currency funding that can be used both for agricultural and non-agricultural activities that may not be able to meet strict DA criteria and policies. A key use of funding must be directed to activities that strengthen governmental presence in the coca growing areas such as building government offices and adequate housing for government officials, urban infrastructure improvements, building modern jail and police and judicial facilities, and drug rehabilitation centers in areas such as "Little Chicago" of Tingo María. Likewise, there may be a need to fund highly subsidized agricultural credit programs and other agricultural activities noted above.

Finally, lack of GOP counterpart funds to facilitate faster disbursements of donor-financed projects will continue to be one of Peru's major problems in 1985-84. The continued tightness of GOP budgetary resources that can be dedicated to local currency counterpart will seriously limit the ability of the donor community to respond to the development initiatives of a new GOP administration taking office in mid-1985. The utilization of ESF-generated local currencies (as well as local currencies generated by the Title I program) to assist the GOP meet its counterpart requirements for donor projects will be included in both the FY 1985 and FY 1986 ESF agreements. This dimension of our ESF program will also help increase our leverage with the GOP in determining which development projects can be continued in the context of our overall policy dialogue with a new GOP.

Third, the continued tightness of GOP budgetary resources for high priority AID and other donor-assisted development investments over the FY 84-86 time frame will be loosened by programming decreasing amounts of local currencies to the support of these activities. The utilization of local currencies for counterpart support, started under the FY 84 Disaster Assistance Program Loan, will supplement PL 480, Title I local currency uses (as described in the PL 480 narrative included in this submission). Thus, counterpart support will be one of the local currency uses included in both the FY 85 and FY 86 agreements.

Project Number and Title: 527-0284
Decentralized Planning and Investment

Proposed Funding: FY 1986 Loan: \$5,000,000
Grant: \$1,000,000

Life of Project Funding: Loan : \$30,000,000
Grant: \$ 5,000,000

Appropriation Account: Selected Development Activities

Project Purpose: To support improved decentralization policies by strengthening the planning and management of the Departmental Development Corporations (CORDEs) and municipalities, by expanding funding for departmental and municipal level investment projects in both the public and private sectors, and by developing greater local revenue generating capacity to finance decentralized development projects.

Problems being addressed: For the past several decades, Peru has been struggling with the problems of how to move away from its highly centralized society, economy and government. Given Peru's very localized and diverse geographic, economic and socio-cultural conditions, there is a growing consensus in Peru that the country's long-term development must be promoted with more effective decentralization policies and programs. How best to decentralize so as to promote a more efficient use of resources is one of Peru's fundamental development problems. For this reason the Mission's CDSS places high priority on improving Peruvian decentralization policies and strengthening decentralized development planning and implementing entities.

The Belaunde government entered office strongly committed to developing decentralized planning and implementing units at the municipal, departmental and regional level and to better decentralize Lima-based ministries and autonomous agencies. As a result, in 1980 the municipalities were given greater local autonomy through the election of their own mayors and through the promulgation of a new Municipalities Law assigning development planning and implementation responsibilities to municipalities. In 1981 new Departmental Development Corporations (CORDEs) were established to carry out local interest public works and other locally planned development projects based on the model established under the first Belaunde administration in the 1960's. A plan was formulated by the National Planning Institute (INP) to regionalize the country and eventually establish true regional governments. The interest is to bring decision making closer to the people, thereby strengthening democracy, rather than simply to add another layer of citizen involvement in the process of governing.

In addition, a number of central government ministries and autonomous agencies have also implemented decentralization programs by establishing regional or special project offices throughout Peru. The El Niño disasters of 1983-84 have accelerated the investment management and construction responsibilities of the CORDEs in those departments affected by disasters. All of these

initiatives fall under Peru's continuing efforts to decentralize its development programs so as to improve the efficiency of resource use, better meet local needs and strengthen the democratic process in Peru.

However, Peru's historic and political traditions, hesitancy to take necessary but often difficult decisions, institutional and human resource weaknesses, and insufficient funding combined to limit the ability of the Belaunde administration to implement and rationalize all its long-term decentralization policies and programs (See Airgram A-43 for further details and recommended policy improvements.). The GOP has not been able to dedicate sufficient technical and financial resources to fully develop the CORDES and the municipalities; they remain weak institutions. The INP plan to regionalize the country and to develop regional governments is only now beginning its first stage of implementation. While some progress was made in decentralizing Lima-based ministries and autonomous agencies, greater efforts are needed to rationalize and coordinate the various GOP decentralization strategies that include the CORDES, municipalities and the regional and special project offices of central government agencies. Nevertheless, efforts to develop the CORDE system, to strengthen municipalities, and to decentralize national-level ministries and autonomous agencies represent important new initiatives that need to be further strengthened and deepened following the 1985 national elections.

Means of dealing with problems: Based on our discussions with various Peruvian groups, USAID expects that any new government entering office in July 1985 will launch a major new decentralization program aimed at further strengthening regional governments, CORDE-like institutions and the municipalities. We want to be ready to support efforts to improve, expand and build upon the overall decentralization policies and directions initiated by the present administration as an expression of a general consensus that Peru should and must evolve a more responsive form of government. Decentralization is included in the Constitution of Peru.

USAID has been supporting Peruvian decentralization policies and programs through our Integrated Regional Development (IRD) Project that terminates on December 31, 1985. Based on a mid-1983 evaluation of this IRD project, a national-level decentralization policy planning, technical assistance and training program was launched to assist the GOP better develop its decentralization policies and better strengthen the CORDES and municipalities. This policy planning component is creating a comprehensive decentralization framework that we expect will be used by the next government to structure and continue its decentralization programs. USAID would also like to see this latter program used by a new GOP to mobilize donor resources (e.g. IDB, IBRD) for decentralization programs. Other donors are interested in this area but have found it difficult to work on because of policy vacuums and institutional weaknesses.

Furthermore, large amounts of AID Disaster Reconstruction Assistance are flowing through the CORDES. While these resources are not intended to address long-term institutional weaknesses, they are promoting the development of the CORDES as effective expressions of regional priorities. These AID disaster resources should be almost fully disbursed by the end of CY-1985.

Building upon our experience with the IRD and Disaster Reconstruction programs, USAID proposes to continue to support Peruvian decentralization policies and programs from 1986-90. AID has a substantial investment in this area that needs to be further consolidated. After implementation of the Disaster Reconstruction program (being carried out almost exclusively through the CORDEs) and completion of the policy planning and other IRD components, AID will have the most extensive knowledge and experience of any international agency supporting Peruvian decentralization programs. AID is gaining unique experience for helping a new GOP better deal with the policy, institutional and human resource problems associated with decentralization issues in Peru. We also have a special interest in the deepening of democratic government. We, therefore, propose to follow-up these initiatives with a FY 1986 sector-like loan/grant project that will encourage the new GOP to continue to improve decentralization policies while further strengthening decentralized planning and implementing agencies.

The program will be designed first and foremost to support improved decentralization policies and for this reason a projectized-sector approach is being proposed. Within the context of a mid-1985 consultative group, and based on final evaluations of the IRD and Disaster Reconstruction programs, we want to begin negotiations on improved decentralization policies and thereby help a new GOP mobilize greater international agency support for these policies and programs. The exact policy framework to be supported is now being developed as part of the policy planning component of our IRD project.

Project Description: The Project will support an inter-related set of components designed to better support decentralization policies and improve coordination among differing Peruvian decentralization strategies. This Project will also be closely coordinated with the Mission's new 1986-90 agriculture, health, housing and private sector programs. Financing will be provided for the following:

1. Institution-Building: A major amount of AID-funding will be dedicated to improve the planning, management and administration of the CORDEs and municipal governments, through technical assistance, training and other support in regional planning, public administration, data processing, and financial/fiscal management, including revenue generation and collection. Given Peru's serious central government budgetary problems, special emphasis will be placed on promoting local revenue generation and financing subprojects that generate local resources. This large TA and training program will also help other donors better direct their funding to decentralized entities.

2. Urban-rural Linkage Subprojects: Funding will be provided to continue efforts to establish in Peru the urban-rural linkage regional planning methodology. This component will essentially continue the types of small rural-urban subprojects being implemented in our current IRD project which concentrate investments to improve productive and transport infrastructure in rural areas and to create product processing and marketing capacity in urban areas linked to them. Agricultural marketing, agroindustry, infrastructure improvements and other activities will be financed in small market towns and the rural areas linked to them, in the context of an overall regional planning framework.

3. Subprojects that Promote Improved Coordination among Decentralized Peruvian Entities: Financing would be provided to sub-projects that promote better development coordination among municipalities, CORDEs, regional governments, and regional offices of central government ministries and autonomous agencies. For example, the rural-urban linkage subprojects will promote improved coordination at the planning and implementation level between the CORDEs and the municipalities. However, similar improvements are needed between the CORDEs and central government programs, particularly in the health, agriculture and housing sectors and in the autonomous Special Project Offices. Through the USAID disaster reconstruction program, the CORDEs are already gaining some positive experience in this area and we would like to further support this trend after 1985-86.

4. Private Sector and Revenue Generating Subprojects: During project preparation, mechanisms will be examined whereby regional governments, CORDEs, and municipalities can better promote private sector productive profit making activities within their jurisdictions. This element will be closely coordinated with USAID private sector and agricultural strategies. A key element in promoting decentralization is producing local revenue sources that are independent of the central government budget. Subprojects will be financed that produce local revenue generating activities (e.g., public markets, urban cadastral surveys).

5. Subprojects that Improve Local Maintenance Capability: Local level maintenance of equipment, roads, irrigation systems and other infrastructure remains a major problem both at the CORDE and municipal levels. During project preparation, more work will be done to see how best to deal with this problem through the CORDEs and municipalities.

AID policy objectives are comprehensively pursued through this Project. Institution-building will be at the heart of the TA and subproject funding programs. Technology transfer of planning, administration, management, communications, data processing and engineering will be expanded, based on the accomplishments already realized through the IRD and Disaster Reconstruction Projects as noted above. Policy dialogue and formulation is the key aspect of the Project, building from the dialogue with the entering government in the last stages of the IRD and Disaster Reconstruction projects and expanding to the whole range of new decentralization policies, resource allocations and the strengthening of decentralized entities. Private sector promotion will also be an important part of this program. Finally, the GOP and AID will further develop a comprehensive policy and programming framework early on in the new government so as to attract other donor financing. AID will be creating the absorptive capacity so that other donors can channel their funding into this important area.

Target Group: Beneficiaries will be (1) employees of regional governments, CORDEs and municipal governments, basically from TA and training, (2) residents of communities participating in and benefiting from subprojects, (3) private sector investors benefiting from investment promotion activities and maintenance projects, and (4) national level institutions benefitting from TA and training.

Special Concerns: The project deals with a key development issue of how to better decentralize away from the capital city to local departmental and municipal governments. It, therefore, will support not only improved development planning and implementation but greater political pluralism and the spread of democratic processes.

Project Number and Title: 527-0285
Improved Health Sector Efficiency

Proposed Funding: FY 1986 Loan: \$4,000,000 HE; \$1,000,000 ARDN
Grant: \$5,000,000 HE; \$ 500,000 ARDN

Life of Project Funding: Loan : \$20,000,000 HE; \$5,000,000 ARDN
Grant: \$ 3,000,000 HE; \$1,000,000 ARDN;
\$1,000,000 POP

Appropriation Account: Health; Population; and Agriculture, Rural
Development and Nutrition

Purpose: To support the implementation of specific health sector policies which increase the efficiency and viability of the health care system, and to continue strengthening the primary health care (PHC) system in the private and public sectors in order to expand cost effective system coverage (including maternal child health, family planning, oral rehydration therapy (ORT), immunizations, growth monitoring, nutrition education and rural water and sanitation services) to the more than 50% of population under-served or not currently attended.

Background: The Mission launched its primary health care strategy in 1979 with the authorization of the pilot project, Sur Medio, and the \$7.1 million extension of Integrated Primary Health Project (527-0219). It was followed quickly by the \$11 million Rural Water and Sanitation Project (527-0221) in 1980, and the \$10.8 million Integrated Health Family Planning Project (527-0230) authorized in 1981. These four projects form an integrated package of PHC which includes family planning and water services. With the Mission's FY 84 Nutrition in PHC Project Amendment to Project 0230, the remaining component, nutrition, will be added to our health portfolio. The above projects have been implemented as four components within our overall health sector strategy and are focussed both on management improvement of the PHC system and on increasing service coverage in both the private and public sectors.

In 1985, the Mission will finance a Health Policy and Planning Project which will carry out studies and other actions to implement needed policy improvements. It will put in place a data collection system and analytical capability at the highest levels of the health sector to obtain the technical bases and political endorsement required for successful implementation of cost effective health sector policies. Policy areas to be addressed under this new project include, for example, identifying and implementing cost containment measures, improving utilization of existing facilities, implementing management and resource allocation policies to generate cost savings, planning infrastructure for new facilities, increasing financing for PHC programs, and increased decentralization of planning, programming and budgetary processing to the health regions. The project will stimulate demand for information and analysis for health sector policy making; upgrading the government's capacity

to conceive and analyze different health sector policy options; improving the information base on which policy decisions are made; and strengthening the capacity of sector institutions to efficiently and effectively carry out their functions. On the basis of experience gained in implementing the present health care strategy and on this planning project, a policy agenda will be developed and specific health sector interventions will be identified to negotiate the FY 1986 \$30 million comprehensive health sector program. This program will be implemented over a five-year period and will be funded in three tranches, based on GOP progress in implementing specific policy initiatives.

Analytical Framework and Sector Constraints: Work on a comprehensive assessment of the sector has been initiated with the National Nutrition and Health Status Survey (NNHSS) in April 1984 which will gather data on household expenditures for health services and provide health and nutrition baseline data. Subsequently, a World Bank/PAHO-financed provider survey will give us a picture of the supply side of the sector. The World Bank-financed Health Financing Study, to be carried out by the University of the Pacific and Westinghouse, will make recommendations for cost effective resource allocations and will discuss expenditures made in the sector by the Social Security Institute, the Departmental Development Corporations, the military, as well as the Ministry of Health. A series of evaluations funded by USAID of the mid-wife and promoter systems, the financial management study of the Ministry by a local accounting firm, the AID projects 219/230/Sur Medio/and Rural Water and Sanitation, and the strategy for increasing coverage and financing for ORT and expanded immunization programs developed by the PRITECH team in June 1984 will, along with the studies described above, help the Mission to formulate the FY 85 Health Planning and Policy project and will identify the basic policy issues in the sector.

Most of the basic constraints in the sector are known: policies which are counterproductive to efficient resource use, lack of health management professionals operating in the sector, limited resources for PHC programs because of heavy expenditures for high cost curative and tertiary care facilities, large portion of recurrent cost budget devoted to personnel expenditures (80%), oversupply of high cost physicians in excess of public sector needs (some 5,000), a total of nine medical schools operating in Peru helping to increase this excess supply yearly, inadequate health planning resulting in poor programming of GOP resources for expanding PHC, and grossly under-expended GOP counterpart funds for planned program activities, etc. The constraints are numerous, complex, and interrelated. Our strategy is to use \$30 million in AID financing to encourage improved policies which will begin addressing these constraints. Besides examining coverage, quality control, and community participation of programs, policy makers need to look at numerous financial and management issues which, to date, have not been emphasized by any of the donor programs in the sector, including alternative methods of financing delivery of health care and private sector involvement.

Sector Program Description: The \$30 million, \$25 million in loan and \$5 million in grant, will be authorized over a three year period and will be

negotiated based on a specific policy agenda, an output of our FY 85 Policy and Planning project. The five-year program is phased to coincide with termination of existing activities. For example, the initial tranche of \$6 million in FY86 will primarily focus on nutrition activities in primary health care programs initiated in FY84 and completed by June of 1986, and new nutrition activities recommended by the Mission's long-term nutrition strategy. The policy agenda will contain many elements of the Mission's long-term nutrition strategy, which will have been developed by FY 86.

The second tranche of \$13.0 million is timed to coincide with the PACD of the bulk of Project 230 activities, excluding the recently approved Contraceptive Social Marketing (CSM) component, and will focus on many of the same activities currently being financed but linked, once again, to policy initiatives pertaining to PHC services such as increased efficiency resulting from higher facility utilization rates, etc. The third tranche of \$11 million will focus mainly on extending rural water and sanitation services, picking up where the current water project ends in June, 1987, the current PACD. This will be closely linked to basic policy issues in the water sector such as decentralization of water system management, operation, and maintenance. The \$30 million program will be negotiated as a single package with the new administration so that the greatest leverage possible can be obtained for the policy changes we view as essential for rationalizing the sector. Therefore, the entire policy agenda will be developed by the time of the first FY 86 tranche. The Mission will work in close collaboration with other donors (IBRD, IDB, German bilateral program) to maximize our impact. A donor coordinating mechanism for Peru in the health sector is already in place. If plans for the Consultative Group approach materialize, health will be added to these negotiating sessions as well.

Target Group: Beneficiaries will be the institutions whose planning and management capabilities will be strengthened under the project through rational sector policies, and families who will benefit from expanded, cost effective PHC services in both the public and private sectors.

Special Concerns: It is impossible to say at this point how much of the \$30 million will finally be earmarked for ORT and expanded immunizations activities, but the Mission estimates at least 5%, or \$1.5 million, will be used for these activities between FY 86 and FY 90.

Participant Training: Since strengthening of health care professionals, especially in management and administration, has been identified as a major sector constraint, the Mission estimates a minimum of 10%, or \$3 million, will be spent on long and short-term training during the implementation of sector program activities. This would translate into approximately 400 long and short-term participants if two-thirds of the funds were used for long-term training in the U.S.

Project Number and Title: 527-0286
Private Sector Export and Investment Promotion

Proposed Funding: FY 1986 Loan: \$2,000,000 ARDN; \$15,000,000 SDA
Grant: \$1,000,000 ARDN; \$ 2,500,000 SDA

Life of Project Funding: Loan : \$5,000,000 ARDN; \$15,000,000 SDA
Grant: \$2,500,000 ARDN; \$ 2,500,000 SDA

Appropriation Account: Selected Development Activities
Agriculture, Rural Development & Nutrition

Project Purpose: To increase generation of foreign exchange earnings and to strengthen the role of the private sector in Peru through the improvement of the policy climate for the private sector, the establishment of an effective investment promotion system, and the expansion of non-traditional exports to world markets.

Background: Until recently, Peru pursued a strategy of import substitution which was successful in the limited objective of establishing a number of local manufacturing industries. By the mid-1970's however, it was evident that these industries, lacking external competition and locked into high costs, could not expand beyond the highly protected domestic market. Some poorly coordinated investment promotion programs were started but hampered by policies which provided disincentives to foreign investment and exports with a preference for public enterprises at the expense of private initiative.

The current government has moved away from the previous import substitute strategy and towards a more open economy emphasizing exports. While it has attempted to restore to private enterprise its leading role in a free market economy, the deterioration in the terms of trade and the sluggish demand for traditional Peruvian exports have put severe pressure on the GOPs balance of payments position resulting in a loss of already scarce foreign reserves. At the same time, serious constraints remain to the expansion of foreign investment in Peru including restrictive economic policies, laws and bureaucratic practices which affect business; dominance of the public sector in the economy; the small size of the domestic market and the lack of an effective institutional framework to promote private sector investment.

Increasing the Peruvian private sector's ability to generate foreign exchange, strengthening the role of this sector and improving the policy climate within which it operates are central to USAID's long-term strategy since they can help Peru to increase productive employment and incomes and augment the limited human and financial resources available to development activities.

The outcome of a program to promote policy reforms in areas affecting the private sector such as investment and export promotion will be to increase resource mobilization, and to improve resource allocation and productivity. Given the poor state of Peru's traditional exports, increasing the level of

non-traditional exports will strengthen Peru's ability to export to the U.S. and Europe as well as to Latin American markets and will improve the badly deteriorated trade situation of the private sector.

The program of policy reforms begun by the present government is critical to providing Peru with the export led basis for a program of equitable growth. This project will provide resources in support of these reforms and will provide the next government with the wherewithal to continue to improve the private sector policy framework and to promote and implement investment and export promotion activities. This project is linked to and will support productive investments in the agribusiness sector and to USAID's Private Sector Management Improvement project which will provide adequately trained managerial talent necessary to staff enterprises undergoing a shift to export led activities.

Such a program is fully consistent with the priorities identified in the Mission's CDSS and the LAC Strategy Paper and management plan of supporting increased private sector involvement and collaboration in achieving development objectives. The project responds to recommendations made in a number of studies carried out by the Mission over the past year including the Coopers & Lybrand Private Sector Assessment, PRE Reconnaissance Mission and other reports and USAID's agribusiness sector assessment. It will complement private sector local activities financed under ESF program support which will provide fast-disbursing small business credit and also possibly assist informal sector enterprises.

Description: The proposed activity builds upon Mission experiences where projects are promoting greater private sector involvement in program delivery. The project will support the development of an effective investment promotion system along with the expansion of non-traditional agricultural, agroindustrial and manufactured exports to world markets. It will assist the GOP and private sector groups in their efforts to promote domestic and foreign investment, through support to publicizing information on investment opportunities and market conditions and through export trade promotion which could include the establishment of trading companies, joint ventures and linkages to U.S. export firms, markets, management skills and credit.

The project will assist the GOP to establish an effective investment promotion agency in an environment conducive to attract not only foreign but also potential domestic investment with an emphasis on export oriented industries. We propose to provide technical assistance in analyzing existing investment/export laws, labor laws and regulations and their enforcement and to develop recommendations to simplify and streamline them. We will assist the institutional strengthening of the private sector to influence public policy making in order to improve the investment climate. The project will help the GOP to establish industrial free trade zones where joint ventures with foreign investors might take place. In support of increased domestic investment, the project will consider credit to domestic enterprises to successfully execute economically viable and appropriate joint ventures.

An investment promotion center will concentrate the currently scattered and inadequately coordinated promotional services now available in Peru. Such an organization would assist Peruvian investors in identifying suitable investment projects, and locating foreign sources of capital, technology and training. It would provide a range of services to foreign investors through selected overseas offices on investment opportunities, laws, codes, incentives, etc. It would present to possible foreign investors several priority programs developed over the first two years of the project.

In order to strengthen Peru's ability to expand its non-traditional export mix, Peruvian for-profit export trading companies (ETCs) would be established. Small and medium sized firms with limited resources will be able to seek expertise in foreign marketing and exporting procedures, training, etc., in order to be more competitive in world markets. Penetration of world markets by non-traditional products, in addition to credit, requires specific skills and experiences. ETCs armed with operational training in trading and benefiting from the economies of joint activities and networks, would be able to compete on a better footing with their counterparts in other countries. Assistance in business plan development, promotion of linkages to U.S. firms or other third country companies, and operational hands on training in the U.S. will improve the knowledge of how these firms can effectively operate in the world market place. A credit facility capitalized with \$12 million would help to provide needed trade finance and meet cashflow requirements of new ventures in an attempt to improve the flow of credit to export oriented companies.

While it is still too early to tell with certainty, it may be necessary for AID to consider direct loans to private sector groups to establish export trading companies and venture capital requirements for investment promotion which would be unguaranteed by the central government or alternatively AID should consider grant funding the entire amount.

Target Group: The export focus of this sector program will contribute to an improvement in Peru's balance of payments situation by increasing exports and equity investment; increase employment opportunities and provide a new private sector channel for attracting credit. It will benefit private sector producers and manufacturers, the segment of the population employed and the population at large through the improved economic climate which will result from this activity. A suitable number (100) of businessmen will receive short-term operational training in investment promotion and ETC work in the U.S. at a cost of \$1,000,000.

Evaluation Plan Narrative

The Mission's evaluation plan for FY 85-86 is designed to reflect the major Mission objectives as described in the ABS Action Plan: (1) project implementation; (2) disaster relief and reconstruction; (3) assistance for GOP economic recovery efforts and expanded support for private sector development; and (4) expansion of institutional and analytical bases for carrying out policy discussions with a new GOP in 1985-86. Thus, each evaluation will look beyond project-specific and implementation issues to analyze program and strategy issues as they affect projects being evaluated.

1. Project Implementation

Project implementation continues to be the primary Mission concern. Experience proves that evaluations are often essential to assessing problems and identifying solutions. While the Mission believes that ongoing evaluations should be an integral part of all projects, evaluations of complex, difficult-to-implement projects such as 0240 Central Selva Resource Management, 0178 Integrated Regional Development, 0230 Integrated Health and Family Planning, and 0244 Upper Huallaga Area Development are particularly important. These projects have encountered problems in implementation. Their evaluations are expected to lead to recommendations for overcoming individual obstacles and speeding project progress. A mid-1983 evaluation of the IRD project (0178) has already had this result.

Agriculture Research, Extension and Education Project 0192 was evaluated thoroughly in January 1984. Although the evaluation showed that in a short period impressive results had been obtained, some improvements were suggested and corresponding changes are in the process of being made. The final evaluation of this project will look at those changes, examining how they have affected and facilitated implementation of the project and achievement of project goals.

Lack of counterpart funding, which has been a serious impediment to project implementation over the past two years, should not be as serious a problem as in the past as the Mission's new Disaster Program Loan goes into effect, providing needed cash flow to the financial system. It is essential that evaluations take place of projects such as 0240 Central Selva Resource Management and 0165 Improved Water and Land Use in the Sierra, which were all but paralyzed by lack of counterpart. As counterpart funding becomes more available to support effective implementation, other potential delays and implementation problems need to be identified as quickly as possible so that these projects can get back on schedule.

2. Disaster Relief and Reconstruction

Evaluations of project 0277 Disaster Relief and Rehabilitation (DRR) are an important element in assuring that our disaster relief and rehabilitation objectives are met. This project is large and extensive, consisting of over 90 subprojects throughout the northern and southern areas of Peru; it involves

working with 16 GOP implementing agencies, five PVOs and other local groups. The 4th quarter FY 85 evaluation of ongoing subprojects will provide useful data for facilitating the implementation of subprojects. The final evaluation will analyze the achievements of the project in attaining its goals and its appropriateness in addressing the needs of the disaster stricken areas. This evaluation will help set the stage for the Mission's new decentralization project.

Project 0178 Integrated Regional Development complements the DRR project in some departments. Its evaluation will also be instrumental in identifying problems which have hindered implementation of disaster relief programs. Any strengthening of the Integrated Regional Development Project will thus have positive spin-offs for our disaster relief efforts. This evaluation will also help set the stage for the Mission's new decentralization project.

3. Assistance for GOP Economic Recovery Efforts and Expanded Support for Private Sector Development

The new Disaster Program Loan and a follow FY 1985 ESF program represent the Mission's major attempt at assisting in Peru's economic recovery and supporting private sector development. The evaluation of this program will assess the degree to which this program is having the desired effect, the appropriateness and effectiveness of the conditionality attached to the loan, and the uses of local currency generated by the loan. Information obtained from this evaluation will be used in programming future ESF funding and its conditionality.

While program loans provide major support for Peru's economic recovery, the Mission believes that support at the sector and sub-sector levels, particularly to the private sector, can also have important economic impact. USAID evaluations will thus examine those projects which provide credit to the private sector (OPG Acción Comunitaria 0274 and Urban Small Enterprise Development 0241), which strengthen private sector institutions (Private Sector Agricultural Investment Promotion 0265), and which support private sector training for our target group (OPG ISEFA Vocational Training Project 0266). Since the DRR project also affects private sector production and the Peruvian economy as a whole, actions taken as a result of the evaluation of this project will contribute to economic recovery. All other evaluations will also examine project impacts on the private sector and possible means of reorienting the projects so that they could contribute more towards achievement of private sector development.

4. Expand Institutional and Analytical Bases for Carrying Out Policy Discussions

Policy dialogue, an essential ingredient in the achievement of GOP/USAID development objectives, continues to be a Mission priority, particularly as we get ready for the new GOP that will assume office in July 1985. The evaluation process itself provides a forum for initiating and supporting policy discussions. In this sense, each evaluation that will be carried out

in FY 85 and 86 will have policy dialogue impact, and each evaluation will seek to identify means of increasing policy dialogue opportunities. In some cases, however, projects themselves are more specifically targeted toward policy development (Agricultural Planning and Institutional Development 0238, Central Selva Resource Management 0240, Integrated Regional Development 0178 and Pre-School Education 0161). Evaluations of these projects will examine issue such as decentralization, ag sector policies, natural resource management policies, and cost-effective models of delivering pre-school education. Project 0178 Integrated Regional Development was redesigned substantially in FY 83. Its focus on policy issues of decentralization and institutional development is important for longer term Peruvian development. The effects of the redesigned project may have major impact on future Mission project designs.

The evaluation of the Disaster Program Loan will necessarily focus on policy dialogue issues associated with the conditionality attached to the loan. These include private sector credit expansion, GOP investment priorities, deregulation and divestiture of public enterprises.

An important evaluation to be conducted in FY 1985 will be of the Upper Huallaga Program. This evaluation will look at INM-financed narcotics enforcement and eradication efforts as well as AID-financed crop substitution and agricultural development efforts. The purpose of this evaluation is to improve the overall implementation of this program and to help design a follow-on program of ESF-funded activities.

In all cases, policy dialogue progress will be evaluated and goals and benchmarks will be reevaluated in light of achievements and changing circumstances in Peru. In this way USAID strategy on these important topics will be current and realistic, and thus more likely to achieve its objectives.

The Peru Mission has completed several evaluations over the past two years which have provided extremely valuable input into program design and strategy formulation. Examples include the evaluations of Sub-Tropical Lands, Integrated Regional Development, Improved Land and Water Use in the Sierra and Soil Conservation. By evaluating projects from the viewpoints discussed above, USAID/Peru hopes to continue with its solid record of success in order to not only meet its shorter term objectives, but also to contribute more effectively to Peru's long-term development needs. The knowledge gained in each evaluation will be used to improve the design and implementation of individual projects and the Mission's program as a whole.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1986 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE: PERU

PROJECT LIST (Title, No. and Functional Account)	Last Eval. Completed (Mo./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding		USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source (\$000)	Project		
527-0244 Upper Huallaga Area Dev. (ARDN)	---	1*	2*			PACD: 9/86 To review implement- ation and management issues. To analyze high jungle development strategy and natural resource management issues.	50	15	15	EMB/NAU
527-0240 Central Selva Resource Management (ARDN)	---	1*	2*			PACD: 9/87 To analyze technical feasibility of development strategy and natural resource management issues. To look at implementation issues.	50	15		
527-0265 Private Sector Agriculture Investment Promotion (ARDN)	---	3	4			PACD: 3/88 To analyze the linkage between project outputs- especially credit-and small farmer production. To look at decentrali- zation efforts and private sector promotion.	50	15		PRE assistance.

(Louanne Douris, Program Office,
20% of time)

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1986 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE: PERU

PROJECT LIST (Title, No. and Functional Account)	Last Eval. Completed (Mo./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding		Collateral Assistance	
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source (\$000)	Person Days		
527-0178 Integrated Regional Development (ARDN)	4/83	3	4			PACD: 12/85 To evaluate project implementation and the progress of decentrali- zation efforts. Will also review project impact on disaster relief and rehabilitation efforts.	Project	15	10	S&T assistance.
527-0156 Improved Water and Land Use in the Sierra (ARDN)	---	3	4			PACD: 12/85 Final evaluation to assess the replica- bility of Plan MERIS small/medium scale irrigation development model in the sierra.	Project	50	10	S&T assistance.
527-0278 Cash Transfer/Balance of Payments Program Assistance (International Disaster Assistance, Multiyear)	---	3	4			TCD: 5/85 To assess resource transfer and condition- ality effects of the loan, as well as uses of local currency generated by the program.	PD&S	100	10	

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1986 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE: PERU

PROJECT LIST (Title, No. and Functional Account)	Last Eval Completed (Mo./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding		USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source (\$000)	Project		
527-0241 Urban Small Enterprise Dev. (SDA)	---	4*		1*		PACD: 6/86 To examine progress being made in strengthening the BIP. To look at implementa- tion problems related to training, T.A. and lending activities.	Project PD&S	70	15	
527-0266 OPG ISEFA Vocational Training (EHR)	---	4*		1*		Expiration Date: 12/85 To analyze progress made in vocation skills training including production of sweaters for export and carpentry for domestic use. To review the marketing of these products.	Project PD&S	15	5	
527-0277 Disaster Relief and Rehabilitation (ARDN/SDA/Other)	9/84			1	2	PACD: 7/86 Final evaluation to measure progress in attaining disaster relief goals and objectives.	Project	50	30	OFDA involve- ment.
527-0192 Agriculture Research, Extension, and Education (ARDN)	1/84			1	2	PACD: 8/85 To examine management issues and project impact.	Project PD&S	100	30	BIFAD assistance.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1986 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE: PERU

PROJECT LIST (Title, No. and Functional Account)	Last Eval. Completed (Mo./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding		USAID Person Days	Collateral Assistance
		Start (Otr)	To AID/W (Qtr)	Start (Otr)	To AID/W (Qtr)		Source (\$000)			
527-HG-011B Disaster Housing Guarantee	---	1	2	1	2	Project Completion Date: 9/85 End of project evaluation to review the relationship and coordination between this HIG and other disaster loans.	Office of Housing	10	15	
527-0238 Agriculture Planning and Institutional Development (ARDN)	---	2	3	2	3	PACD: 12/88 To measure progress towards policy develop- ment goals as well as analyze implementation and management issues.	Project	50	15	
527-0274 OPG Acción Comunitaria Micro-Enterprise Promotion (SDA)	---	3*	4*	3*	4*	Expiration Date: 12/86 To analyze the impact of the project on small- scale private sector enterprises and employ- ment generation.	Project	15	10	Possible joint evaluation with FVA.

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1986 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE: PERU

PROJECT LIST (Title, No. and Functional Account)	Last Eval. Completed (Mo./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding		Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source (\$000)	Person Days	
527-0230 Integrated Health and Family Planning (non-CSM component) (Health/Population Planning)	9/84					PACD: 6/86 An end of project evaluation to assess progress in fulfilling original project objectives and to identify implementa- tion constraints in meeting objectives which will be used in the design of a sector program for FY 86-90.	Project 100	20	

* Different from FY 85 Evaluation Plan

OPERATING EXPENSE

NARRATIVE

A. Management Improvement

USAID/Peru has absorbed a disaster relief and recovery program totalling over \$175 million during the past year. We have not increased USDH staffing levels, but have had to increase OE contract Peruvian staff in key support offices such as the Executive Office, the Controller's Office and to staff a newly formed disaster implementation division. The substantial increase in workload has been managed without proportional increases in other office clerical staff because of continued progress in using USAID WANG word processing installation at capacity. Nearly 100% of secretarial/clerical personnel are trained on the WANG system and the overall skill levels are increasing notably.

Substantial management challenges have accompanied the disaster-caused contract staff increases. Space in the USAID-owned office building has been outgrown.

Mission has initiated a space reorganization project to take advantage of areas previously utilized as warehousing and cafeteria facilities by converting it into offices. The additional offices gained by the conversion of this space will avoid assigning more than one officer to an office. In addition, supervision and communication will be improved by placing associated Mission functional units in the same general locale. Thus we will increase efficiency, morale and space utilization economically.

Mission also will move the Controller's Office to an office building two blocks from the USAID. This change will provide sufficient space for expanded Voucher, Accounting and Financial Analyst staffing needs required to handle the workload associated with increased operational and project-related program and personnel levels. It will also provide office areas for TDY personnel. A major advantage of this space is the availability of WANG VS 80 equipment which has time available for rent. Subject to final arrangements Mission will thus be able to install MACS accounting system at least one year earlier than previously estimated allowing more efficient use of personnel and providing better service. We then can use existing OIS 130 equipment for its designed function, word processing.

B. Justification for Funding Changes

USAID has submitted alternative budgets for FY 1985 and FY 1986 to reflect views contained in our cable Lima 6009 of May 23, 1984. We strongly believe that the work year planning control levels provided are unrealistic given the substantial disaster program which the USAID is managing and our substantial ongoing development portfolio. Therefore, the preferred alternative budget provides for a continuation of the current level of 26 U.S. full-time work years and the current level of 50 FN work years as opposed to the controls provided which reach 22 U.S. and 42 FNDH by 1986. It is clear to us that with 3 USDH work years committed to regional personnel serving other Andean USAIDs (RLA, Regional Economist, Regional contract officer) the reductions proposed for FY 85 and 86 are simply not feasible. See Lima 6009 for further details.

AID/W should note a number of assumptions which have been built into both of the alternative budgets.

First, six IDIs have been assigned to Mission, thus our OE Budget includes six IDI work years instead of 4.5 (FY 1985) and 4.0 (FY 1986) given. There is no way to substitute contract employees for IDIs and we do not have the option of requesting their early transfer to comply with work year levels.

Second, the Mission alternative to lower USDH and FNDH work year control target is to obtain the required services through PSCs. Thus in FY 1985 three additional US PSCs and two FN PSCs are budgeted to compensate for this shortfall. In FY 1986 one more US PSC will be required and six additional FN PSCs. Although overall budget effect will be minimal, Mission support requirements will increase since all US PSC costs including salary are funded from OE Budget whereas for USDH only at-post costs are funded from Mission allowance.

The table and description which follow provide an explanation and analysis of cost increases between fiscal years. An additional major assumption has a substantial effect on Code 500 analyses. The current USAID office building is too small for Mission needs. The annex arrangement which has been negotiated to temporarily house the Mission Controller Office builds certain inefficiencies into the overall USAID operation. Document flow is perhaps the most obvious, but additional problems resulting from reduced contact with Controller staff, some additional exposure of vendors receiving payments and transferring money to an additional site will also have a deleterious impact on efficiency. In short, we are sub-optimizing in the short term. The budgets presented here call for re-integrating the USAID staff in a single structure as soon as appropriate rented space can be found. The major items of rent, moving and initially equipping a rented office building are the primary factors in Code 500 cost comparisons.

The USAID/Peru program has experienced a rapid increase in funding in 1983-84 because of our disaster assistance program. Furthermore, during 1980-82 the Mission was not adequately staffed to support implementation of the large new DA-funded program that was developed during that period. USAID staffing shortages throughout the Mission, in part have led to very slow pipeline disbursements and to pipeline problems. The solution of these problems (i.e. pipeline disbursements and proper monitoring of our large disaster program) is requiring an increase in USDH, FSN and PSC personnel with resulting impact on our OE Budget.

In addition, USAID/Peru is gradually being converted into a Regional Service Mission for South America. We already have a Regional Legal Advisor, a Regional Contract Officer, the Regional Economist, the Regional Environmental Officer and a Regional Housing and Urban Development Officer. In FY 1985, a RHUDO for South America may be established in Lima and a Regional Audit Office may be opened here. Likewise, we must monitor an increasing number of PRE, ST, and LAC regionally-funded projects and we also serve as the accounting station for USAID/Brazil. All of these additional functions add to our overhead and further explain the need for an office relocation and an increased OE Budget.

Summary of Percentage Changes Between Fiscal Years

<u>Code</u>	<u>84-85</u>	<u>85-86</u>
100	7.1%	1.2%
200	(4.8)%	(4.5)%
300	86.1%	9.5%
400	37.6%	(8.8)%
500	175.8%	(29.5)%
TOTAL	55.0%	(10.0)%

Code 300 - Contract Personnel

The increase in FY 1985 of 86.1% is due to an increase of 25 foreign national work years. This increase in employees is required to support increased program level and increased personnel levels and compensate for reduced USDH level. The US PSC increase is due to: funding the last year of Disaster Division Chief's contract in FY 1985 (this contract was initially funded in FY 1983 and no FY 1984 funding required); to funding 12 months of each PSC in FY 1985 instead of partial funding as we did in FY 1984, and to the addition of two US PSCs required to replace two USDH positions which we have not yet been authorized. This staff level is essential if Mission is to efficiently carry out its responsibilities.

Code 400 - Housing

With the increased staff level on board for an entire year plus projected rate increased LQA will account for 56% of increase. The balance of the increase (\$95,000) is for implementation of an orderly residential furniture replacement program. The Mission is planning on replacing twelve furniture sets in FY 1985 compared to only replacing a limited number of appliances in FY 1984.

Code 500 - Office Operations

Mission plans on moving into a new facility in FY 1985. The estimated annual rent of \$500,000 (current building AID-owned) plus cost of new phone equipment, partitions, furnishings, installation and transporting all furniture and equipment, etc. from old to new of \$800,000 is the reason for 78% of the increase. The other \$372,000 (22%) increase is for WANG VS equipment (\$65,000), vehicle replacement (\$66,000), increased operational travel for project implementation and project development (\$65,000), additional office equipment and furniture for increased staff (\$82,000). The balance of the increase is needed for increased utility and communication costs, an increased number of drivers under contract to drive increased vehicles in support of the larger staff, and general price increases and increase in overall cost of operations to support a larger staff.

Absent costs of moving into a new building which will save \$800,000, costs in FY 1986 will be approximately the same as FY 1985.

Total

Although the total FY 1985 OE budget will increase 55%, half of this is because of the move to larger office facilities needed to provide adequate work space for staff and to consolidate all offices in one facility.

C. Trust Fund

USAID has recently concluded negotiations for a Trust Fund Agreement with Host Government. Deposits into the Fund are conditional upon disbursements under the recently signed Program Loan. The Agreement provides for maximum cumulative deposits of one million dollars. As of date of ABS preparation, no deposits are due nor have any been made. Mission expects that deposits into Trust Fund will be made in early FY 1985 and if made, expects to use entire amount in FY 1985 for office building rent and all local costs associated with move. If funds still remain, they will be used to fund other local costs.

TABLE VIII - FY 1984

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		1,960.7			XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,297.8			27.5*
PT/TEMP U.S. BASIC PAY	U102	112	11.0			0.7
DIFFERENTIAL PAY	U103	116	129.8			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C. 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	114.2			22.0
RETIREMENT - U.S.	U107	120	109.4			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	36.2			XXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	10.0			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	21.9			13.0
POST ASSIGNMENT - FREIGHT	U112	22	128.5			13.0
HOME LEAVE - TRAVEL	U113	212	44.0			20.0
HOME LEAVE - FREIGHT	U114	22	22.3			20.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	23.6			24.0
ALL OTHER CODE 215 TRAVEL	U117	215	12.0			6.0
<u>FOREIGN NATIONAL DH</u>	U200		555.1			XXXXX
BASIC PAY	U201	114	448.6			50.7
OVERTIME, HOLIDAY PAY	U202	115	25.8			2.5
ALL OTHER CODE 11 - FN	U203	119	1.0			XXXXX
ALL OTHER CODE 12 - FN	U204	129	43.7			XXXXX
BENEFITS FORMER FN PERS.	U205	13	36.0			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		663.4			XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	247.5			5.5
ALL OTHER U.S. PSC COSTS	U303	255	170.7			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	170.2			24.6
ALL OTHER F.N. PSC COSTS	U305	255	10.0			XXXXX
JCC COSTS PAID BY AID/W	U306	113	65.0			1.0
<u>HOUSING</u>	U400		564.4			XXXXX
RENT	U401	235	39.8			2.0
UTILITIES	U402	235	1.8			XXXXX
RENOVATION AND MAINT.	U403	259	2.5			XXXXX
QUARTERS ALLOWANCE	U404	127	364.4			25.9
PURCHASES RES. FURN/EQUIP.	U405	311	121.5			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	21.8			XXXXX
SECURITY GUARD SERVICES	U407	254	8.6			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.2			XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.8			XXXXX

* Includes 2.8 IDIs.

TABLE VIII - FY 1984

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		956.8			XXXXX
RENT	U501	234	49.4			XXXXX
UTILITIES	U502	234	23.4			XXXXX
BUILDING MAINT./RENOV.	U503	259	57.0			XXXXX
OFFICE FURN./EQUIP.	U504	310	108.2			XXXXX
VEHICLES	U505	312	2.2			XXXXX
OTHER EQUIPMENT	U506	319	32.0			XXXXX
TRANSPORTATION/FREIGHT	U507	22	11.7			XXXXX
COMMUNICATIONS	U508	230	62.0			XXXXX
SECURITY GUARD SERVICES	U509	254	45.5			XXXXX
PRINTING	U510	24	1.1			XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	50.0			186.0
SITE VISITS - OTHER	U513	210	59.2			28.0
INFORMATION MEETINGS	U514	210	12.6			10.0
TRAINING ATTENDANCE	U515	210				
CONFERENCE ATTENDANCE	U516	210	4.6			3.0
OTHER OPERATIONAL TRAVEL	U517	210	13.9			4.0
SUPPLIES AND MATERIALS	U518	26	154.0			XXXXX
FAAS	U519	257	51.2			XXXXX
CONSULTING SVCS - CONT.	U520	259				XXXXX
MGT./PROF. SVCS. - CONT.	U521	259	43.4			XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259				XXXXX
ALL OTHER CODE 25	U523	259	175.4			XXXXX
TOTAL O.E. BUDGET			4,700.4			XXXXX
RECONCILIATION			1,700.4			XXXXX
OPERATING ALLOWANCE REQUEST			3,000.0			XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1984)

1,230
3,145 Soles to US\$1.00

P.I. Course

<u>Units</u>	<u>US\$ Cost</u>
7.0	12.7

TABLE VIII - FY 1985

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,101.0			XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,327.9			29.0*
PT/TEMP U.S. BASIC PAY	U102	112	22.0			1.5
DIFFERENTIAL PAY	U103	116	132.8			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	187.4			28.0
RETIREMENT - U.S.	U107	120	111.9			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	40.0			XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	6.5			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	21.5			8.0
POST ASSIGNMENT - FREIGHT	U112	22	136.0			8.0
HOME LEAVE - TRAVEL	U113	212	31.9			17.0
HOME LEAVE - FREIGHT	U114	22	20.5			17.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	47.6			38.0
ALL OTHER CODE 215 TRAVEL	U117	215	15.0			6.0
<u>FOREIGN NATIONAL DH</u>	U200		534.1			XXXXX
BASIC PAY	U201	114	432.5			48.0
OVERTIME, HOLIDAY PAY	U202	115	26.5			2.5
ALL OTHER CODE 11 - FN	U203	119	1.8			XXXXX
ALL OTHER CODE 12 - FN	U204	129	45.6			XXXXX
BENEFITS FORMER FN PERS.	U205	13	27.7			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		1,234.3			XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	545.9			10.3
ALL OTHER U.S. PSC COSTS	U303	255	188.7			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	353.2			49.0
ALL OTHER F.N. PSC COSTS	U305	255	10.0			XXXXX
JCC COSTS PAID BY AID/W	U306	113	136.5			2.0
<u>HOUSING</u>	U400		776.4			XXXXX
RENT	U401	235	43.8			2.0
UTILITIES	U402	235	2.5			XXXXX
RENOVATION AND MAINT.	U403	259	2.8			XXXXX
QUARTERS ALLOWANCE	U404	127	464.3			30.0
PURCHASES RES. FURN/EQUIP.	U405	311	216.0			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	31.8			XXXXX
SECURITY GUARD SERVICES	U407	254	10.0			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.4			XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.8			XXXXX

* Includes 6.0 IDIs.

TABLE VIII - FY 1985

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		2,639.0			XXXXX
RENT	U501	234	550.9			XXXXX
UTILITIES	U502	234	47.5			XXXXX
BUILDING MAINT./RENOV.	U503	259	193.3			XXXXX
OFFICE FURN./EQUIP.	U504	310	189.5			XXXXX
VEHICLES	U505	312	68.0			XXXXX
OTHER EQUIPMENT	U506	319	326.0			XXXXX
TRANSPORTATION/FREIGHT	U507	22	47.9			XXXXX
COMMUNICATIONS	U508	230	79.2			XXXXX
SECURITY GUARD SERVICES	U509	254	52.5			XXXXX
PRINTING	U510	24	1.2			XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	60.0			190.0
SITE VISITS - OTHER	U513	210	82.4			33.0
INFORMATION MEETINGS	U514	210	30.2			10.0
TRAINING ATTENDANCE	U515	210	4.3			2.0
CONFERENCE ATTENDANCE	U516	210	25.3			14.0
OTHER OPERATIONAL TRAVEL	U517	210	7.5			3.0
SUPPLIES AND MATERIALS	U518	26	174.0			XXXXX
FAAS	U519	257	61.4			XXXXX
CONSULTING SVCS - CONT.	U520	259				XXXXX
MGT./PROF. SVCS. - CONT.	U521	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259				XXXXX
ALL OTHER CODE 25	U523	259	637.9			XXXXX
TOTAL O.E. BUDGET			7,284.8			XXXXX
RECONCILIATION			1,832.5			XXXXX
OPERATING ALLOWANCE REQUEST			5,452.3			XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs	2,592.6
Exchange rate used (as of May 1, 1984)	<u>3,145 Soles to US\$1.00</u>
Estimated Wage Increases - FY 1984 to FY 1985	<u>97.3%</u>
Estimated Price Increases - FY 1984 to FY 1985	<u>10%</u>

P.I. Course

<u>Units</u>	<u>US\$ Cost</u>
5.0	12.8

TABLE VIII - FY 1986

ORGANIZATION USAID/PERU
 (Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,127.7			XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,269.5			28.0*
PT/TEMP U.S. BASIC PAY	U102	112	22.0			1.5
DIFFERENTIAL PAY	U103	116	127.0			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	236.9			31.0
RETIREMENT - U.S.	U107	120	107.0			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	38.1			XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	15.0			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	19.5			7.0
POST ASSIGNMENT - FREIGHT	U112	22	123.0			7.0
HOME LEAVE - TRAVEL	U113	212	74.9			35.0
HOME LEAVE - FREIGHT	U114	22	35.8			35.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	41.7			30.0
ALL OTHER CODE 215 TRAVEL	U117	215	17.3			6.0
<u>FOREIGN NATIONAL DH</u>	U200		509.6			XXXXX
BASIC PAY	U201	114	412.0			42.0
OVERTIME, HOLIDAY PAY	U202	115	25.0			2.5
ALL OTHER CODE 11 - FN	U203	119	1.8			XXXXX
ALL OTHER CODE 12 - FN	U204	129	43.1			XXXXX
BENEFITS FORMER FN PERS.	U205	13	27.7			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		1,350.4			XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	573.0			10.0
ALL OTHER U.S. PSC COSTS	U303	255	175.5			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	440.9			55.0
ALL OTHER F.N. PSC COSTS	U305	255	11.0			XXXXX
JCC COSTS PAID BY AID/W	U306	113	150.0			2.0
<u>HOUSING</u>	U400		707.8			XXXXX
RENT	U401	235	48.2			2.0
UTILITIES	U402	235	2.8			XXXXX
RENOVATION AND MAINT.	U403	259	3.0			XXXXX
QUARTERS ALLOWANCE	U404	127	494.5			29.0
PURCHASES RES. FURN/EQUIP.	U405	311	123.6			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	19.0			XXXXX
SECURITY GUARD SERVICES	U407	254	11.0			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.7			XXXXX
REPRESENTATION ALLOWANCE	U409	252	3.0			XXXXX

* Includes 6.0 IDIs.

TABLE VIII - FY 1986

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1,859.2			<u>XXXXX</u>
RENT	U501	234	578.4			<u>XXXXX</u>
UTILITIES	U502	234	33.0			<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	78.5			<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	128.5			<u>XXXXX</u>
VEHICLES	U505	312	54.0			<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	24.8			<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	35.4			<u>XXXXX</u>
COMMUNICATIONS	U508	230	87.1			<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	60.4			<u>XXXXX</u>
PRINTING	U510	24	1.5			<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	69.0			190.0
SITE VISITS - OTHER	U513	210	95.0			33.0
INFORMATION MEETINGS	U514	210	41.3			10.0
TRAINING ATTENDANCE	U515	210	4.9			2.0
CONFERENCE ATTENDANCE	U516	210	29.0			14.0
OTHER OPERATIONAL TRAVEL	U517	210	8.6			3.0
SUPPLIES AND MATERIALS	U518	26	169.4			<u>XXXXX</u>
FAAS	U519	257	73.7			<u>XXXXX</u>
CONSULTING SVCS - CONT.	U520	259				<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U521	259				<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U522	259				<u>XXXXX</u>
ALL OTHER CODE 25	U523	259	286.7			<u>XXXXX</u>
TOTAL O.E. BUDGET			6,554.7			<u>XXXXX</u>
RECONCILIATION			1,787.3			<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			4,767.4			<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs	1,841.0
Exchange rate used (as of May 1, 1984)	<u>3,145 Soles to US\$1.00</u>
Estimated Wage Increases - FY 1985 to FY 1986	97.3%
Estimated Price Increases - FY 1985 to FY 1986	<u>10%</u>

P.I. Course

<u>Units</u>	<u>US\$ Cost</u>
5.0	15.0

TABLE VIII(a) - Information on U.S. psc Costs
(Fiscal Years 1982 and 1983)

ORGANIZATION	USAID/PERU		
<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Administrative Assistant to Mission Director	\$ 13.9 (07/84-12/84)	\$ 30.0 (12/84-12/85)	\$ 32.4 (12/85-12/86)
FFP Coordinate All PVO Programs	\$ 12.1 (07/84-12/84)	\$ 8.6 (12/84-03/85)	\$ --
Private Sector Officer Assist in Formulating Private Sector Development Strategy and Policy	\$ 104.0 (07/84-07/85)	\$ 113.1 (07/85-07/86)	\$ 123.0 (07/86-07/87)
Assistant to Executive Officer Assist Executive Officer in All Functions	\$ 91.2 (04/84-04/85)	\$ 63.3 (04/85-04/86)	\$ 60.8 (04/86-04/87)
Administrative Assistant Assist in Developing Mission Strategy for Project Development	\$ 22.4 (06/84-12/84)	\$ 44.8 (12/84-12/85)	\$ 48.0 (12/85-12/86)
Public Health Advisor Senior Advisor to Health Officer in Overseeing Design Implementation and Evaluation of Primary Health Care Portfolio	\$ 103.0 (06-84-06-85)	\$ 77.0 (06/85-06/86)	\$ 83.5 (06/86-06/87)
Assistant to Program Officer Coordinate Counterpart Process Develop Briefing Books and General Data	\$ 71.6 (06/84-06/85)	\$ 65.0 (06/85-06/86)	\$ -- -
Disaster Relief and Rehabilitation Officer	\$ -- -	\$ 102.1 (11/84-11/85)	\$ 88.7 (11/85-11/86)
	<u>\$ 418.2</u>	<u>\$ 503.9</u>	<u>\$ 436.4</u>

TABLE VIII(b) - A31 Other Code 25 Detail
 (Function Code U523)

ORGANIZATION USAID/PERU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Driver/Messenger Services	\$ 91.5 (12/83-12/84)	\$ 105.2 (12/84-12/85)	\$ 121.0 (12/85-12/86)
Computer, Telephone and Electrical Installation and Moving to a New Building	\$ -	\$ 390.0	\$ -
WANG Computer Maintenance Services	\$ -	\$ 27.9 (07/85-07/86)	\$ 31.9 (07/86-07/87)
Other Services (Office Equipment Maintenance, Motor Pool Maintenance, Secretarial/Clerical Services.)	\$ 83.9	\$ 114.8	\$ 133.8
	<hr/>	<hr/>	<hr/>
	<u>\$ 175.4</u>	<u>\$ 637.9</u>	<u>\$ 286.7</u>

ADJUSTED TABLE VIII - FY-1985

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>P.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,285.3			XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,479.8			32.8*
PT/TEMP U.S. BASIC PAY	U102	112	22.0			1.5
DIFFERENTIAL PAY	U103	116	148.0			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C. 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	187.4			28.0
RETIREMENT - U.S.	U107	120	124.7			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	44.4			XXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	6.5			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	21.5			8.0
POST ASSIGNMENT - FREIGHT	U112	22	136.0			8.0
HOME LEAVE - TRAVEL	U113	212	31.9			17.0
HOME LEAVE - FREIGHT	U114	22	20.5			17.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	47.6			38.0
ALL OTHER CODE 215 TRAVEL	U117	215	15.0			6.0
<u>FOREIGN NATIONAL DH</u>	U200		552.3			XXXXX
BASIC PAY	U201	114	450.7			50.0
OVERTIME, HOLIDAY PAY	U202	115	26.5			2.5
ALL OTHER CODE 11 - FN	U203	119	1.8			XXXXX
ALL OTHER CODE 12 - FN	U204	129	45.6			XXXXX
BENEFITS FORMER FN PERS.	U205	13	27.7			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		985.4			XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	361.6			7.3
ALL OTHER U.S. PSC COSTS	U303	255	142.3			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	335.0			47.0
ALL OTHER F.N. PSC COSTS	U305	255	10.0			XXXXX
JCC COSTS PAID BY AID/W	U306	113	136.5			2.0
<u>HOUSING</u>	U400		822.8			XXXXX
RENT	U401	235	43.8			2.0
UTILITIES	U402	235	2.5			XXXXX
RENOVATION AND MAINT.	U403	259	2.8			XXXXX
QUARTERS ALLOWANCE	U404	127	510.7			33.0
PURCHASES RES. FURN/EQUIP.	U405	311	216.0			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	31.8			XXXXX
SECURITY GUARD SERVICES	U407	254	10.0			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.4			XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.8			XXXXX

* Includes 6.0 IDIs.

ADJUSTED TABLE VIII - FY-1985

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		2,639.0			XXXXX
RENT	U501	234	550.9			XXXXX
UTILITIES	U502	234	47.5			XXXXX
BUILDING MAINT./RENOV.	U503	259	193.3			XXXXX
OFFICE FURN./EQUIP.	U504	310	189.5			XXXXX
VEHICLES	U505	312	68.0			XXXXX
OTHER EQUIPMENT	U506	319	326.0			XXXXX
TRANSPORTATION/FREIGHT	U507	22	47.9			XXXXX
COMMUNICATIONS	U508	230	79.2			XXXXX
SECURITY GUARD SERVICES	U509	254	52.5			XXXXX
PRINTING	U510	24	1.2			XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	60.0			190.0
SITE VISITS - OTHER	U513	210	82.4			33.0
INFORMATION MEETINGS	U514	210	30.2			10.0
TRAINING ATTENDANCE	U515	210	4.3			2.0
CONFERENCE ATTENDANCE	U516	210	25.3			14.0
OTHER OPERATIONAL TRAVEL	U517	210	7.5			3.0
SUPPLIES AND MATERIALS	U518	26	174.0			XXXXX
FAAS	U519	257	61.4			XXXXX
CONSULTING SVCS - CONT.	U520	259				XXXXX
MGT./PROF. SVCS. - CONT.	U521	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259				XXXXX
ALL OTHER CODE 25	U523	259	637.9			XXXXX
TOTAL O.E. BUDGET			<u>7,284.8</u>			<u>XXXXX</u>
RECONCILIATION			<u>2,016.8</u>			<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>5,268.0</u>			<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs				2,592.6		
Exchange rate used (as of May 1, 1984)				<u>3,145 Soles to US\$1.00</u>		
Estimated Wage Increases - FY 1984 to FY 1985				<u>97.3%</u>		
Estimated Price Increases - FY 1984 to FY 1985				<u>10%</u>		

ADJUSTED TABLE VIII - FY 1986

ORGANIZATION USAID/PERU
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HERE</u>	U100		2,371.6			XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,470.4			32.0*
PT/TEMP U.S. BASIC PAY	U102	112	22.0			1.5
DIFFERENTIAL PAY	U103	116	147.0			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	236.9			31.0
RETIREMENT - U.S.	U107	120	124.0			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	44.1			XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	15.0			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	19.5			7.0
POST ASSIGNMENT - FREIGHT	U112	22	123.0			7.0
HOME LEAVE - TRAVEL	U113	212	74.9			35.0
HOME LEAVE - FREIGHT	U114	22	35.8			35.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	41.7			30.0
ALL OTHER CODE 215 TRAVEL	U117	215	17.3			6.0
<u>FOREIGN NATIONAL DH</u>	U200		588.0			XXXXX
BASIC PAY	U201	114	490.4			50.0
OVERTIME, HOLIDAY PAY	U202	115	25.0			2.5
ALL OTHER CODE 11 - FN	U203	119	1.8			XXXXX
ALL OTHER CODE 12 - FN	U204	129	43.1			XXXXX
BENEFITS FORMER FN PERS.	U205	13	27.7			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		959.9			XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	329.1			6.0
ALL OTHER U.S. PSC COSTS	U303	255	107.3			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	362.5			47.0
ALL OTHER F.N. PSC COSTS	U305	255	11.0			XXXXX
JCC COSTS PAID BY AID/W	U306	113	150.0			2.0
<u>HOUSING</u>	U400		776.0			XXXXX
RENT	U401	235	48.2			2.0
UTILITIES	U402	235	2.8			XXXXX
RENOVATION AND MAINT.	U403	259	3.0			XXXXX
QUARTERS ALLOWANCE	U404	127	562.7			33.0
PURCHASES RES. FURN/EQUIP.	U405	311	123.6			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	19.0			XXXXX
SECURITY GUARD SERVICES	U407	254	11.0			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.7			XXXXX
REPRESENTATION ALLOWANCE	U409	252	3.0			XXXXX

* Includes 6.0 IDIs.

ADJUSTED TABLE VIII - FY 1986

ORGANIZATION USAID/PERU
 (Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1,859.2			XXXXX
RENT	U501	234	578.4			XXXXX
UTILITIES	U502	234	33.0			XXXXX
BUILDING MAINT./RENOV.	U503	259	78.5			XXXXX
OFFICE FURN./EQUIP.	U504	310	128.5			XXXXX
VEHICLES	U505	312	54.0			XXXXX
OTHER EQUIPMENT	U506	319	24.8			XXXXX
TRANSPORTATION/FREIGHT	U507	22	35.4			XXXXX
COMMUNICATIONS	U508	230	87.1			XXXXX
SECURITY GUARD SERVICES	U509	254	60.4			XXXXX
PRINTING	U510	24	1.5			XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	69.0			190.0
SITE VISITS - OTHER	U513	210	95.0			33.0
INFORMATION MEETINGS	U514	210	41.3			10.0
TRAINING ATTENDANCE	U515	210	4.9			2.0
CONFERENCE ATTENDANCE	U516	210	29.0			14.0
OTHER OPERATIONAL TRAVEL	U517	210	8.6			3.0
SUPPLIES AND MATERIALS	U518	26	169.4			XXXXX
FAAS	U519	257	73.7			XXXXX
CONSULTING SVCS - CONT.	U520	259				XXXXX
MGT./PROP. SVCS. - CONT.	U521	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259				XXXXX
ALL OTHER CODE 25	U523	259	286.7			XXXXX
TOTAL O.E. BUDGET			6,554.7			XXXXX
RECONCILIATION			2,031.2			XXXXX
OPERATING ALLOWANCE REQUEST			4,523.5			XXXXX
OTHER INFORMATION:						
Dollar requirement for local currency costs				1,841.0		
Exchange rate used (as of May 1, 1984)				3,145 Soles to US\$1.00		
Estimated Wage Increased - FY 1985 to FY 1986				97.3%		
Estimated Price Increases - FY 1985 to FY 1986				10%		

ADP Narrative Statement

USAID/Peru's automation requirements were reviewed in detail in FY 1984. The USAID Automation Assessment issued by SER/IRM states that Peru should proceed rapidly but prudently towards full scale automation. IRM's report states automation in Peru is both justified and warranted and that instead of providing more of the same i.e., word processing, the Mission's current needs can only be met with larger and true data processing capability.

Existing System

In FY-81 USAID/Peru purchased a WANG OIS 130A Office Information System through the State Department's WANG Laboratories Contract. In FY-82, four additional workstations were acquired. In FY-83 five archive workstations and two printers were added. In FY-84 one stand alone microcomputer was added.

At present, our system consists of the following equipment:

<u>MODEL No.</u>	<u>Description</u>	<u>Quantity</u>
6530A	Master CPU and 10 MB Disk Drive	1
6581W	35 CPS Daisy Wheel Printer	2
TSF-33	Twin Sheet Feeder	1
55536-3	48K CRT	3
5536-4	64K CRT	4
	64K Archiving Workstation	5
5577	Data Matrix Printer	2
TSF-61	Twin Sheet Feeder for 5577	1
PC-005A	128K WANG PC with 10 MB hard disk monochrome monitor and MX80111 matrix printer	1

The word processing system is now being used at full capacity. Workstations and printers have been distributed throughout the building and are in constant use. All 16 ports available for peripheral equipment are in use and no additional peripheral equipment may be added to the system. The WANG PC is being used to run Multiplan Financial Management applications and the Local Employees Payroll System and Operating Expenses Programs are being transferred from the OIS to the PC, to reduce demands on the OIS System.

New System

The accompanying Table VIII (c) shows the funding required in FY-84, 85 and 86, to satisfy USAID/Peru's immediate data processing needs. USAID/Peru plans to reach full automation in three phases:

Phase one.- Acquire additional microcomputers for use in the controllers office and selected technical divisions.

Phase two.- Lease CPU time on a WANG VS 80 to run MACS. Begin acquisition of Mission owned peripheral devices compatible with all VS Systems.

Phase three.- Expand access to VS and PC's to other technical and staff offices and acquire Mission owned VS-90.

TABLE VIII (c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
1. <u>Capital Investments</u>			
A. <u>Purchase of Hardware</u>			
Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and microcomputers and their associated workstation/terminals, printers and telecommunications modems	31.0	48.0	55.0
B. <u>Purchase of Software</u>			
Purchase of software by the Mission to operate an existing or new automation equipment (hardware) such as CP/M, Multiplan, DBASE II and Microstat, LOTUS 1-2-3, etc.	2.4	2.4	2.4
C. <u>Site and Facility</u>			
Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning and uninterruptible power sources	-	-	-
Sub-Total	<u>33.4</u>	<u>50.4</u>	<u>57.4</u>

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
2. <u>Personnel</u>			
Mission will provide requirements below for personnel involved in the information technology functions, such as systems development and operation, and the percentage of management and secretarial personnel also involved. Personnel that use systems will not be included.			
A. <u>Compensation, Benefits and Travel</u>	13.8	18.9	20.8
B. <u>Workyears</u>	(2.0)	(3.0)	(3.0)
<hr/>			
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
A. <u>Lease of Equipment</u>			
Obligations for lease and maintenance of non-government owned equipment (rented equipment)	1.0	8.4	12.0
B. <u>Space</u>			
Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (See 2A&B) including basic utilities and house keeping services	-	-	-
C. <u>Supplies and Other</u>			
Obligations for supplies and software rental (not included in a rental contract for equipment).	-	-	-
D. <u>Non-Commercial Training</u>			
Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.	-	-	-
Sub-Total	<u>1.0</u>	<u>8.4</u>	<u>12.0</u>

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
4. <u>Commercial Services</u> This includes obligation for services where payments are made to private industry.			
A. <u>Computer Time</u> Obligations to fund contract with a private firm to provide computer time to the Mission.	4.0	4.0	-
B. <u>Leased Telecommunications Services</u> Obligations for lease telephone line and other telecommunication services to obtain data from other computers or to transmit data. For Missions, but identify separately, the lease of local telephone lines and modems to reach the American Embassy's, Office of Communications for the transmission of data to and from AID/W.	-	-	-
C. <u>Operations and Maintenance</u>			
(1) <u>Operations</u> Include funds to be obligated for contractor services to operate a WANG VS computer or and OIS System (system administrator and staff, not workstation operators).	-	-	-
(2) <u>Maintenance</u> Include obligation for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	11.7	27.9	31.9

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
D. <u>System Analysis and Programming</u> Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems.	-	-	-
E. <u>System Design and Engineering</u> (Do not complete - OMB requirement not applicable to AID).	-	-	-
F. <u>Studies and Other</u> Obligations for management and feasibility studies, requirement definitions, and commercial training	-	-	-
Sub-Total	<u>15.7</u>	<u>31.9</u>	<u>31.9</u>
<hr/>			
5. TOTALS			
Total Obligation	<u>63.9</u>	<u>109.6</u>	<u>122.1</u>
Workyears (From item 2A)	(2.0)	(3.0)	(3.0)
<hr/>			
6. <u>Special Breakout</u>			
A. Amounts included in Mission allowances for existing systems (Includes 2A, 3 and 4). (Services for equipment in place only).	26.5	43.9	64.7
B. Amounts includes in Mission allowances for new or expanded systems. (Includes 1, 2A, 3 and 4). (Equipment and services for new efforts beginning during the fiscal year).	37.4	65.7	57.4

SUMMARY OF FY-1984 NXP PROCUREMENT PLAN

	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
405 <u>Residential Furnishings</u>			
Replacement Property	16,620	8,310	24,930
New Property	<u>98,140</u>	<u>13,520</u>	<u>111,660</u>
	114,760	21,830	136,590
504 <u>Office Equipment</u>			
Replacement Property	10,150	1,300	11,450
New Property	<u>61,720</u>	<u>7,100</u>	<u>68,820</u>
	71,870	8,400	80,270
506 <u>Other Equipment</u>			
Replacement Property	6,760	1,100	7,860
New Property	<u>16,050</u>	<u>2,200</u>	<u>18,250</u>
	22,810	3,300	26,110
Grand Total Replacement Property	33,530	10,710	44,240
Grand Total New Property	<u>175,910</u>	<u>22,820</u>	<u>198,730</u>
GRAND TOTAL	209,440	33,530	242,970
	=====	=====	=====

FY-84 NXP PROCUREMENT PLAN

Class 405: Residential Furnishings

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
6	Freezers	720	4,320	2,160	6,480
6	Refrigerators	750	4,500	2,250	6,750
6	Range, electric	400	2,400	1,200	3,600
6	Washing machines	500	3,000	1,500	4,500
6	Dryer clothes	400	2,400	1,200	3,600
	Extended cost				16,620
	Ext. Pkg./Shp.			8,310	
	CIF (Destination)				24,930
 <u>New Property Requirement</u>					
6	Living room sets	1,600	9,600	---	9,600
6	Dining room sets	1,900	11,400	---	11,400
6	Family room, Den, sets	1,600	9,600	---	9,600
6	Master bedroom sets	2,400	14,400	---	14,400
12	Dependents bedrooms	1,800	21,600	---	21,600
24	Rugs 12' x 9'	180	4,320	2,160	6,480
6	Rugs 12' x 15'	350	2,100	1,050	3,150
10	Kitchen sets	350	3,500	---	3,500
20	Dehumidifiers	250	5,000	2,000	7,000
6	Freezers	720	4,320	2,160	6,480
6	Refrigerators	750	4,500	2,250	6,750
6	Range, electric	400	2,400	1,200	3,600
6	Washing machines	500	3,000	1,500	4,500
6	Dryer clothes	400	2,400	1,200	3,600
	Extended cost		98,140		
	Est. Pkg./Shp.			13,520	
	CIF (Destination)				111,660
 GRAND TOTAL			\$114,760	\$21,830	\$136,590
			=====	=====	=====

FY-84 NXP PROCUREMENT PLAN

Class 504: Office Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
6	Typewriters IBM Selectric	1,000	6,000	600	6,600
8	Calculators, electric	300	2,400	400	2,800
2	Slide Projectors	500	1,000	200	1,200
1	Camera	150	150	50	200
2	Recorders, tape, cassette	300	600	50	650
	Extended cost				10,150
	Est. Pkg. Shp.			1,300	
	CIF (Destination)				11,450
<u>New Property Requirements</u>					
12	Swivel chair, secretary	350	4,200	1,600	5,800
12	Office set, executive	900	10,800	---	10,800
12	Office set, secretarial	900	10,800	---	10,800
24	Table end, corner	100	2,400	---	2,400
8	Table, wood, office	250	2,000	800	2,800
24	Welcome chairs	150	3,600	---	3,600
12	Swivel chairs, executive	450	5,400	2,400	7,800
12	Clock wall, electronic	135	1,620	300	1,920
8	Typewriters, IBM Selectric	1,000	8,000	800	8,800
6	Typewriters, manual	400	2,400	600	3,000
6	Calculators electric	300	2,400	400	2,800
4	Recorder, tape, cassette	300	1,200	100	1,300
1	TV Camera	1,500	1,500	100	1,600
10	Fan/Ventilator	100	1,000	---	1,000
12	Filing cabinets 4/5 Drw.	300	3,600	---	3,600
4	Filing cabinets 2 Drw.	200	800		800
	Extended cost		61,720		
	Ext. Pkg. Shp.			7,100	
	CIF (Destination)				68,820
GRAND TOTAL			\$71,870	\$8,400	\$80,270
			=====	=====	=====

FY-84 NXP PROCUREMENT PLAN

Class 506: Other Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
6	Floor polisher, domestic	385	2,310	---	2,310
1	Floor polisher, commercial	400	400	100	500
15	Transformers	80	1,200	---	1,200
3	Air conditioners	950	2,850	1,000	3,850
	Extended cost		6,760		
	Est. Pkg. Shp.			1,100	
	CIF (Destination)				7,860
 <u>New Property Requirements</u>					
20	Vacuum cleaners	250	5,000	---	5,000
20	Transformers	80	1,600	---	1,600
10	Floor polishers domestic	285	2,850	---	2,850
2	Tool kits mechanich	300	600	200	800
3	Telephone key-system	2,000	6,000	2,000	8,000
	Extended cost		16,050		
	Est. Pkg. Shp.			2,200	
	CIF (Destination)				18,250
 GRAND TOTAL			\$22,810	\$3,300	\$26,110
			=====	=====	=====

SUMMARY OF FY-85 NXP PROCUREMENT PLAN

	<u>Extended Cost</u>	<u>Pkg./ Shp.</u>	<u>TOTAL</u>
405 <u>Residential Furnishings</u>			
Replacement Property	209,420	28,490	237,910
New Property	<u>6,600</u>	<u>3,300</u>	<u>9,900</u>
	216,020	31,790	247,810
504 <u>Office Equipment</u>			
Replacement Property	83,035	11,255	94,290
New Property	<u>106,480</u>	<u>11,100</u>	<u>117,580</u>
	189,515	22,355	211,870
505 <u>Vehicles</u>			
Replacement Property	57,000	7,500	64,500
New Property	<u>11,000</u>	<u>2,700</u>	<u>13,700</u>
	68,000	10,200	78,200
506 <u>Other Equipment</u>			
Replacement Property	21,550	6,400	27,950
New Property	<u>39,375</u>	<u>9,000</u>	<u>48,375</u>
	60,925	15,400	76,325
Grand Total Replacement Property	371,005	53,645	424,650
Grand Total New Property	<u>163,455</u>	<u>26,100</u>	<u>189,555</u>
GRAND TOTAL	<u>\$534,460</u>	<u>\$79,745</u>	<u>\$614,205</u>

FY-85 NXP PROCUREMENT PLAN

Class 506: Other Equipment

<u>Qyt.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
10	Air conditioners	1,000	10,000	3,000	13,000
10	Floor polishers, domestic	350	3,500	---	3,500
1	Floor polisher, industrial	450	450	100	550
6	Sewage drain cleaner	300	300	100	400
6	Ladder step	100	600	200	800
1	Cafeteria equipment	5,000	5,000	3,000	8,000
20	Transformers a/types	85	1,700	---	1,700
	Extended cost		21,550		
	Est. Pkg. Shp.			6,400	
	CIF (Destination)				27,950
 <u>New Property Requirements</u>					
25	Space heaters	60	1,500	500	2,000
15	Vacuum cleaners, domestic	275	4,125	---	4,125
20	Transformers a/types	85	1,700	---	1,700
6	Water dispenser, elect.	250	1,500	500	2,000
10	Ladder step	100	1,000	300	1,300
15	Ironing boards	50	750	200	950
2	Tool kits mechanics	600	1,200	500	1,700
	Warehouse equipment (handlift, carts, ladders, cabinets, racks, etc)		6,000	2,000	8,000
12	Security radios	1,800	21,600	5,000	26,600
	Extended cost		39,375		
	Est. Pkg. Shp.			9,000	
	CIF (Destination)				48,375
GRAND TOTAL			\$60,925	\$15,400	\$76,325
			=====	=====	=====

FY-85 NXP PROCUREMENT PLAN

Class 505: Vehicles

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
<u>Replacement Property</u>				
2	1985, 4 x 4 carryalls Model Chevrolet	18,000	5,000	41,000
1	1985, Chevrolet truck	21,000	2,500	23,500
	Extended cost	57,000		
	Est. Pkg. Shp.		7,500	
	CIF (Destination)			64,500
<u>New Property Requirements</u>				
1	1983 Seda, 4 doors (increase fleet)	10,000	2,500	12,500
1	1985 Motorcycle 75 cc.	1,000	200	1,200
	Extended cost	11,000		
	Ext. Pkg. Shp.		2,700	
	CIF (Destination)			13,700
GRAND TOTAL			\$68,000	\$78,200
			=====	=====

FY-85 NXP PROCUREMENT PLAN

Class 504: Office Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
15	Office set, executive	1,000	15,000	---	15,000.
15	Office set, secretarial	1,000	10,000	---	10,000
15	Table end, corner	110	1,650	---	1,650
4	Table office	275	1,100	550	1,650
30	Welcome chairs	165	4,950	---	4,950
15	Swivel chairs, executive	490	7,350	3,675	11,025
15	Swivel chairs, secretarial	385	5,775	2,880	8,655
4	Clock, electric, wall	150	600	100	700
10	Electric typewriters Selectric	1,100	11,000	2,000	13,000
3	Manual typewriters	440	1,320	300	1,620
10	Calculators, electr.	330	3,300	1,650	4,950
3	Recorders, cassette	330	990	100	1,090
2	Office sets, D & DD	10,000	20,000	---	20,000
	Extended cost		83,035		
	Est. Pkg. Shp.			11,255	
	CIF (Destination)				94,290
<u>New Property Requirements</u>					
	Computer equipment		50,400	---	50,400
5	Typewriters, Selectric	1,100	5,500	1,000	6,500
6	Calculators, electr.	330	1,980	1,000	2,980
	Health room equipment		2,000	1,000	3,000
1	Photocopier		8,100	2,000	10,100
	Auditorium equipment		3,000	1,000	4,000
6	Filing cabinets 4/5 Drawers	350	2,100	---	2,100
1	Postage meter machine	1,000	1,000	100	1,100
	Telephone keyboard system		30,000	5,000	35,000
12	Wardrobe cabinets	200	2,400	---	2,400
	Extended cost		106,480		
	Est. PKg. Shp.			11,100	
	CIF (Destination)				117,580
 GRAND TOTAL			\$189,515	\$22,355	\$211,870
			=====	=====	=====

FY-85 NXP PROCUREMENT PLAN

Class 405: Residential Furnishings

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
12	Living room sets	1,800	21,600	---	21,600.
12	Dining room sets	2,100	25,200	---	25,200
12	Family room/Den sets	1,800	21,600	---	21,600
12	Master bedroom sets	2,500	30,000	---	30,000
24	Dependents bedroom sets	2,000	48,000	---	48,000
48	Rugs 12' x 9'	200	9,600	4,800	14,400
12	Rugs 12' x 15'	385	4,620	2,310	6,930
12	Freezers	800	9,600	4,800	14,400
12	Refrigerators	825	9,900	4,950	14,850
12	Range, electric	440	5,280	2,640	7,920
12	Washing machines	550	6,600	3,300	9,900
12	Dryer clothes	440	5,280	2,640	7,920
8	Kitchen sets	385	3,080	---	3,080
12	Card table, chair sets	200	2,400	800	3,200
12	Dehumidifiers	275	3,300	1,650	4,950
12	Bookcase wood	180	2,160	---	2,160
24	Desk lamps	50	1,200	600	1,800
	Extended cost		209,420		
	Est. Pkg. Shp.			28,490	
	CIF (Destination)				237,910
 <u>New Property Requirements</u>					
10	Kitchen sets	385	3,850	1,925	5,775
10	Dehumidifiers	275	2,750	1,375	4,125
	Extended cost		6,600		
	Est. Pkg. Shp.			3,300	
	CIF (Destination)				9,900
 GRAND TOTAL			\$216,020	\$31,790	\$247,810
			=====	=====	=====

SUMMARY OF FY-86 NXP PROCUREMENT PLAN

	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
405 <u>Residential Furnishings</u>			
Replacement Property	123,600	19,065	142,665
New Property	---	---	---
504 <u>Office Equipment</u>			
Replacement Property	51,320	6,840	58,160
New Property	<u>77,260</u>	<u>10,000</u>	<u>87,260</u>
	128,580	16,840	145,420
505 <u>Vehicles</u>			
Replacement Property	54,000	12,000	66,000
New Property	---	---	---
506 <u>Other Equipment</u>			
Replacement Property	19,800	6,550	26,350
New Property	<u>5,000</u>	---	<u>5,000</u>
	24,800	6,550	31,350
Grand Total Replacement Property	248,720	44,455	293,175
Grand Total New Property	<u>82,260</u>	<u>10,000</u>	<u>92,260</u>
GRAND TOTAL	<u>\$330,980</u>	<u>\$54,455</u>	<u>\$385,435</u>

FY-86 NXP PROCUREMENT PLAN

Object Class 405: Residential Furnishings

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
6	Living room sets	2,000	12,000	--	12,000
6	Dining room sets	2,300	13,800	--	13,800
6	Family room sets	2,000	12,000	--	12,000
6	Master bedroom sets	2,750	16,500	--	16,500
12	Dependents bedroom sets	2,200	26,400	--	26,400
24	Rugs 12' x 9'	220	5,280	2,640	7,920
12	Rugs 12' x 15'	400	4,800	2,400	7,200
6	Freezers	900	5,400	2,700	8,100
6	Refrigerators	900	5,400	2,700	8,100
6	Range, electric	500	3,000	1,500	4,500
6	Washers	600	3,600	1,800	5,400
6	Dryer clothes	500	3,000	1,500	4,500
48	Lamp table	50	2,400	1,200	3,600
6	Lamp foot	50	300	150	450
6	Kitchen sets	400	2,400	--	2,400
6	Card table/chair sets	220	1,320	675	1,995
12	Bookcase, wood	200	2,400	--	2,400
12	Dehumidifiers	300	3,600	1,800	5,400
	Extended cost		123,600		
	Est. Pkg. Shp.			19,065	
	CIF (Destination)				142,665
	 GRAND TOTAL		 \$123,600 =====	 \$19,065 =====	 \$142,665 =====

FY-86 NXP PROCUREMENT PLAN

Object Class 505: Vehicles

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
1	<u>Replacement Property</u> 1986, Sedan, 4 door automobile	12,000	3,000	15,000
3	1986, 4 x 4, carryall CK20 Model, Chevrolet	14,000	9,000	51,000
	Extended cost	54,000		
	Est. Pkg. Shp.		12,000	
	CIF (Destination)			66,000
	GRAND TOTAL	\$54,000	\$12,000	\$66,000

FY-86 NXP PROCUREMENT PLAN

Object Class 506: Other Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
10	Air conditioners	1,200	12,000	6,000	18,000
6	Floor polishers, domestic	380	2,280	---	2,280
6	Vacuum cleaners, domestic	300	1,800	---	1,800
6	Blender	150	900	150	1,050
6	Irons	70	420	---	420
1	Carpet shampooer Mach.	800	800	400	1,200
20	Transformers	80	1,600	---	1,600
	Extended cost		19,800		
	Est. Pkg. Shp.			6,550	
	CIF (Destination)				26,350
 <u>New Property Requirements</u>					
10	Transformers step down 5,000 WT. 60 Hz., 110/220	500	5,000	---	5,000
	Extended cost		5,000		
	Est. Pkg. Shp.			---	
	CIF (Destination)				5,000
 GRAND TOTAL			 \$24,800 =====	 \$6,550 =====	 \$31,350 =====

FY-86 NXP PROCUREMENT PLAN

Object Class 504: Office Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
8	Office set, Executive	1,100	8,800	---	8,800
8	Office set, Secretarial	1,100	8,800	---	8,800
8	Table end, corner	120	960	---	960
16	Welcome chairs	180	2,880	---	2,880
8	Swivel, chairs, executive	540	4,320	2,160	6,480
8	Swivel, chairs, secretarial	420	3,360	1,680	5,040
12	Typewriters, Selectric	1,200	14,400	2,000	16,400
12	Calculators, electr.	350	4,200	1,000	5,200
6	Sofas, office	600	3,600	---	3,600
	Extended cost		51,320		
	Est. Pkg. Shp.			6,840	
	CIF (Destination)				58,160
<u>New Property Requirements</u>					
	Computer equipment		57,500	10,000	67,500
4	Filing cabinets 4/5 drawers	330	1,320	---	1,320
4	Table office	360	1,440	---	1,440
2	Table, conference	1,000	2,000	---	2,000
50	Chairs, conference	300	15,000	---	15,000
	Extended cost		77,260		
	Est. Pkg. Shp.			10,000	
	CIF (Destination)				87,260
GRAND TOTAL			\$128,580	\$16,840	\$145,420
			=====	=====	=====

SUMMARY OF FY-87 NXP PROCUREMENT PLAN

	<u>Extended</u> <u>-Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
405 <u>Residential Furniture</u>			
Replacement Property	144,170	27,105	171,275
New Property Requirements			
504 <u>Office Equipment</u>			
Replacement Property	102,800	18,200	121,000
New Property Requirements			
505 <u>Vehicles</u>			
Replacement Property	48,000	10,500	58,500
New Property Requirements			
506 <u>Other Equipment</u>			
Replacement Property	14,300	5,700	20,000
New Property Requirements			
 Grand Total Replacement Prop.	 \$ 309,270	 \$ 61,505	 \$ 370,775
	=====		

FY-87 NXP PROCUREMENT PLAN

Object Class 405: Residential Furniture

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>	
<u>Replacement Property</u>					
6	Living room sets	2,200	13,200	---	13,200
6	Dining room sets	2,500	15,000	---	15,000
6	Family room/den	2,200	13,200	---	13,200
6	Master bedroom sets	3,000	18,000	---	18,000
12	Dependents bedroom sets	2,400	28,800	---	28,800
24	Rugs 12' x 9'	240	5,760	2,880	8,640
12	Rugs 12' x 15'	440	5,280	2,640	7,920
6	Freezers	1,000	6,000	3,000	9,000
8	Refrigerators	1,000	8,000	4,000	12,000
8	Range, electric	550	4,400	2,200	6,600
8	Washers	660	5,280	2,640	7,920
8	Dryers clothes	550	4,400	2,200	6,600
48	Lamp, table	55	2,640	1,320	3,960
6	Lamp, f-ot	55	330	165	495
8	Kitchen sets	440	3,520	1,760	5,280
8	Card table/chair sets	250	2,000	1,000	3,000
8	Bookcase, wood	220	1,760	---	1,760
20	Dehumidifiers	330	6,600	3,300	9,900
	Extended cost		144,170		
	Est. Pkg. Shp.			<u>27,105</u>	
	CIF (Destination)				<u>171,275</u>

FY-87 NXP PROCUREMENT PLAN

Object Class 506: Other Equipment

<u>Qty.</u> <u>Item</u>		<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u> <u>_____</u>
	<u>Replacement Property</u>				
8	Air conditioners	1,300	10,400	5,200	15,600
20	Space heaters	65	1,300	500	1,800
8	Ladder step	100	800	---	800
20	Transformers	90	<u>1,800</u>	---	1,800
	Extended cost		14,300		
	Est. Pkg. Shp.			<u>5,700</u>	
	CIF (Destination)				<u>20,000</u>

FY-87 NXP PROCUREMENT PLAN

Object Class 505: Vehicle

<u>Qty.</u> <u>Item</u>		<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
	<u>Replacement Property</u>				
3	1987, 4 x 4 Carryalls CK20 Model, Chevrolet	16,000	48,000	10,500	58,500

FY-87 NXP PROCUREMENT PLAN

Object class 504: Office Equipment

<u>Qty.</u> <u>Item</u>	<u>Unit</u> <u>Cost</u>	<u>Extended</u> <u>Cost</u>	<u>Pkg./</u> <u>Shp.</u>	<u>Total</u>
<u>Replacement Property</u>				
8 Office set, executive	1,300	10,400	---	10,400
8 Office set, secretarial	1,300	10,400	---	10,400
8 Table end, corner	150	1,200	---	1,200
16 Welcome chairs	200	3,200	---	3,200
8 Swivel chair, executive	600	4,800	2,400	7,200
8 Swivel chair, secretarial	450	3,600	1,800	5,400
4 Table, office	300	1,200	600	1,800
12 Typewriters, Selectric	1,350	16,200	2,000	18,200
12 Calculators, elect.	400	4,800	1,000	5,800
4 Typewriters, manual	450	1,800	400	2,200
Computer equipment	40,000	40,000	10,000	50,000
8 Sofas, office	650	5,200	---	5,200
		<u>102,800</u>		
	Extended Cost			
	Est. Pkg. Shp.		<u>18,200</u>	
	CHF (Destination)			<u>121,000</u>

PL-480 Narrative

PART A: Title I

The Title I program is an important element in our program and assistance strategy in Peru. In addition to providing much-needed balance of payments support by financing part of the food that Peru needs to import to fill large and continuing production-consumption gaps, the local currency it generates is tightly programmed to support the implementation of high priority AID and other donor development projects. Currently, all AID projects receiving financial counterpart through the GOP budget are supported by Title I local currency proceeds deposited in a special account administered by the Ministry of Finance. This year, Title I local currency generations will be supplemented by \$15 million in local currencies associated with the \$60 million Disaster Assistance Program Loan and by about \$3.3 million in 1983 Title I local currencies that were not used then due to budgetary austerity and institutional rigidities. The resulting fund, which totals over \$38 million, will allow all AID projects to receive the full GOP counterpart required this year. This arrangement is critical to maintaining acceptable progress on speeding the implementation of projects in the current AID portfolio, which has been and will continue to be one of the Mission's overriding management concerns. The fund will also provide some \$11 million in local currency for other donor projects. To date, several World Bank projects in areas of special interest to AID have been identified as potential recipients of this support.

The Mission proposes to develop a \$130 million, five-year Title I arrangement as part of the overall package of assistance to be negotiated with the new administration scheduled to take office in July, 1985. As stated in the recently-approved FY 86-90 CDSS and the Mission's Action Plan for FY 85 and 86 (included in this ABS), we have what may be a unique opportunity to influence the course of Peruvian development for the rest of the decade and beyond. Concessional balance of payments support, combined with local currency financing of the development investment budget, will be an important component of the resources needed to obtain policy reforms in agriculture and rural development (and related program areas) and to achieve targeted program implementation performance. Of special importance are policy measures improving the efficiency of resource utilization, including interest rates charged by the Agrarian Bank, support prices paid for important crops, food consumption subsidies, and the role of the state in agricultural input and output marketing. These are among our main targets for policy changes and are also being pursued in our agricultural/rural development policy dialogues and the proposed Agricultural Sector Support grant/loan combination--Project 527-0282.

A central feature of the multi-year arrangement will be to shift the utilization of local currency proceeds gradually away from their use exclusively as support for AID projects towards other donor projects and GOP activities whose importance was not foreseen at the time of each year's budget preparation or which are of special interest to AID because of their relevance to small farm agriculture. We would work with the GOP to develop criteria for

eligibility; both sides would be able to propose activities for support under the facility. At the end of the multi-year period, we would propose to have the GOP provide all of its counterpart for AID projects from non-Title I resources.

The kinds of commodities to be imported under the Title I program are an important determinant of how useful Title I resources can be in contributing to the achievement of AID development objectives in Peru. Continued inclusion of rice--especially lower qualities of rice--is clearly in conflict with AID's objectives. First, it is unlikely that rice will be in short supply during any year in the near future if the GOP maintains its commitment to achieving self-sufficiency in rice. This commitment has been expressed in the past mainly through the high support prices paid for local rice production; of increasing importance lately is the emphasis the GOP has placed on research and extension activities supporting rice production in the high jungle, where world-class yields are now being obtained and around 25 percent of Peruvian production is being grown already. As transportation systems improve, and to the extent that consumption subsidies on rice are lifted--as urged by the World Bank, AID and the IMF--there may well be sufficient supplies of rice in major urban markets throughout the year. Second, the inclusion of rice has been a major stumbling block to the early negotiation and signing of Title I agreements for the last three years at least. These delays imply slow placement of purchase orders for rice by the GOP and late generation of local currency proceeds. We have received many special requests for reconsidering this position and have had to expend major amounts of goodwill on cajoling GOP officials to include rice. The provision of lower quality rice means that this rice has to enter into direct competition with local rice and cannot be sold without subsidy. This slows the generation of local currency proceeds and therefore clearly reduces our ability to assure that counterpart shortfalls do not prejudice program implementation. Third, inclusion of rice may require a continuation of the public sector's virtual monopoly on the purchase and marketing of imported rice, as no private trader will be able to compete with subsidized public sector rice sales. This would be inimical to progress on further opening up domestic and international trade to competitive market forces (which all major donors and a substantial part of the GOP economic team enthusiastically support); on increasing the role of the private sector in development; and on stimulating private initiative. Fourth, it is not clear that continued Title I rice imports are consistent with the USG policy of avoiding significant disincentives to local production, given the GOP self-sufficient policy for rice. Nor is it clear that sufficient storage would exist at harvest time for both local and imported rice. If the latter situation develops, the GOP may have to sell rice at even more subsidized prices just to free up storage space. AID, the World Bank and the IMF are urging the GOP to eliminate rice consumption subsidies. Further, since \$10 million worth of PL-480 rice would supply only 7 percent of the local market's needs, small shifts in production or consumption would obviate the need for any rice imports. Rice is simply not a viable product for Title I in the long-term.

We believe that the objective of expanding markets for U.S. agricultural products could be well served by using Title I resources for U.S. wheat

exports, which have come under increasing competition in Peru from Argentine wheat. Peru will continue to require substantial imports of around 75 percent of its wheat consumption.

Properly structured, a multi-year Title I arrangement would provide the resources needed to cushion the effects of the policy changes and self-help targets included in the negotiating package. Since Title I would be one of several such resource facilities to be discussed, and since the negotiations will take place in the context of a multi-donor arena (perhaps a World Bank-led Consultative Group), we believe there is a good chance of negotiating a solid, worthwhile agreement with the new Peruvian administration. For this, we would appreciate AID/W clearance on our proceeding with preparations for the discussions. We specifically request that AID/W consider the following pattern of resource availability:

FY 86	-	\$30 million
FY 87	-	\$30 million
FY 88	-	\$30 million
FY 89	-	\$20 million
FY 90	-	\$20 million

Implementation of annual implementing agreements would be subject to the actual availability of resources, satisfactory achievement of policy changes, and self-help measures in the preceding year as well as the GOP's future agreement with us on the use of local currency generations.

PART B: Title II

I. Overview

Chronic malnutrition and a serious economic recession continue to characterize the situation of the Peruvian poor. When coupled with the recent and ongoing disastrous effects of El Niño, it is not surprising that significant portions of the population are simply unable to provide for their minimal nutritional requirements.

Approximately 50% of the population suffers some degree of malnutrition, and Peru is one of only three countries in the hemisphere in which per capita consumption of food energy is less than 90% of the recommended level. The proximal causes of malnutrition in Peru are widespread poverty and inadequate coverage of the public health system. The GOP, in this period of extreme fiscal austerity, cannot adequately respond to the need for public services, housing, and employment. There is widespread unemployment and underemployment that affect 60% of the labor force.

AID PL-480 Title II resources, by and large channeled through grass-root Private Voluntary Organizations (PVOs), are assisting the GOP in meeting these urgent requirements through a myriad of discrete nutritional (maternal and child health - MCH) and developmental (Food for Work - FFW)

interventions targeted to the lowest income groups of Peruvian society. Consistent with our FY 86 CDSS strategy, the Peru Title II program assists in improving the lives of low income families; in providing employment, increasing incomes, and expanding the coverage and outreach of basic social services directed to low income families.

II. Title II Programs

A. Food for Work

FFW programs remain the largest Title II program category in Peru--with CARE and SEPAS almost exclusively dedicated to FFW and OFASA and CARITAS programs ranging from 50%-80% FFW. Types of projects being carried out include the construction of schoolrooms, health posts, irrigation canals/drainage ditches, wells, land clearing/levelling, dikes and dams for flood control, road repair and construction, community centers, and reforestation. Classes are underway in mothers' clubs and community centers, for literacy, manual arts, handicrafts, and small industries training, in addition to courses in basic health nutrition and sanitation. These projects are consistent with USAID and GOP development strategies in terms of increasing agricultural production, improving the general economic level of beneficiaries in both urban and rural settings, and providing opportunities for constructive employment, job creation, and income generation. Constructive projects which have direct development impact or which result in productive infrastructure will be given added emphasis.

B. Maternal and Child Health Care

In addition to the provision of Title II foods in MCH programs, mothers receive courses concerning care of children, home economics, hygiene, nutrition, and community organization. The overall objective is the improvement of the nutritional status of women of child-bearing age and children under six years old. Both CRS/CARITAS and SAWS/OFASA have significant portions of their Title II program devoted to this activity, consistent with USAID and GOP strategy to improve the nutritional status of this vulnerable group. With PVO collaboration, we intend to improve the essential nutritional education package of this program.

C. Other Child and Pre-School Feeding

CRS/CARITAS has a significant Pre-School Feeding program, largely focused in the rural southern Sierra region. CARITAS and OFASA are also engaged in institutional feeding of orphans and abandoned/infirm children. These programs represent only a small percentage of the PVOs' total programs, but provide important supplements to many children's diets which are extremely limited in such institutions.

III. Section 416 Dairy Product Donation Program

In order to respond to the growing nutritional needs of Peru, the Mission is attempting to supplement ongoing Title II and GOP feeding programs

with food resources available under other USG programs, specifically USDA's Section 416 Dairy Product Donation Program. In March of 1983, the GOP entered into an agreement with USDA for 17,526 MT of fortified non-fat dried milk and 1,752 MT of butteroil, valued at \$18 million, for distribution within the Ministry of Health's School Feeding and Maternal/Child Health Programs in 1984. These products have arrived in country and are being distributed daily to more than 3.25 million primary school children. The Ministry of Health has recently made a request for a follow-on Section 416 program which the Mission is currently reviewing.

In addition to the Ministry of Health, several of the PVOs are submitting proposals for Section 416 assistance, mainly to complement their current Title II projects. CARE, OFASA, and CARITAS are hoping to improve the nutritional quality and effectiveness of their Title II rations via this special, limited-term donation program. The Municipality of Lima has also expressed interest in obtaining Section 416 milk for its own programs.

IV. Disaster Relief Operations

In addition to the above regular programs, USAID/Peru has provided grants of over \$2.4 million and approximately 50,000 MT of Title II commodities (valued at \$22.5 million--including ocean freight) to meet the urgent food needs of the rural poor, particularly in the southern sierra region, which resulted from the severe natural disasters of 1983/84. There is no doubt that the "El Niño" disaster increased demands on PVO management capacity, given that emergency programs had to be implemented in areas where there was minimal or no existing regular Title II program infrastructure. It is anticipated that by FY86, the PVOs will have terminated their "El Niño" emergency programs and be better able to deal with pressing issues regarding the design and implementation of their regular Title II programs. However, given Peru's propensity to natural disasters, whether on a regional or larger scale, we will continue to request an across the board 10% Title II regular program operating reserve level for each PVO (vs. the current 5% normal operating reserve). This will allow the PVOs flexibility in dealing with emergency situations as they arise during the FY, as well as avoiding regular program disruptions due to irregular commodity deliveries.

V. Urban vs. Rural Focus

The recent Title II Evaluation recommended that the PVOs shift their Title II programming from what the evaluation considered an excessively urban focus/bias so that the program could better respond to the critical needs of the rural poor. In order to assess the feasibility of this suggestion, USAID is consulting actively with the PVOs regarding their view of the matter. At this time, it is worth noting what the Evaluation Team cited as urban vs. rural breakdowns for PVO Title II programs and how this reflects the demographic realities as well as how the Title II program is currently responding to rural poverty.

The following is the breakdown of urban vs. rural projects noted in the draft Evaluation (the final revision is currently being prepared by the contractor under AID/W guidance):

<u>FY 83 Levels:</u>	<u>CARITAS</u>		<u>OFASA</u>		<u>CARE</u>		<u>SEPAS</u>	
	<u>%</u>	<u>Beneficiaries</u>	<u>%</u>	<u>Benef.</u>	<u>%</u>	<u>Benef.</u>	<u>%</u>	<u>Benef.</u>
Greater Lima:	22%	104,060	84%	96,350	100%	35,100	0%	0
Coastal Urban:	21%	99,330	3%	3,440	0%	0	0%	0
Provincial:	<u>57%</u>	<u>269,610</u>	<u>13%</u>	<u>14,910</u>	<u>0%</u>	<u>0</u>	<u>100%</u>	<u>29,100</u>
TOTAL		473,000		114,700		35,100		29,100

The total number of beneficiaries in each zone is as follows:

<u>Zone:</u>	<u>%</u>	<u>No. of Beneficiaries</u>
Greater Lima:	36%	235,510
Coastal Urban:	16%	102,770
Provincial:	<u>48%</u>	<u>313,620</u>
TOTAL	100%	651,900

Given the demographic situation in Peru (which has 65% urban population vs. 35 % rural--with Greater Lima having 30-35% of the total population), the fact that 48% of the total USAID Title II assistance is already being channeled to rural areas means that the current urban vs. rural breakdown of these projects is, if anything, disproportionately geared toward rural zones rather than urban areas. The proportion of food aid going to the Greater Lima area (36%) is very much in line with the demographics of the country. The Mission feels that in this respect Title II programs are responding to the needs of the rural poor, while at the same time trying to address the reality of an increasing urban population throughout the country. (In the short term, of course, a very high percentage of the disaster relief food assistance is directed to rural residents.)

VI. GOP Participation

The level of GOP participation in both MCH and FFW Title II portfolios is significant. In terms of MCH, all four PVOs combine their target group activities with the GOP Ministry of Health to varying degrees. Substantial numbers of GOP health posts and clinics located throughout Peru serve as the focal point for these activities, utilizing MOH staff in tandem with PVO volunteers. Children are weighed and mothers provided with nutrition/health lectures. SAWS/OFASA operates a mobil clinic to reach pueblo

jovenes areas in which the GOP MOH to date has no presence. There may be opportunities for using these beneficiary "captive audiences" to engage in additional income generation activities and such activities as communal gardens to supplement Title II resources. We intend to explore these with our PVO counterparts in the coming year.

In terms of FFW projects, GOP participation is more significant. Church World Services (CWS), and its counterpart agency, SEPAS, are primarily involved in a massive reforestation scheme in 8 sierra departments. These departments, among the poorest in the country, were selected because of the serious soil erosion conditions caused by improper land use and depletion of forests. They also represent regions whose populations are suffering from severe food shortages and a high incidence of malnutrition. In the first phase of this project (April 1979-March 1982), 43.6 million eucalyptus and pine trees were planted on 25,062 hectares. The goal for the second phase (April 1982-March 1985) is to plant 40.5 million trees on 32,400 hectares. The Ministry of Agriculture's forestry division, INFOR, provides the technical assistance for this highly successful program while the GOP National Food Support Office (Oficina Nacional de Apoyo Alimentario--ONAA), provides beneficiaries with nutrition/health education services using rural promoters/nutritionists from their staff. ONAA also plays a significant role in arranging port clearance and forwarding of the Title II food to regional areas for distribution.

CARE/Peru has concentrated its activities in providing essential infrastructure requirements in the numerous pueblos jovenes areas surrounding Lima. This FFW program, Programa de Infraestructura Basica con Apoyo Alimentario (PIBA), brings together an array of GOP agencies such as the Ministries of Health, and Education, INFOR, Cooperación Popular (COOPOP) and ONAA for constructing health posts, school classrooms and accompanying sanitary facilities, tree planting in urban areas, street levelling, sewer drainage systems, retaining walls, special primary health care, as well as job creation and income generation activities such as bread making, carpentry, community gardens, and cooperative stores.

After four very successful years working in the new towns (pueblos jovenes) of Lima, CARE plans to enter into the Trujillo area with a FFW program in an attempt to meet the serious need for food assistance and infrastructure development in that northern coastal city. ONAA will be the principal counterpart involved in a number of non-public sector activities with COOPOP, which will coordinate community development construction projects similar to those in Lima. In addition to such FFW infrastructure projects, emphasis will be placed on job creation and income generating projects. Primary health care activities, replicating those piloted in Lima, will also become operational in Trujillo by FY 1985.

VII. Integration of Resources -- Title I Counterpart and Operational Program Grants (OPGs)

In order to strengthen the PVOs' ability to manage Title II feeding programs, which have greatly expanded in scope and logistical complexity in

recent years, the Mission has successfully integrated GOP Title I counterpart monies into each of the PVO programs and as support for the various ministries with whom the volags work. In addition to GOP financial counterpart support, the Mission has entered into Operational Program Grants with all PVOs to help cover the costs of administering and implementing their Title II activities.

The CARE-PIBA program and the SEPAS reforestation project are two examples of the use of both sources of funds to stimulate GOP involvement in infrastructure and agricultural development projects, as well as to support nutrition/health promotion activities. By supplying additional Title I resources to the Ministries of Health, Education, and Agriculture, as well as to Cooperación Popular and ONAA (for food distribution and nutrition promotion), the GOP has made a firmer commitment to PVO/Title II development programs and has stimulated its own agencies to advance as rapidly as possible on Title II projects which are part of an essential package of infrastructure/community development works.

While GOP austerity programs have, in the past, hampered the timely distribution of Title I counterpart monies to the various ministries and voluntary agencies, it is hoped that, with the Title I agreement signed in May 1984, that the GOP will comply with its agreement to furnish counterpart on a regularly scheduled basis to these Title II programs. On average, the GOP has provided \$4 million dollars annually in Title I local currency support for PVOs' Title II programs during the past four years.

Operational Programs Grants (totalling \$3.6 million since 1979) complement the entire Title II operation by strengthening the PVOs' administrative base to plan, implement, supervise, and evaluate their various FFW, MCH and supplementary feeding activities, including in some cases financing the inland transportation, warehousing and distribution of the Title II commodities. These grant funds also allow the volags to purchase necessary materials for community development projects and to offer expanded nutritional education and health services (e.g. OFASA's Mobile Medical Van and Nutrition Institute). Two new OPGs for CARE and CARITAS (for \$600,000 and \$350,000 respectively) are to be signed in FY 1984.

VIII. General Mission Comments/New Directions

The Mission has prepared this ABS in accordance with the strategy and levels outlined in our FY86 CDSS. Given continued deterioration of the economic and nutritional status of our target group of low income families, we have no other alternative than to program the higher levels contained herein.

The Title II program is one of the Mission's principal vehicles (in terms of resource levels) to respond directly to the basic human needs of the Peruvian poor. Given the difficult circumstances of a deteriorating economic situation, declining nutritional status, and ever-increasing demands for food assistance and social services which the GOP has been unable to provide, the PVOs have done an extremely effective job of reaching the most needy and vulnerable groups.

The program is reaching approximately 600,000 poor Peruvians annually in areas where there is limited presence of any other assistance. It helps these groups with urgently needed basic health and infrastructure requirements. As noted by the Title II Evaluation Team in July 1983, U.S. food aid is reaching the needy and is making a significant difference in their economic and nutritional well-being. The added strains on PVO operations in 1982 and 1983 of not receiving Title I counterpart funds on a timely basis and of frequently receiving food commodities from the U.S. later than programmed, have meant that projects have sometimes advanced at an irregular pace, but this has not interfered with the PVOs' dedication to reach those most in need of supplementary food support. The Mission believes that the PVOs are doing a commendable job and administering the Title II program in a responsible manner.

There are areas, however, in which we intend to collaborate with the PVOs to improve the overall Title II program and maximize the impact of USG resources. These areas include: improved targeting, improved health/nutrition education components and nutrition surveillance systems; program beneficiary entrance and exiting criteria; the introduction and promotion of locally-available foodstuffs into the Title II programs; the prioritization of FFW sub-projects, with an emphasis on productive infrastructure and development impact; the planning of integrated community development activities on a pilot basis, increased coordination among PVOs, and longer-range planning; increased GOP support; and the overall upgrading of volag management-personnel and supervisory capabilities.

For example, we plan to utilize the results of the National Nutrition and Health Status Survey, which for the first time in Peru, will provide nation-wide data on both chronic and acute malnutrition by region. Preliminary data are expected to be in hand in March of FY 1985 and should serve as the basis for fundamental decisions on the Title II program mix and will certainly support our effort to improve geographic targeting. The survey may also prove useful in suggesting an appropriate balance between urban and rural feeding programs and help program managers to make prudent decisions in regards to program priorities in light of available resources, physical constraints and the obvious development and other considerations. The Mission is also considering the possibility of monetizing either Title II regular program foods and/or Section 416 commodities (assuming S-416 monetization amendment legislation currently under consideration is approved) in order to increase available monies for pilot programs in such areas as the phasing-in of local foodstuffs into Title II rations.

New Initiatives in Health and Nutrition Technical Assistance

As an amendment to its Primary Health and Family Planning Project, Number 527-0230, USAID is programming up to \$500,000 for initial support to ongoing health and nutrition programs of the GOP and the Volags working with Title II food assistance. It is envisioned that each of the PVOs and the National Office of Food Support (ONAA) will receive technical assistance in nutrition education, health and nutrition promotion, and the design and use of growth monitoring systems which can be implemented in the context of their current programs.

Two of the main objectives of this technical assistance will be to strengthen and expand OFASA's Nutrition Institute and to design/distribute appropriate didactic materials to all PVOs and to ONAA for use by their nutrition promoters. Improved health/nutritional status monitoring and project evaluation are also key targets for this initiative.

Seminars or workshops will be conducted with both project supervisors and health promoters and, it is hoped, institutional sensitivities will be increased regarding the importance of nutritional considerations in feeding programs and the most effective methods to integrate these nutritional aspects into current projects.

IX. Long Range Planning

The USAID in conjunction with cooperating sponsors will undertake long-range planning of the Title II feeding/development programs. This will involve the development of strategy papers to detail the long range developmental goals of the programs with an objective of making these programs as self-reliant as possible. As an initial step, all four FY 86 PVO operational program plans will be designed on a multi-year basis. Other ideas include greater involvement of GOP resources and the integration of local foodstuffs into our commodity package.

X. USAID Monitoring

USAID currently has a staff of one USDH (the FFPO), two FSNs (program specialists) and one US contractor working on Title II programs. This regular staff works in conjunction with other offices in the Mission, primarily the Program Office and the Office of Health, Nutrition, and Education, and has been supplemented by a US contractor to cope with the disaster relief food assistance programs. We are exploring the feasibility of adding another staff member for the next year to help handle increased activity implicit under the new directions we wish to undertake. We are also hereby requesting that AID/W assign an IDI FFPO to Lima ASAP, as noted in the FY 86 CDSS. Given the program's importance, innovative directions, and level of integration into various USAID/GOP development resources, we believe Peru would serve as an excellent environment for the training of a FFP IDI. In Lima 6009, USAID/Peru also requested the establishment of a second USDH Food for Peace Officer slot. We request assistance from FFP with M/PM in obtaining this slot.

XI. PVO Operational Plans

USAID comments on the PVO Annual Estimates of Requirements and Operational Plans were presented to FVA/FFP/LAC under memo dated May 25, 1984.

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE 1/111 REQUIREMENTS
 (Dollars in Millions, Tonnage in Thousands)

	Actual FY 1984		Estimated FY 1985		Projected FY 1986	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Wheat	10.0	65	20.0	126	30.0	189
Rice	10.0	35				
Total	20.0	100	20.0	126	30.0	189
<u>of which</u>						
<u>Title III</u>						

Total

COMMENT: Persistent balance of payments and budgetary difficulties in FY 85, 86 and perhaps beyond indicate a need for local currency-generating assistance that also supports the balance of payments. Wheat import needs will continue at or exceed 1984 and earlier levels. Rice production domestically, however, should continue to grow, while demand shrinks as subsidies to rice consumption are withdrawn in keeping with budgetary austerity. USAID/Peru therefore recommends that no rice be programmed in Peru for FY 85 and FY 86. Rice imports would provide disincentives to local production, may require storage capacity that is not available during harvest periods, and could even facilitate reintroduction or strengthening of rice consumption subsidies.

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1985

I. Country : PERU
 Sponsor's Name: Catholic Relief Services

A. Maternal and Child Health Total Recipients: 98.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
98.4	Bulgur	1,180.7	270.5
98.4	C.S.M.	590.6	204.8
98.4	N.F.D.M.	590.1	65.1
98.4	Soybean Oil	590.1	605.0
98.4	Wheat Flour	<u>1,180.7</u>	<u>309.0</u>
Total MCH:		<u>4,132.2</u>	<u>1,454.4</u>

B. Pre-School Feeding Total Recipients: 30.3

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30.3	Bulgur	273.5	62.7
30.3	N.F.D.M.	273.5	30.2
30.3	Soybean Oil	136.5	140.0
30.3	Wheat Flour	<u>820.6</u>	<u>214.7</u>
Total P.S.F.:		<u>1,504.1</u>	<u>447.6</u>

C. Other Child Feeding Total Recipients: 46.8

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
46.8	Bulgur	460.9	105.6
46.8	C.S.M.	280.8	97.4
46.8	N.F.D.M.	280.8	31.0
46.8	Soybean Oil	280.8	287.8
46.8	Wheat Flour	<u>1,383.0</u>	<u>361.9</u>
Total O.C.F.:		<u>2,686.3</u>	<u>883.7</u>

D. Food for Work Total Recipients: 231.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
231.4	Bulgur	2,082.9	477.1
231.4	Cornmeal	2,082.9	519.8
231.4	Soybean Oil	1,041.0	1,067.2
231.4	Wheat Flour	<u>1,354.9</u>	<u>354.6</u>
Total F.F.W.		<u>6,561.7</u>	<u>2,418.7</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1986

I. Country : PERU
 Sponsor's Name: Catholic Relief Services

A. Maternal and Child Health Total Recipients: 103.8

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
103.8	Bulgur	1,377.4	319.6
103.8	C.S.M.	689.0	228.7
103.8	N.F.D.M.	688.4	75.7
103.8	Soybean Oil	688.4	657.4
103.8	Wheat Flour	1,377.4	360.9
Total MCH:		<u>4,820.6</u>	<u>1,642.3</u>

B. Pre-School Feeding Total Recipients: 32.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
32.0	Bulgur	319.1	74.0
32.0	N.F.D.M.	319.1	35.1
32.0	Soybean Oil	159.2	152.0
32.0	Wheat Flour	957.3	250.8
Total P.S.F.:		<u>1,754.7</u>	<u>511.9</u>

C. Other Child Feeding Total Recipients: 49.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
49.4	Bulgur	537.7	124.7
49.4	C.S.M.	327.6	108.8
49.4	N.F.D.M.	327.6	36.0
49.4	Soybean Oil	327.6	312.9
49.4	Wheat Flour	1,613.4	422.7
Total O.C.F.:		<u>3,133.9</u>	<u>1,005.1</u>

D. Food for Work Total Recipients: 244.2

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
244.2	Bulgur	2,429.9	563.7
244.2	Cornmeal	2,429.9	580.7
244.2	Soybean Oil	1,214.4	1,159.8
244.2	Wheat Flour	1,580.6	414.1
Total F.F.W.:		<u>7,654.8</u>	<u>2,718.3</u>

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1987

I. Country : PERU
 Sponsor's Name: Catholic Relief Services

A. Maternal and Child Health Total Recipients: 103.8

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
103.8	Bulgur	1,377.4	329.2
103.8	C.S.M.	689.0	239.0
103.8	N.F.D.M.	688.4	75.7
103.8	Soybean Oil	688.4	645.0
103.8	Wheat Flour	1,377.4	377.4
Total MCH:		<u>4,820.6</u>	<u>1,666.3</u>

B. Pre-School Feeding Total Recipients: 32.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
32.0	Bulgur	319.1	73.6
32.0	N.F.D.M.	319.1	35.1
32.0	Soybean Oil	159.2	149.2
32.0	Wheat Flour	957.3	262.3
Total P.S.F.:		<u>1,754.7</u>	<u>520.2</u>

C. Other Child Feeding Total Recipients: 49.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
49.4	Bulgur	537.7	128.5
49.4	C.S.M.	327.6	113.7
49.4	N.F.D.M.	327.6	36.0
49.4	Soybean Oil	327.6	306.9
49.4	Wheat Flour	1,613.4	442.0
Total O.C.F.:		<u>3,133.9</u>	<u>1,027.1</u>

D. Food for Work Total Recipients: 244.2

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
244.2	Bulgur	2,429.9	580.7
244.2	Cornmeal	2,429.9	607.5
244.2	Soybean Oil	1,214.4	1,137.9
244.2	Wheat Flour	1,580.6	433.1
Total F.F.W.:		<u>7,654.8</u>	<u>2,759.2</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1985

I. Country : PERU
 Sponsor's Name: Seventh Day Adventist World Service

A. Maternal and Child Health Total Recipients: 15.1

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
15.1	C.S.M.	346.1	120.0
15.1	N.F.D.M.	164.2	18.1
15.1	Soybean Oil	73.0	74.9
15.1	Wheat Flour	255.8	66.9
Total MCH:		<u>839.1</u>	<u>279.9</u>

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 4.2

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4.2	C.S.M.	76.2	26.4
4.2	N.F.D.M.	45.4	5.0
4.2	Soybean Oil	20.4	20.9
4.2	Wheat Flour	151.5	39.6
Total O.C.F.:		<u>293.5</u>	<u>91.9</u>

D. Food for Work Total Recipients: 92.7

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
92.7	Bulgur	1,781.3	408.0
92.7	Cornmeal	1,781.3	444.5
92.7	C.S.M.	2,782.8	965.0
92.7	Soybean Oil	556.6	570.6
92.7	Wheat Flour	3,562.1	932.2
Total F.F.W.:		<u>10,464.1</u>	<u>3,320.3</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1986

I. Country : PERU
 Sponsor's Name: Seventh Day Adventist World Service

A. Maternal and Child Health Total Recipients: 15.9

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
15.9	C.S.M.	403.8	134.0
15.9	N.F.D.M.	191.6	21.1
15.9	Soybean Oil	85.1	81.3
15.9	Wheat Flour	<u>298.4</u>	<u>78.1</u>
Total M.C.H.:		<u>978.9</u>	<u>314.5</u>

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 4.5

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4.5	C.S.M.	88.9	29.5
4.5	N.F.D.M.	53.0	5.8
4.5	Soybean Oil	23.8	22.7
4.5	Wheat Flour	<u>176.7</u>	<u>46.3</u>
Total O.C.F.:		<u>342.4</u>	<u>104.3</u>

D. Food for Work Total Recipients: 97.8

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
97.8	Bulgur	2,078.0	482.0
97.8	Cornmeal	2,078.0	496.6
97.8	C.S.M.	3,246.5	1,077.8
97.8	Soybean Oil	649.3	620.0
97.8	Wheat Flour	<u>4,155.5</u>	<u>1,088.7</u>
Total F.F.W.		<u>12,207.3</u>	<u>3,765.1</u>

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1987

I. Country : PERU
 Sponsor's Name: Seventh Day Adventist World Service

A. Maternal and Child Health Total Recipients: 15.9

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
15.9	C.S.M.	403.8	140.1
15.9	N.F.D.M.	191.6	21.1
15.9	Soybean Oil	85.1	79.7
15.9	Wheat Flour	298.4	81.8
Total MCH:		<u>978.9</u>	<u>322.7</u>

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 4.5

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4.5	C.S.M.	88.9	30.8
4.5	N.F.D.M.	53.0	5.8
4.5	Soybean Oil	23.8	22.5
4.5	Wheat Flour	176.7	48.4
Total O.C.F.		<u>342.4</u>	<u>107.5</u>

D. Food for Work Total Recipients: 97.8

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
97.8	Bulgur	2,078.0	496.6
97.8	Cornmeal	2,078.0	519.5
97.8	C.S.M.	3,246.5	1,126.5
97.8	Soybean Oil	649.3	608.4
97.8	Wheat Flour	4,155.5	1,138.6
Total F.F.W.:		<u>12,207.3</u>	<u>3,889.6</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1985

I. Country : PERU
 Sponsor's Name: CARE/Peru

A. Maternal and Child Health

Total Recipients:

No. of Recipients		(Thousands)	
<u>by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>

B. Pre-School Feeding

Total Recipients:

No. of Recipients			
<u>by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>

C. Other Child Feeding

Total Recipients:

No. of Recipients			
<u>by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>

D. Food for Work

Total Recipients: 32.9

No. of Recipients			
<u>by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
32.9	Cornmeal	985.2	245.9
32.9	C.S.M.	789.3	273.7
32.9	Soybean Oil	197.3	202.3
32.9	Wheat Bagged	1,775.4	290.4
Total F.F.W.		<u>3,747.2</u>	<u>1,012.3</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1986

I. Country : PERU
 Sponsor's Name: CARE/Peru

A. Maternal and Child Health

Total Recipients:

		(Thousands)	
<u>No. of Recipients</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
<u>by Commodity</u>			

B. Pre-School Feeding

Total Recipients:

<u>No. of Recipients</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
<u>by Commodity</u>			

C. Other Child Feeding

Total Recipients:

<u>No. of Recipients</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
<u>by Commodity</u>			

D. Food for Work

Total Recipients: 34.7

<u>No. of Recipients</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
<u>by Commodity</u>			
34.7	Cornmeal	1,149.3	274.7
34.7	C.S.M.	920.8	305.7
34.7	Soybean Oil	230.2	219.8
34.7	Wheat Bagged	2,071.2	341.7
<u>Total F.F.W.</u>		<u>4,371.5</u>	<u>1,141.9</u>

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1987

I. Country : PERU
 Sponsor's Name: CARE/Peru

A. Maternal and Child Health

Total Recipients:

No. of Recipients by Commodity	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>

B. Pre-School Feeding

Total Recipients:

No. of Recipients by Commodity	<u>Name of Commodity</u>		
		<u>KGS</u>	<u>Dollars</u>

C. Other Child Feeding

Total Recipients:

No. of Recipients by Commodity	<u>Name of Commodity</u>		
		<u>KGS</u>	<u>Dollars</u>

D. Food for Work

Total Recipients: 34.7

No. of Recipients by Commodity	<u>Name of Commodity</u>		
		<u>KGS</u>	<u>Dollars</u>
34.7	Cornmeal	1,149.3	287.3
34.7	C.S.M.	920.8	319.5
34.7	Soybean Oil	230.2	190.3
34.7	Wheat Bagged	2,071.2	354.2
Total F.F.W.:		<u>4,371.5</u>	<u>1,151.3</u>

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1985

I. Country : PERU
 Sponsor's Name: Church World Service

A. Maternal and Child Health Total Recipients: 1.5

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
1.5	Bulgur	9.1	2.1
1.5	Cornmeal	17.7	4.4
1.5	C.S.M.	23.1	8.0
1.5	N.F.D.M.	17.7	2.0
1.5	Soybean Oil	7.3	7.4
1.5	Wheat Flour	<u>17.7</u>	<u>4.6</u>
Total MCH:		92.6	28.5

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 0.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
0.4	Bulgur	5.4	1.2
0.4	Cornmeal	5.4	1.4
0.4	N.F.D.M.	10.9	1.2
0.4	Soybean Oil	2.3	2.3
0.4	Wheat Flour	<u>8.6</u>	<u>2.3</u>
Total O.C.F.:		32.6	8.4

D. Food for Work Total Recipients: 25.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25.	Bulgur	667.7	152.9
25.	Cornmeal	667.7	166.6
25.	Soybean Oil	151.5	155.3
25.	Wheat Flour	<u>1,426.6</u>	<u>373.3</u>
Other F.F.W.:		2,913.5	848.1

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1986

I. Country : PERU
 Sponsor's Name: Church World Service

A. Maternal and Child Health Total Recipients: 1.6

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
1.6	Bulgur	10.6	2.5
1.6	Cornmeal	20.6	4.9
1.6	C.S.M.	26.9	8.9
1.6	N.F.D.M.	20.6	2.3
1.6	Soybean Oil	8.5	8.1
1.6	Wheat Flour	20.6	5.4
Total MCH:		<u>107.8</u>	<u>32.1</u>

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 0.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
0.4	Bulgur	6.3	1.5
0.4	Cornmeal	6.3	1.5
0.4	N.F.D.M.	12.7	1.4
0.4	Soybean Oil	2.7	2.6
0.4	Wheat Flour	10.3	2.7
Total O.C.F.:		<u>38.3</u>	<u>9.7</u>

D. Food for Work Total Recipients: 26.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
26.4	Bulgur	778.9	180.7
26.4	Cornmeal	778.9	186.1
26.4	Soybean Oil	176.7	168.7
26.4	Wheat Flour	1,664.3	436.0
Total F.F.W.		<u>3,398.8</u>	<u>971.5</u>

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

FY 1987

I. Country : PERU
 Sponsor's Name: Church World Service

A. Maternal and Child Health Total Recipients: 1.6

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
1.6	Bulgur	10.6	2.5
1.6	Cornmeal	20.6	5.1
1.6	C.S.M.	26.9	9.3
1.6	N.F.D.M.	20.6	2.3
1.6	Soybean Oil	8.5	7.9
1.6	Wheat Flour	20.6	5.6
Total MCH:		<u>107.8</u>	<u>32.7</u>

B. Pre-School Feeding Total Recipients:

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
---	--------------------------	------------	----------------

C. Other Child Feeding Total Recipients: 0.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
0.4	Bulgur	6.3	1.5
0.4	Cornmeal	6.3	1.6
0.4	N.F.D.M.	12.7	1.4
0.4	Soybean Oil	2.7	2.5
0.4	Wheat Flour	10.3	2.8
Total O.C.F.:		<u>38.3</u>	<u>9.8</u>

D. Food for Work Total Recipients: 26.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
26.4	Bulgur	778.9	186.1
26.4	Cornmeal	778.9	194.7
26.4	Soybean Oil	176.7	165.5
26.4	Wheat Flour	1,664.3	456.0
Total F.F.W.:		<u>3,398.8</u>	<u>1,002.3</u>